

13 December 2018



Vaughan Barry
Regulation and International Obligations
Australian Space Agency
Industry House, 10 Binara St.
Canberra
Email: consultation@space.gov.au

Dear Vaughan,

RE: CA SSWG comment on the Draft cost recovery implementation statement

The Communications Alliance Satellite Services Working Group (SSWG) would like to thank the Australian Space Agency (ASA) for the opportunity to comment on the *Draft cost recovery implementation statement (Fees for activities under the Space (Launches and Returns) Act 2018, 2019-2020) (the Draft Statement)*.

The SSWG observes that the cost recovery is directed to the appropriate community; that is, those in the business of the launching, maintenance and recovery of space objects. The document helpfully sets out the legislative basis for cost recovery. The initial step is to establish the policy setting, after which recovery fees and charge proposals will follow in more detail. The summary of the authorisations in focus appears to be relevant and self-contained.

The model proposes a set and a variable fee, which is considered to be a tried and tested approach. It is noted though, introducing options of full or partial recovery may introduce unnecessary complexity and subject to arbitrary or unpredictable judgement. For example, decisions would need to be made in how full/partial recovery is applied – to which types of applications, if there are to be conditions and if so, what are the conditions – all potentially leading to greater unpredictability for the industry.

The SSWG also questions what appears to be excessively high estimates of the per-application costs in Table 1 of the *Draft Statement*. The rate of \$2,200 per day would be reasonable for technical expert assistance. On the other hand, the evaluation time budgeted for the expert (for example, 100 days for a launch permit) seems excessive, possibly by an order of magnitude, if the person engaged has the required expertise.

The *Draft Statement* does not make it clear whether these estimates are per application or for all applications over the 2019 to 2026 timeframe described in Table 2. The *Draft Statement* makes the observation that as there are a small number of applications expected, additional applications could increase the expected total costs by a significant proportion. This suggests that the estimates in fact span the seven-year timeframe. The SSWG would welcome further clarity on this and on the how these estimates were arrived at.

Using the example of an application for a launch facility licence, the estimated costs for a technical expert, whether for one application (\$220,000) or the estimated three applications over the seven-year period (\$73,000 each), still seem excessively high to solely cover administrative processes. The expert will be interpreting an application in terms understandable to the staff of the Australian Space Agency. There would be a reasonable expectation that the ASA will develop such expertise so as to avoid these estimated high costs to its clients.

It is also felt that the estimated internal direct and indirect costs for regulatory charging seem also to be high. Without understanding the basis of the calculations relating to the number of hours attributed to an application or the cost per hour of ASA staff evaluating the application, it is difficult to accept these estimates at face value.

The *Draft Statement* notes that for many application types there are no previous applications to guide the time estimates, hence there is a level of uncertainty in the time estimates. The SSWG recommends that the ASA consults related Space Agencies on their costing bases. This will give a more practical starting basis to the next phase of consideration of fees and charges, and to summarise those investigations in the document in order to give credible assessments.

The SSWG would also be interested in how the ASA intends to go about using technical experts - whether on a panel, or by tendered contracts or through a list of nominated persons, in a similar manner as the ACMA Accredited persons list. The chosen mechanism will have an impact on cost predictability, reliability, certainty and ultimately industry confidence.

Other models, such as with the Universal Service Obligation (USO), implement clear thresholds for activities, below which certain operators could be exempted. Is it suggested that the ASA may wish to explore other models such as these which may better facilitate involvement of smaller operators.

The SSWG would also like to see the ASA make available the forms and templates that they intend to use to provide industry with a clear idea of intended processes.

The SSWG feels that the estimates of fees and charges provided in the *Draft Statement* appear not to draw upon real world experience and the concern is that they will pose a disincentive to investment, innovation and the creation of an Australian space industry.

Thank you for your consideration of this submission. If you have any questions with regards to this response, please contact Mike Johns on (02) 9959 9125.

Yours sincerely,



John Stanton
Chief Executive Officer