



Australian Government
Department of Agriculture,
Water and the Environment

Cost recovery implementation statement: horticulture exports 2021–22



© Commonwealth of Australia 2021

Ownership of intellectual property rights

Unless otherwise noted, copyright (and any other intellectual property rights) in this publication is owned by the Commonwealth of Australia (referred to as the Commonwealth).

Creative Commons licence

All material in this publication is licensed under a Creative Commons Attribution 4.0 International Licence except content supplied by third parties, logos and the Commonwealth Coat of Arms.

Inquiries about the licence and any use of this document should be emailed to copyright@agriculture.gov.au.



Cataloguing data

This publication (and any material sourced from it) should be attributed as: DAWE 2021, *Cost recovery implementation statement: horticulture exports 2021–22*, Department of Agriculture, Water and the Environment, Canberra, June. CC BY 4.0.

ISBN 978-1-76003-402-3

This publication is available at <https://www.agriculture.gov.au/fees/cost-recovery-2021-22-budget>.

Department of Agriculture, Water and the Environment

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web awe.gov.au

The Australian Government acting through the Department of Agriculture, Water and the Environment has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the department, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this publication to the maximum extent permitted by law.

Contents

1	Introduction	1
1.1	Purpose of this CRIS.....	1
1.2	Summary of horticulture exports regulatory reforms	1
1.3	Path to full cost recovery	2
1.4	Reforms: Busting congestion for all agricultural exports	2
2	CRIS updates.....	4
3	Policy and statutory authority to cost recover	5
3.1	Why cost recovery is appropriate.....	5
3.2	Who will pay the regulatory charges.....	5
3.3	Government policy approval to cost recover the regulatory activity	5
3.4	Statutory authority to charge	6
4	Cost recovery arrangement for horticulture exports	7
4.1	Description of the regulatory activity	7
4.2	Cost base.....	8
4.3	Business process costs.....	9
4.4	Changes to the cost base	10
4.5	Reforms from 2020–21	12
5	Design of regulatory charges.....	13
5.1	Changes to regulatory fees and charges.....	13
5.2	Horticulture exports fees and charges.....	13
6	Stakeholder engagement.....	18
6.1	Stakeholder engagement strategy	18
6.2	Industry engagement	20
7	Risk assessment.....	21
8	Financial estimates.....	23
8.1	Financial estimates.....	23
8.2	Cost recovery reserve	23
9	Financial and non-financial performance	24
9.1	Financial performance.....	24
9.2	Non-financial performance.....	25
10	Key dates and events.....	26
11	CRIS approval and change register	27
Appendix A: Cost recovery model		28
	Outputs and business processes of the regulatory charging activity.....	28

Costs of regulatory charging activity	29
Description of cost model activities	31
Assurance activities	32
Incident management activities	32
Intervention activities	32
Appendix B: Summary of horticulture exports stakeholder feedback.....	34
Appendix C: Additional fees and charges that may apply	36
Organics – application and audit.....	36
Tariff rate quota certificates	36
Outside ordinary hours (OOH).....	36

Tables

Table 1 Horticulture export cost recovery arrangement cost base adjustments.....	2
Table 2 Cost base for horticulture exports cost recovery arrangement, 2021–22.....	9
Table 3 Cost type breakdown for horticulture exports cost recovery arrangement, 2021–22	9
Table 4 Sample business process cost.....	10
Table 5 Changes to cost base for horticulture exports, 2021–22	11
Table 6 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2021–22	13
Table 7 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2022–23	14
Table 8 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2023–24	15
Table 9 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2024–25	16
Table 10 The department’s approach to stakeholder engagement for regulatory charging.....	19
Table 11 Risks – horticulture exports cost recovery arrangement.....	21
Table 12 Financial estimates for horticulture exports cost recovery arrangement	23
Table 13 Financial performance for horticulture exports cost recovery arrangement, 2017–18 to 2020–21	24
Table 14 Key forward dates and events	26
Table 15 CRIS approval and change register	27
Table B1 Stakeholder feedback summary	34
Table C1 Organics fees and charge	36
Table C2 TRQ certificate fees and charge.....	36

Table C3 Outside ordinary hours fees for goods other than prescribed livestock, prescribed live animals, prescribed animal reproductive material and prescribed meat and prescribed meat products 36

Figures

Figure 1 Engagement process..... 19

Figure A1 Outputs and business processes of the department’s regulatory charging activity 28

Figure A2 Categories of activities..... 30

1 Introduction

1.1 Purpose of this CRIS

This cost recovery implementation statement (CRIS) provides information on how the Department of Agriculture, Water and the Environment (the department) implements cost recovery for the horticulture cost recovery arrangement. It also reports financial and non-financial performance information, contains financial forecasts for 2021–22 and 3 forward years and details the cost base and pricing structure. It includes updates on the impacts of the Busting Congestion for Agricultural Exporters package and the More Efficient and Sustainable Export Regulation measure announced in the 2020–21 Budget.

