



Australian Government

Comcare

COST RECOVERY IMPLEMENTATION STATEMENT

Reconsiderations of determinations made under the *Seafarers Rehabilitation and Compensation Act 1992*

[2018-22]

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a regulatory activity. This may include goods, services or regulation, or a combination of them. The Australian Government Charging Framework, which incorporates the Cost Recovery Guidelines (the CRGs)¹, sets out the framework under which government entities design, implement and review regulatory charging activities.

1. INTRODUCTION

1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how Comcare implements cost recovery for reconsiderations of determinations made under the *Seafarers Rehabilitation and Compensation Act 1992* (Seafarers Act). It also reports financial and non-financial performance information for reconsiderations of determinations made under the Seafarers Act and contains financial forecasts for 2018-19 and three forward years. Comcare will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

1.2 Description of the regulatory charging activity

The Seafarers Act establishes a rehabilitation and workers' compensation scheme for seafarers employed on certain ships engaged in trade or commerce within a Territory, interstate or overseas (Seacare scheme).

When a determination is made by an employer in the Seacare scheme, the claimant may request their employer to reconsider that determination under Section 78 of the Seafarers Act. Upon receiving a request, the employer must arrange with Comcare for a Comcare officer to assist the

¹ The Australian Government Charging Framework and the CRGs are available on the Department of Finance website (www.finance.gov.au).

employer in reconsidering the determination.

Section 141 of the Seafarers Act provides the legislative authority for Comcare to charge an employer a prescribed fee for assisting employers for the purposes of section 78, where regulations have been made prescribing the fee.

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the regulatory activity

Comcare is defined as a corporate Commonwealth entity under the *Public Governance, Performance and Accountability (Charging for Regulatory Activities) Order 2017* (Order). This Order requires that Comcare has Australian Government policy approval and statutory authority to charge for certain regulatory activities. Australian Government policy approval is defined in the Order as Cabinet or Prime Ministerial approval for a corporate Commonwealth entity to provide an activity to the non-government sector, and charge users of the activity on a full or partial cost-recovery basis. Government policy authority was renewed by the Prime Minister on 7 January 2019.

2.2 Statutory authority to charge

The authority for Comcare to charge a prescribed fee for assisting employers to reconsider determinations is established in section 141 of the Seafarers Act. The prescribed fee is set out in the Regulations. The fee must be prescribed in the Regulations before it can be charged.

3. COST RECOVERY MODEL

3.1 Outputs and business processes of the regulatory charging activity

The output of this regulatory charging activity is the provision of assistance by Comcare to employers under the Seafarers Act in the reconsideration of determinations made under that Act.

Specifically, when Comcare receives a request pursuant to section 78 of the Seafarers Act, to assist an employer in reconsidering a determination made under the Seafarers Act, a Comcare officer will:

- undertake a review of the claim documentation used by the employer to make its determination, and the reasons for the employer's decision; and
- prepare a report outlining the Comcare officer's views on the original determination by the employer and make a recommendation on the merits of the employee's reconsideration request (a copy of this report is also provided to the employee to whom the determination relates).

An employer is not obliged to accept the Comcare officer's recommendation when making its decision in response to the employee's request for reconsideration.

3.2 Costs of the regulatory charging activity

The main cost drivers for the charging activity are the estimated total administrative effort of delivering the outputs of the activity, and any associated costs to assist the employer in undertaking the reconsideration. This effort is calculated as a flat hourly rate; it is based on Comcare's 2016-19 Enterprise Agreement and includes salary and corporate overheads.

The hourly rate for the provision of assistance in reconsidering a determination made under the Seafarers Act is \$188 (plus GST) for the 2018-19 year.

The last time the fee was set was in 2000 by the *Seafarers Rehabilitation and Compensation Amendment Regulations 2000* and it was set at \$85. There has been no increase since that time. The increase to \$188 (plus GST) reflects the salary and corporate overheads in 2018-19.

4. RISK ASSESSMENT

4.1 Cost Recovery Risk Assessment

Comcare has undertaken a risk assessment for this CRIS, using the Charging Risk Assessment (CRA) template provided by the Department of Finance. The risk assessment is provided in Attachment A. Comcare's Cost Recovery (reconsideration) process is assessed as a medium risk, which will be confirmed through the consultation process.

5. STAKEHOLDER ENGAGEMENT

5.1 Stakeholders

Primary:

Employers and their representatives in the Seacare scheme, the Seacare Authority and other participating bodies in the Seacare scheme.

Secondary:

(Former) Department of Jobs and Small Business and the Department of Finance.

