

INDUSTRY WORKING GROUP ON QUARANTINE

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21st May 2001

Mr. Paul Belin
A/g Assistant Commissioner
Productivity Commission
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Melbourne Vic 8003



Dear Mr. Belin

Cost Recovery - Draft Report

The Industry Working Group on Quarantine (IWGQ) is an unincorporated group representing the interests of a range of associations in the importing and cargo logistics field in relation to activities of the Australian Quarantine and Inspection Service (AQIS). A list of members is attached. Members of the IWGQ form the nucleus of industry representation on the AQIS Industry Cargo Consultative Committee (AICCC). The terms of reference of this committee include the consideration of *"the import clearance and seaports program budgets, cost recovery mechanisms and charging levels"*. The AICCC has been involved in "cost recovery" issues since its formation in 1993.

The ANAO report into AQIS's cost recovery acknowledges that, overall, the systems are mature and stable and, with some exceptions have delivered near cost recovery for its programs. One important aspect of *cost recovery* is the efficiency and cost of the collection of charges. This issue appears not be canvassed in any great detail in the draft report yet it is of considerable interest to members of the IWGQ.

Collection mechanisms in place for cost recovery charges are often cumbersome, expensive and difficult to administer. The ANAO audit reports (1997 and 1999) on the Passenger Movement Charges (refer submission sub 054) are indicative of the improvements that can be achieved by shifting the actual collection point of charges to the private sector. In the example under reference the collection of the PMC shifted from Government collection points at the airport to the airlines. The savings were considerable and reimbursements for administrative costs incurred by the airlines as part of the changes in the collection mechanism was agreed.

The IWGQ submits that considerable scope for similar arrangements exist in other areas of Government cost recovery. The issue of achieving savings and efficiencies by moving to alternative revenue mechanisms together with all relevant benefits and costs should be considered by the Commission.

We would be happy to discuss the foregoing further with you

Yours sincerely

H Krtschil
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Secretariat
IWGQ

INDUSTRY WORKING GROUP QUARANTINE (IWGQ) - MEMBERSHIP

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