The government is investing in modernising and reforming export regulatory services which will impact the cost of delivering those services (known as the cost base) over time. Agriculture and food exporters and producers will be assisted through the modernisation and reform process with a freeze in fees and charges in 2020–21, and stepped increases from 2021–22 to 2023–24. The Australian Government has committed \$71.1 million to improve the financial sustainability of export certification services by supporting a stepped return to full cost recovery and to enable reforms to be rolled out while maintaining existing systems.

The key purpose of this CRIS is to:

- update the horticulture cost recovery arrangement cost base
- describe the fees and charges for 2021–22 through to 2024–25

From 2021, the CRIS will be updated annually as described in [section 2](#).

1.2 Summary of horticulture exports regulatory reforms

These reforms are an opportunity for government and industry to work in partnership to lower the cost base of exports arrangements. While possible efficiency measures have been identified, the cost reduction of these measures needs to be monitored as measures are implemented and will only be achieved with ongoing efforts from the department and industry. This will require an iterative approach to manage the cost base over the forward estimates. The department will work with industry to achieve these outcomes.

Table 1 shows the impact to expected cost recovered revenue. A permanent reduction in the cost base of \$0.9 million from 2021–22 has been identified since the 2020–21 CRIS. This includes the total additional cost reduction from revised activity and depreciation.

Table 1 Horticulture export cost recovery arrangement cost base adjustments

Cost base	Unit	2021–22	2022–23	2023–24	2024–25
2020–21 CRIS starting expense	\$	13,075,516	13,348,988	13,695,103	13,964,917
Cost reductions identified previously	\$	(757,277)	(847,038)	(1,314,162)	(1,338,421)
2020–21 CRIS expense	\$	12,318,239	12,501,950	12,380,941	12,626,496
Additional cost reductions	\$	(784,680)	(797,449)	(814,282)	(831,282)
Depreciation adjustment	\$	(123,724)	(110,782)	(112,827)	(114,911)
2021–22 CRIS expense	\$	11,409,835	11,593,719	11,453,832	11,680,303
Cost recovered revenue	\$	8,992,859	10,420,789	11,425,834	11,741,496
Appropriation funding	\$	2,416,976	1,172,930	n/a	n/a
Total revenue	\$	11,409,835	11,593,719	11,425,834	11,741,496
Appropriation funding as % of expenses	%	21	10	n/a	n/a

n/a Not applicable.

1.3 Path to full cost recovery

The More Efficient and Streamlined Export Regulation measure, which is part of the Busting Congestion for Agricultural Exporters package, provides investment of \$71.1 million over 3 years from 2020–21 to 2022–23 to maintain essential export regulatory services across all export cost recovered arrangements while prices undergo stepped increases.

2020–21 prices were frozen at 2019–20 prices. From 2021–22, prices will be increased to return all arrangements to full cost recovery in 2023–24.

1.4 Reforms: Busting congestion for all agricultural exports

In the 2020–21 Budget, the Australian Government announced the Busting Congestion for Agricultural Exporters package which includes reforms to slash unnecessary red tape to get products to export markets faster and support jobs in rural and remote Australia.

The package, worth over \$328 million over 4 years from 2020–21, includes the following measures that are relevant to this CRIS:

- Digital Services To Take Farmers To Markets measure – this measure will invest \$222 million to modernise Australia’s agricultural export systems. The focus will be on helping exporters experience faster and more cost-effective services by transitioning the department’s systems online and providing a single portal for transactions between exporters and government.
- Harmonised and Streamlined Plant Export Regulation measure will invest \$10 million to simplify processes for plant product exports, making it easier, cheaper and quicker for plant exporters to get their produce into overseas markets. It will also harmonise regulation for plant industries and streamline plant export audit intervention, making the rules easier to navigate and more consistent. Projected cost reduction for both plant arrangements will amount to \$2.6 million over 3 years to 2023–24.

Once measures under the Busting Congestion package are implemented, it is expected that annual fees and charges will be at least \$21.4 million lower from 2023–24 than if the reforms were not implemented.

2 CRIS updates

In accordance with the Australian Government Charging Framework, the horticulture exports CRIS will be updated annually to report on financial and non-financial performance and revised 4-year forecasts. This annual update will provide an opportunity to measure progress of the reforms as they become quantifiable and to account for any external factors, for example, projected demand for activity.

