

ABALONE INDUSTRY ASSOCIATION OF SOUTH AUSTRALIA Inc.

Working for a Sustainable Future



Productivity Commissioner
Ms Melinda Cilento
GPO Box 1428
Canberra City ACT 2601

October 2016

Dear Melinda,

‘Marine Fisheries & Aquaculture Productivity Commission’

We respond to the Draft Report of August 2016.

We generally support the Draft recommendations and findings, however one vital area has been almost completely overlooked, namely the proper application of Commonwealth policy relating to Cost Recovery.

Draft Recommendation 10.5, and page 28 of the report “Cost Recovery and Contestability” makes no mention of the various obligations of the Commonwealth to adhere to the principals outlined in the Commonwealth Policy on Cost Recovery.

These issues have been a major source of ongoing contention and frustration in South Australia and are well exemplified by the current AMSA intention to pursue cost recovery without regard to the obligation to follow the Commonwealth’s policy on cost recovery.

The critical issues are:

1. The Obligation for Transparency

Without full disclosure and transparency no proper examination can occur of cost effectiveness or efficiency.

It is simply not consistent with the obligations in the policy to start with a dollar figure sought to be recovered and then to divide it up.

Prior to any consideration of charges to industry under a cost recovery policy it is a fundamental requirement to determine precisely the current cost of providing each of the services delivered to each sector that are properly cost recoverable and then to consider what costs are properly cost recoverable.

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Industry has no obligation to pay for inefficient and not cost effective public servant cost.
(Policy key principle No.2)

Costs sought to be recovered need to be cost competitive to non-public servant equivalent service providers including for licensing, regulatory and research services (Policy key principal No. 2).

2. The Assessment of “Public Good”

Not all functions of management are able to be cost recovered. (Policy key principal No.3, No.5, No.6 and No.7)

Only those costs that relate to the management and particular service delivery to that particular sector are able to be cost recovered. This does not include all those functions that can be properly described as ‘for the public good’.

For this to occur the initial analysis based on full transparency of the areas of function and their cost need to be transparently analysed.

Cost recovery of costs associated with general regulatory and policy advice are not allowed by the existing Commonwealth policy.

3. Review and Consultation

The obligation for periodic review is recognised by Policy key principal No.12, with the obligation for appropriate consultation with the relevant (‘appropriate’) stake holders.

This process has the fundamental need for the full and proper transparency initially and then on review together with the full and proper assessment of public good.

Without those two elements the review process (as exemplified in South Australia) is a meaningless exercise.

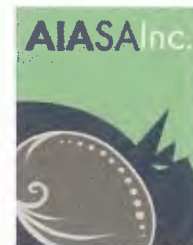
Any implementation of cost recovery and its review must consider the point at which fees sought to be recovered / gross value of product and economic indicators become unsustainable (e.g above 10% GVP).

Review should be triggered at any point that this ratio is exceeded.

The ratio will vary between sectors and requires individual sector examination, consultation and agreement.

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4. Cross Subsidisation

Without the required initial full transparency in relation to costs sought to be recovered for each sector including consideration of the sector related public good components inevitably cross subsidisation will occur – contrary to existing Policy requirements.

5. Enforcement

Existing Cost Recovery Policy entitles recovery of compliance activities (which need to be transparent and relevant to the sector only).

Any attempt to cost recover enforcement activities is not permitted by the Policy.

An example in South Australia in our sector is the existing and continuing threat of the Minister and PIRSA to attempt to recover the cost of both compliance and enforcement of the illegal (poaching) activity.

We respectfully submit that these issues should be addressed in your final report, consistent with the scope of your enquiry.

The draft report is sadly lacking any recognition of these issues which should be addressed.

6. Recommendations

There are no current recommendations in relation to the Cost Recovery issues. A minimum recommendation should be that full and proper adoption of the Commonwealth Cost Recovery Policy should be required and is necessary before creating or continuing any cost recovery process.

7. Country of Origin Labelling

We submit that the Commission should consider the impact on productivity of the failure to implement Country of Origin Labelling.

It is self evident that there is a negative impact on the marine fishers and aquaculture sectors from cheap (often mislabelled) imported product competing unfairly with Australian equivalents without proper disclosure of the source.

It is disappointing this issue has not received the proper attention of the Commission.

It is submitted that there would be increased demand (and productivity) in the Australian marine fisheries and aquaculture sectors if Country of Origin Labelling was a legislative and regulatory requirement.

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Yours faithfully

Michael Coates

Executive Officer

Abalone Industry Association of South Australia Inc.