The following stakeholder engagement activities took place in reviewing the cost recovery framework and costing model in preparation for the 2018-19 CRIS.

Date	Activity
Quarter one 2019	Consultation on the CRIS with primary stakeholders.

6. FINANCIAL ESTIMATES

6.1 Financial Estimates

The table below sets out the financial estimates of revenue and expense associated with the charging arrangements in the Budget year (i.e. 2018-19) and the next 3 forward years.

	A	B	C	D
	2018-19	2019-20	2020-21	2021-22
Expenses	\$8,068	\$8,068	\$8,068	\$8,068
Revenue	\$8,068	\$8,068	\$8,068	\$8,068
Balance	\$0	\$0	\$0	\$0

7. PERFORMANCE

7.1 Financial Performance

The table below sets out the prior year revenue and expense associated with the charging arrangements.

	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18
Expenses	\$6,460	\$2,507	\$2,795	\$6,120
Revenue	\$6,460	\$2,507	\$2,795	\$6,120
Balance	\$0	\$0	\$0	\$0

7.2 Non-Financial Performance

The table below sets out the quantity of prior year reconsideration assistance provided by Comcare.

	Actual 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18
Quantity	33	10	14	18

8. KEY FORWARD DATES AND EVENTS

8.1 Key Dates

This CRIS will be in place until 2021-22 or until a new CRIS is required, whichever is earlier.

The costs behind the CRIS will be reviewed annually.

9. CRIS APPROVAL AND CHANGE REGISTER

Approval date	Approver	Approval required
10 July 2019	Comcare CEO	Certification of the CRIS
8 August 2019	Minister	Approval of the CRIS

Better Practice Template for a Charging Risk Assessment (CRA) for regulatory activities

Implementation risks	Low	Medium	High
1. What is the proposed change in annual cost recovery revenue for the activity?	<input type="checkbox"/> <5%	<input type="checkbox"/> 5 < 10 %	<input checked="" type="checkbox"/> >10% Or New
2. What is the total proposed annual cost recovery revenue for the activity?	<input checked="" type="checkbox"/> 0 - \$10m	<input type="checkbox"/> \$10m < \$20m	<input type="checkbox"/> \$20m +
3. What does the policy proposal or change in the cost recovered activity involve?	<input checked="" type="checkbox"/> Change in the level of existing cost recovery charges	<input type="checkbox"/> Change in the structure of existing cost recovery charges and/or composition of payers	Introduction of cost recovery for a new activity or for an existing activity (or its components) that has not been cost recovered previously
4. What type of cost recovery charges will be used?	<input type="checkbox"/> Levies only	<input checked="" type="checkbox"/> Fees only or fees and levies	<input type="checkbox"/> Fees, levies and other charges
5. What legislative requirements are necessary for imposition of cost recovery charges?	<input checked="" type="checkbox"/> Does not involve an Act of Parliament (e.g. Regulations, Determinations etc)	<input type="checkbox"/> Involves an Act of Parliament (e.g. enabling Act or levy imposition Act)	<input type="checkbox"/> Requires State/Territory legislative changes or referral of powers to the Commonwealth
6. Does the proposal involve working with other Commonwealth, State/Territory and/or local government entities?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes - with Commonwealth entities only	<input type="checkbox"/> Yes – with Commonwealth and State/Territory entities
7. What will be the expected impact of cost recovery on payers? <i>This may depend on, among other things:</i> <ul style="list-style-type: none"> • the change in the level of charges • the number of people affected • the cumulative effect from other government charges/regulation • the economic conditions etc. 	<input type="checkbox"/> Low	<input checked="" type="checkbox"/> Medium	<input type="checkbox"/> High
8. What consultation has occurred with payers and other stakeholders about the proposed cost recovery?	<input type="checkbox"/> Consulted - no significant issues raised	<input checked="" type="checkbox"/> Consulted – significant issues raised but can be addressed	<input type="checkbox"/> Not consulted <u>or</u> consulted and significant issues raised but ongoing sensitivities
Overall CRA rating:	<input type="checkbox"/> LOW	<input checked="" type="checkbox"/> MEDIUM	<input type="checkbox"/> HIGH
Supporting analysis: Comcare’s cost recovery arrangements regarding the reconsiderations of determinations made under the Seafarers Act are considered MEDIUM RISK.			
Entity sign-off: CFO	Date 28 February 2019	Finance comment: The CFO is in agreement with the methodology, budget and other financial data herein. The CFO assesses the risk rating of MEDIUM RISK to be fair.	Date 28 February 2019