

**PRODUCTIVITY COMMISSION REVIEW OF COST RECOVERY
COMMENT ON DRAFT REPORT**

**by
AUSLIG
Australia's national mapping agency**

The report overall is consistent with and generally supportive of the direction being taken by the IDC on Spatial Data Access and Pricing which was formed to review the Commonwealth Public Interest Spatial Data Transfer Policy, and particularly in relation to recommendations 4.1, 6.5, 6.6 and 6.7. AUSLIG provides the following comments on those recommendations and on the inquiry's proposed Guidelines for Cost Recovery.

Inquiry recommendations

4.1 – The Commonwealth Government should adopt a formal cost recovery policy for regulatory and information agencies. This policy should implement the cost recovery guidelines recommended by this inquiry.

AUSLIG supports this recommendation. Comments on the inquiry's cost recovery guidelines are provided below.

6.5 – Information agencies should carefully define the boundaries of their core and non-core activities. This should be a dynamic process, with core activities determined with reference to:

- *The agencies' broad policy objectives;*
- *The public good characteristics of the activity; and/or*
- *Any positive spillovers associated with the activity.*

AUSLIG supports this recommendation and notes that the proposed guidelines provide useful guidance for defining core and non-core activities.

6.6 - The core activities of information agencies (which may include some level of dissemination) should be wholly budget funded and not subject to cost recovery.

AUSLIG is concerned that the Productivity Commission report does not address the cost of implementing the recommendation. For organisations such as AUSLIG which currently recover some costs for disseminating information related to their core activities, there would be an immediate and significant impact on revenue.

As a general principle, however, AUSLIG supports this recommendation. It is consistent with the general approach being taken by the IDC on Spatial Data Access and Pricing which proposes that 'fundamental' or core spatial datasets would be made available at no charge when delivered online, but varies with the Commission's report in proposing that marginal cost of transfer would apply for supply of packaged products, for example paper maps or digital mapping products on CD.

Demand may increase for these products without a price factor to ration it, resulting in increased costs. Even for information disseminated by way of the Internet, increased demand may mean increased costs in terms of IT infrastructure upgrades and charges

for outbound Internet traffic. (Current charges equate to approximately one cent per Mb of delivered data but, for high outbound traffic, AUSLIG's Internet Service Provider charges at the rate of 8.8 cents per Mb of data.) Charges such as these may become significant for AUSLIG because of the size of some map and satellite imagery datasets.

AUSLIG believes that organisations currently recovering costs for disseminating core information would require supplementation to enable them to reach the recommended policy position in a reasonable timeframe.

AUSLIG also believes the recommendation should be strengthened to ensure that core activities 'do' rather than 'may' include some level of dissemination, and be wholly budget funded. This is consistent with the report's discussion leading up to Recommendation 6.6.

6.7 – Non-core activities of information agencies should be charged at marginal incremental) cost or, where relevant, at prices in keeping with competitive neutrality principles.

AUSLIG supports this recommendation.

Guidelines for cost recovery

There would be real value in a set of guidelines providing clear directions for determining where cost recovery should be applied and where not.

An outcome of the IDC on Spatial Data Access and Pricing is expected to be a list of 'fundamental' spatial datasets available at no charge when delivered online, or at marginal cost of transfer when delivered as packaged products. The IDC has accepted as fundamental spatial data "... a dataset for which more than one government agency requires consistent national coverage in order to achieve their objectives" - as defined by ANZLIC, Australia's peak forum on land information matters.

AUSLIG considers there is a consistency between the IDC's 'fundamental' spatial data and the Productivity Commission's 'core' services, and on that basis has no difficulties with the proposed guidelines as a broad approach to determining core and non-core.

Potential constraints in providing some spatial data (which may be regarded as fundamental or core) at no charge include some satellite imagery for which international satellite operators specify charges that must be applied when providing the data to third parties.

As mentioned above, there is also an issue about the size of some datasets. Because of the data volume associated with some map and satellite image datasets and the cost of delivering them, even by way of the Internet, it may be necessary to impose charges to ration demand perhaps until technology improvements lessen the cost of disseminating high volumes of data.