



10th January 2023

Independent Review of Domestic Commercial Vessel Safety Legislation and Cost and Charging – Phase 2.

Matthew Lloyd of Book My Boat comments on the independent review of DCV legislation & coasts – Phase 2 released in Nov 2022.

Book My Boat is an online boat hire marketplace. Our mission is to make boat ownership more affordable and safe boating experiences more accessible in Australia.

Book My Boat provides boat owners of Hire & Drive certified vessels to generate an income from their boat through rental to suitably licensed rental customers. In short, Book My Boat is a rental marketplace that operates in a similar manner to Camplify, Car Next Door, or Airbnb for Hire & Drive vessels Australia wide.

Book My Boat utilizes the principles of the share economy and is a relatively innovative business model in the boating industry of Australia. As a company we are challenged by the unsophisticated nature of the National Law that was written prior to the introduction of the share economy to the maritime industry. We welcome this review of the national law and its considerations around being future ready to cater for emerging technologies, business models and alternate ways our community are enjoying safe boating in Australia.

We have reviewed the Phase 2 consultation aid released in November 2022 and make the following comments.

Question 1

What is the nature of the costs that you (or your DCV sector) incur? This can include for example charges recovered by AMSA for fee-based activity, any relevant jurisdiction-specific fees and charges, accredited marine surveyor costs, etc and can include one-off and regular costs.

- It would be useful if you could provide an indicative estimate of the current annual costs of a DCV operator within your subsector in your jurisdiction.
- It would also be useful if you could provide an indicative estimate of the percentage increase or decrease in these costs since 2017–2018.
- The is also interested in understanding the annual cost for the same/similar services incurred by you (or your DCV sector) under the pre-National regulator

Comments:

As a business focused on boat hire / boat sharing, and increasing the accessibility and affordability of boating the costs of our community are largely fees based activities. Majority of boats that are listed on our marketplace (~150 boats) are registered commercially using the Non Survey Scheme. More specifically Exemption 02.

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Boat owners must obtain the following certificates at the following costs;

1. Certificate of Non Survey and UVI. \$200
2. Certificate of Operations. \$212

These above certificates carry a term of 5yrs upon when they must be renewed. There are no other fee based activities imposed on our fleet. The only additional costs that may present would be post incident or a fine/penalty being imposed for failure to meet the law.

The Non Survey Scheme was not available prior to AMSA implementing the National System in 2018. This scheme is a great initiative for pre-determined low risk operations. The scheme increases the number of commercially registered vessels and participation in boating. The scheme has introduced a new revenue stream to AMSA that was largely non-existent prior to the implementation of the national system.

The reason the income from the Non Survey scheme was largely non-existent is due to the barriers to entry for small low risk vessels and operations. Prior to the implementation on the national law, each and every vessel had to meet strict NSCV/USL code for design, construction, and operation. This made it nearly impossible for small recreationally built boats to meet the standard which was largely created with larger boating operations in mind such as passenger ferries and offshore operations. In addition to the inappropriate survey requirements for such small unsophisticated vessels, the process for having a vessel put through survey was costly and inefficient. Surveyor costs would be approximately \$2000 per year to maintain currency and the initial survey process made it almost impossible to achieve and afford.

The Non Survey scheme will have seen DCV numbers significantly increase under this framework without resulting in any negative impacts or outcomes on safe boating.

As the Non Survey scheme was not available prior to the National Law we are unable to provide you a comparable cost. Since the national law was introduced, the costs referenced above have been incrementally increased on 1st July each year inline CPI each year.

Question 2: What are the considerations that you believe should be taken into account in determining whether full or partial recovery of the costs of the National System is appropriate, and to determine the level of cost recovery? Please provide examples to support/illustrate your response.

It is our belief that the considerations surrounding cost recovery should be;

1. Supporting positive safety outcomes and objectives
2. Promoting business operations and opportunities in the sector
3. Affordability. Government charges should not be prohibitive to business operations

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Question 3: What funding approach or mix of approaches do you believe would best achieve secure and stable resourcing of the National System.

We strongly believe that the National law which regulates the industry should not be fully funded by industry. We recognize the requirements for input from industry and we support a partially funded model. We believe there are opportunities for greater efficiencies through the modernization of the nation law to reduce the overhead and OPEX requirements on AMSA.

In Australia we tend to overregulate, complicate, and unnecessarily restrict our industries with continuous introductions of new legislation. Every change to legislation brings with it a cost to implement, maintain and enforce. We believe that Australia's national law has gone to far when compared to other countries around the world.

By way of example,

In our industry of boat hire/boat share. If a person wants to charge a fee to a customer to use their boat, then the boat has to be registered commercially as a Hire & Drive vessel (DCV). This allows a customer to self-drive the boat and the owner to generate an income.

The Hire & Drive registration does not however allow the boat owner to drive the boat for the customer because this is considered a charter operation. In most cases the boat owner driving the boat would ultimately represent a safer outcome as the boat owner knows their boats capabilities and operating characteristics etc. In order for the boat owner to drive the boat for a customer they must obtain a different commercial registration under category 2 (for small boats under 12m and 12 pax). This category of registration requires the boat owner to maintain a commercial boat licence even though the boat could be driven by anyone with a general boat licence doing the same activity. In this instance the National law is actually overzealous and results in a less safe outcome of the hire customer driving the boat, regardless of their experience etc.