The department will also report in-year financial performance within the CRIS, periodically reporting performance against the CRIS and explaining any variances. This will provide transparency in reporting for all exporters.

There may be other significant developments warranting a broader review of the cost base or charges. These could include:

- changes to the regulatory settings of the arrangement – for example, through a government policy change or the introduction of new systems or infrastructure
- changes to demand for regulatory activity – for example, due to a large part of industry changing its business model or significant change in terms of trade
- significant changes to financial inputs – for example, changes to the bond rate impacting departmental leave provisions, changes to the department’s Comcare premiums or a change to accounting standards.

Where a CRIS update reveals that the existing fee or charge structure no longer meets the financial or regulatory requirements of the arrangement, the department may propose revised fees and charges. In this circumstance, the CRIS update will be the first step in consultation on changes to prices, followed by opportunities for stakeholder engagement.

3 Policy and statutory authority to cost recover

Under the Australian Government Charging Framework (charging framework), cost recovery requires both policy approval and statutory authority. This chapter provides information on government approval of regulatory charging for export regulatory activities and the legislation that enables the department to collect fees and charges.

3.1 Why cost recovery is appropriate

Cost recovery (regulatory charging) falls within the Australian Government’s Charging Framework. The type of charge is determined by the characteristics of the activities as described in the Charging Framework. This provides the overarching framework under which government entities must design, implement and review cost recovery.

Regulatory charging is appropriate because horticulture export certification activity is provided to a clearly identifiable group – individuals and organisations that participate in the horticulture export supply chain.

There are additional benefits to funding export certification through regulatory charging. When a business pays for the activities it receives, the government has an obligation to justify the prices it charges. Regulatory charging also raises awareness of regulated entities of how much a regulated activity costs.

For these reasons, the government has determined regulatory charging to be the most appropriate mechanism for funding horticulture export certification. Regulatory charging of export regulatory activities is consistent with the charging framework.

3.2 Who will pay the regulatory charges

The department cost recovers regulatory charges in this CRIS from participants in the horticulture export supply chain, including exporters, third party authorised officers, growers who operate accredited properties and the operators of registered establishments. Additional information on services provided and the entities are outlined in [section 4.1](#).

3.3 Government policy approval to cost recover the regulatory activity

Policy authority for regulatory charging for export certification activities was reaffirmed in the 2020–21 Budget when the government announced the Busting Congestion for Agricultural Exporters package. The package sets out a period of partial cost recovery from 2020–21 to 2022–23 before a return to full cost recovery by 2023–24, while a series of reforms to improve efficiency and lower costs are implemented.

3.4 Statutory authority to charge

3.4.1 New legislative framework

The *Export Control Act 2020* commenced on 28 March 2021, consolidating export functions from the *Export Control Act 1982* and *Australian Meat and Live-stock Industry Act 1997* into a new legislative framework. The new legislation supports existing policy, while providing flexibility for different approaches to the regulation of exports in the future.

3.4.2 Cost recovery charges

Cost recovery charges are imposed under these Acts:

- *Export Charges (Imposition – General) Act 2015*
- *Export Charges (Imposition – Customs) Act 2015*
- *Export Charges (Imposition – Excise) Act 2015*.

Details of specific price points and charges payable are included in these regulations:

- *Export Charges (Imposition – General) Regulations 2021*
- *Export Charges (Imposition – Customs) Regulations 2021*.

3.4.3 Cost recovery fees

Section 399 of the *Export Control Act 2020* provides that the rules may prescribe fees that may be charged in relation to fee-bearing activities carried out by, or on behalf of, the Commonwealth in the performance of functions or the exercise of powers under the Act. The specific fees and price points are set out in the *Export Control (Fees and Payments) Rules 2021*.

4 Cost recovery arrangement for horticulture exports

This section describes the horticulture exports cost recovery arrangement cost base.

4.1 Description of the regulatory activity

Plant exports are regulated in accordance with the export legislative framework (see [section 3.4](#)). Plant export certification activity undertaken by the department involves inspection, audit and certification activities with respect to the export of grain and horticulture products. Grain and horticulture products specified in the legislation are:

- prescribed grain
- prescribed hay and straw
- fresh fruit
- fresh vegetables
- other plants or plant products for which a phytosanitary certificate or any other official certificate is required by an importing country authority (for example, timber products, nuts, nursery stock, tissue cultures, cotton and other grains and seeds not listed here).

The grain and horticulture exports cost recovery arrangements are separate. The department's Plant Export Operations branch undertakes export certification activities under both cost recovery arrangements.

