

GAMAA Technical Committee meeting - SAVE THE DATE

The next GAMAA Technical meeting will be held on Wednesday 7 March 2018 at L2, 441 St Kilda Road Melbourne, commencing at 10am – Ezo Alfonsetti (ESV) will be joining the meeting ----To register please email associations@aigroup.com.au

GEMS FEE REVIEW SUPPLEMENTARY PAPER

The Department of the Environment and Energy (the Department) is currently undertaking a review of the fees associated with the delivery of registration and compliance services under the Greenhouse and Minimum Standards Act 2012 (GEMS Act). This supplementary paper responds to issues raised by stakeholders after consideration of the GEMS Fee Review 2016-2017 consultation paper and should be read in conjunction with that paper.

On 13 February 2017, the Department invited stakeholders to comment on the proposed recommendations in the GEMS Fee Review 2016-2017 consultation paper. Ten submissions were received. Stakeholders included industry associations and manufacturers.

In general, stakeholders considered that full cost recovery for GEMS was contingent on improved transparency and cost effectiveness. Some stakeholders commented that the proposed increase in the fees would have detrimental impacts on industry. Several stakeholders noted improving efficiency and reducing costs was critically important to reduce any potential fee increase.

GAMAA has responded to the paper and excerpts of our letter dated 31 January is below:

GAMAA supports the principle underlying the proposal, which is to develop a fee structure that is based on the actual costs of registration and compliance testing, which are variable by product category. We also welcome the ongoing registration cost savings as outlined in Table 2 (page 9) of the report and congratulate the Department for implementing changes to achieve these reductions.

We do, however, have three key concerns with the proposed fee schedule for 2017-2021 as detailed in Table 6 (page 11) of the paper.

1. *The registration cost reductions outlined in Table 2 would appear to be ongoing, and this is confirmed on page 7's reference to a further significant reduction in processing time during 2017-18 having been experienced by the Department. Given this ongoing saving, we are concerned that there is a predicted resumption in scheme cost increases between 2019-20 and 2020-21 (Table 8). This predicted cost increase, coupled with a greater percentage of cost recovery, is resulting in a "locked in" 45% cost increase to industry over the next three years.*

GAMAA is unaware of any private sector organisation that would expect its customers to accept a 4-year schedule of price increases that may or may not be justified by changes to the cost base over that period.

GAMAA would instead recommend that the department undertake annual or biannual fee adjustments. This would bring the department into line with practices in the private sector, where price rises are based on current input costs, rather than predictions of cost increases.

2. *As explained in the paper, the department has sought to align the component of the fees associated with compliance testing with the actual costs for the product category in question. This principle appears to have been applied in all cases with the exception of the proposed Band 4 group of products.*

GAMAA would therefore propose that an additional fifth band be created for high compliance cost categories. This fifth band would initially only include close control air conditioners, however the list of included categories could be expanded as the GEMS scheme grows, as is proposed, to cover more product categories. As a result of this change we would expect that there would be a significant reduction in the proposed Band 4 fees.

3. *Overall, we are pleased to see the focus on reducing registration costs and on a more product specific allocation of compliance costs. We are, however, concerned that there seems to be no natural limit on compliance testing, apart from some broad-brush guidelines as to which products are targeted for testing. For example, if a decision was made to double compliance testing, presumably there would be a doubling in the compliance costs.*

GAMAA would therefore request the department publish the proposed number of check tests that are currently envisaged to take place over the next four years, and which presumably underpins the proposed fee structure.

The Department's paper can be accessed [here](#)



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