Further to the above example, the national law is prescriptive about the engine types and areas of operation applicable to hire operations. Confusingly, these same boats that are prevented from being used for hire operations on the premise of safety are still allowed to be used recreationally. Petrol inboard engine boats are deemed unsuitable for recreational use under the Non Survey Scheme however they are deemed safe enough to sell and operate recreationally by their owners wherever and whenever they choose. Same boats, same activities, same skippers, however different rules apply depending on how the boat is registered.

There are many more examples similar to the above cases. This is just one example.

We believe that modernization of the law should result in reduced complexities and costs to AMSA. For example, we are supportive of the recommendations made in phase 1 which calls for changes to the requirements for vessel categorized as low risk and vessels whereby their use is intended for recreational purposes Eg: Hire boats, human powered, etc. Changes in this area would remove the AMSA overhead that is deemed to have no impact on safer boating outcomes.



Question 4: What are the aspects of a vessel or its operation that could form a suitable basis for levy-based cost recovery?

We believe GRT or Passenger capacity are the most suitable method for a levy

Question 5: Having regard to Finding 1 and Recommendation 1 of the draft Report, how could a potential levy be structured to better reflect the level of regulatory effort and resources directed towards sectors of the DCV industry differentiated on the basis of risk? Are there sectors, or part of sectors, that should be exempted from any future levy; if so why should they be exempt?

We believe and support the recommendation and finding 1 of the draft report. We believe that a risk based approach is appropriate. We also believe that the low risk operations whereby approval/certification is assumed rather than applied for should not incorporate a levy. This is probably obvious considering there would be no way to charge it given the approval is assumed and not applied for.

We also believe that AMSA could recoup additional funds from the State departments. This may be structured around vessel length up to 12m as these are the vessels that are likely to fall into the low risk (assumed) category. The state departments secure the revenue from their registrations and a portion should be considered towards AMSA.

Question 6: What are the industry subsectors most likely to be affected by the proposed winding back of grandfathering arrangements?

It is expected that commercial fishing will be the most highly impacted sector followed by commercial/industrial fleets such as barge operations.

Question 7: What is the nature of the impacts that these subsectors are likely to experience? For example, survey costs, costs of upgrades to vessels, costs of upgrading crew competencies, difficulties finding crew with requisite competencies, etc.

It is expected that cost of upgrades will be the most significant costs. For a significant number of operators this may require fleet replacement as their current fleet will likely be unable to meet the baseline standards. The replacement of these non-compliant fleet should be viewed as a positive safety outcome for the industry rather than a loss of fleet.



Question 8: What form/s of targeted support do you consider would be effective in assisting the DCV fleet impacted by the phased withdrawal of grandfathering arrangements?

We don't think financial support is required. The structure of support should be by way of time to become compliant. Safety should trump everything. We don't want ticking time bombs out their operating. It's the responsibility of the vessel owners to maintain their fleet in a safe manner against the applicable standards. We do support a baseline approach for out of date standards because boats may have been well maintained to an old standard which means they are perfectly safe to operate.

Question 9: What are the relevant economic impacts and/or costs or resourcing implications (positive or negative) of any of the recommendations in the draft Report that the Panel should consider?

Recommendation 1:

It is expected that this recommendation will ultimately reduce the resourcing requirements and costs associated with managing low risk vessels certificates or survey and certificates of operations. This should be viewed as a positive outcome of the modernization of the national law that allows resources to be allocated based on operational risks.

Recommendation 2:

It is expected that this recommendation should not incur significant costs to AMSA as the independent surveyors will be the accredited personnel conducting the inspections in the field. AMSA will require some additional overhead for resourcing and policy writing initially which should faze out in 2-5 years as the initiative is completed. Following this period, it is expected that the costs associated with incidents and investigations of previously grandfathered vessels will reduce as the fleet become safer and more modern

Recommendation 3:

No comment

Recommendation 4:

This recommendation should create a small additional revenue stream for AMSA via fines and offences. The goal is compliance so this revenue should not be relied upon or have budget targets attached. The number of fines being delivered can be seen as one of many indicators measuring the effectiveness of the education campaigns and safety culture amongst DCV operators

Recommendation 5:

Limited financial implications once policy is written

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Recommendation 6:

Positive outcome for the industry. No expected financial implications to AMSA. It has the potential to increase education and prevent incidents in the future which may result in lower costs.

Recommendation 7:

May result in lower overheads on AMSA marine investigators as other agencies run the investigations. AMSA will lose oversight on the outcomes which may not be preferable. This is really just a shifting of overhead to another government agency. Costs aside, is it the most suitable and effective structure?

Recommendation 8:

No significant financial implications. This is more a streamlining/efficiency of process.

Recommendation 9:

No comment

Recommendation 10:

No comment

Recommendation 11:

Should result in lower overheads and streamlined decision making processes.

Recommendation 12:

This should be seen as a positive and necessary additional expense. The taskforce should include industry representatives. The additional cost to AMSA should be minimal.

About the author:

Matthew Lloyd – Managing Director Book My Boat Pty Ltd, State Counsellor Boating Industry Association (BIA), MBA and GAICD.

Matthew has international experience in commercial maritime operations. Previous roles include CEO of Yangon Water Bus (Myanmar), Operations Manager Sydney Ferries, General Manager Fantasea Cruises (Whitsundays and Sydney).

Matthew maintains a professional consultancy specializing in maritime safety, operations & infrastructure development with blue-chip clients including Lead Lease, Acciona, Watpac, Thales and the Australian Defense Force to name a few.

Matthew would be happy to participate in further consultation on this matter in the future if required.