Exporters of plants and plant products must obtain an export permit prior to the departure of prescribed goods from Australia. Overseas government authorities may require additional certification to verify that the exported products comply with their respective import conditions. To certify a product's compliance with Australia's export requirements and importing country requirements, the department undertakes a range of activities, including:

- developing, implementing and monitoring of operational policy and systems that ensure compliance with Australian export controls and any importing country requirements. These activities serve to maintain the eligibility of commodities for export from Australia and to protect and promote Australia's reputation for premium agricultural goods, while maintaining existing and seeking increased market access opportunities
- providing inspection, auditing, and enforcement activities to ensure that the production, storage, handling and transportation of grain and horticulture products intended for export comply with the conditions of Australian export controls and any additional requirements imposed by an importing country
- issuing permits, phytosanitary certification, and other documentation necessary to confirm compliance with Australian export controls and any additional importing country requirements

- providing support through the department’s overseas counsellors relating to detained consignments, government certification and other issues that result in goods being held at the border
- providing scientific and technical advice to improve, maintain or restore market access to demonstrate adherence to export requirements
- enforcing regulation of certified organic goods exported from Australia.

For more information, see [Export goods controlled by the department](#).

Plant export certification occurs across both the grain and horticulture cost recovery arrangements.

4.2 Cost base

Table 2 shows the horticulture arrangement cost base for 2021–22. See Table 3 for an overview by cost type for 2021–22.

A detailed description of cost activities and methodology for attributing costs to these activities is provided at [Appendix A](#).

4.2.1 Cost base assumptions

The cost base has been modelled to reflect the full costs of the delivery of regulatory services to support the horticulture industry. The 2018–19 departmental budget has been used as the starting point for determining the cost base in this CRIS. To project the cost base over the next 4 years, adjustments have been applied to capture expected changes to the costs including:

- inflation of 1.65% per annum, in line with the Department of Finance’s inflation estimate
- increases in employee expenses of 2% per annum, reflecting reasonable estimates of wage increments in line with the Australian Public Service Workplace Bargaining Policy 2018
 - a new Australian Public Service Workplace Relations Policy was released in November 2020 providing that employee salary increases are to be capped at 1.7%. Modelling has not been updated to reflect the revised policy
 - the former Department of Environment and Energy Enterprise Agreement 2016–19, which applies to the department through to 2022, provides for 2% annual increases until the end of the agreement, with the last increase applying in November 2021
 - the CRIS will be updated for 2022–23 to reflect either the November 2020 policy or a revised enterprise agreement, whichever applies at the time
- additional depreciation from new assets anticipated to be recognised over the period
- adjustments for future fee-related activities to reflect expected changes in volume.

4.2.2 Projected cost base

The cost base for 2021–22 for the horticulture exports cost recovery arrangement is \$11.410 million (Table 2), made up of:

- \$7.214 million in charge-related activities
- \$4.196 million in fee-related activities.

Table 2 Cost base for horticulture exports cost recovery arrangement, 2021–22

Charge type	Activity group	Activity	Expense (\$)	Cost recovery charge
Charges	Program management and administration	Workforce and business administration	7,213,935	Annual registration, export documentation, throughput, application and organic certification
		Business system administration		
		Stakeholder engagement		
		Policy and instructional material		
		Business improvement		
	Assurance	Risk management		
		Verification		
		Surveillance		
	Incident management	Incident management		
		Investigative support		
Corrective action				
Fee for service	Intervention	Assessment	3,218,150	Assessment
		Inspection	179,892	Inspection
		Audit	797,857	Audit
Total cost base	-	-	11,409,835	-

Table 3 provides a breakdown of expenses of the horticulture exports cost recovery arrangement in 2021–22.

Table 3 Cost type breakdown for horticulture exports cost recovery arrangement, 2021–22

Expense	Forecast (\$)
Direct	7,451,541
Employee	6,388,926
Operating	1,053,209
Other	9,405
Indirect	3,958,294
Assurance and Legal	262,026
Corporate Strategy and Governance	453,143
Finance & Business Support	698,761
Information Services	1,444,743
Property	1,099,621
Total	11,409,835

For more information on how expenses are allocated see [section 5](#).

4.3 Business process costs

The scenario in Table 4 is a sample business process for an export consignment of table grapes to a non-protocol market. Note the example is illustrative of the direct effort applied in the

scenario and is not representative of an average consignment. Consignment sizes and frequency are highly variable with and across commodity sectors.

The table reflects the full cost of direct activity provided to the regulated exporter – activities recovered from fees for service – and it does not include a reduction for the Busting Congestion stepped increase. Other charges will apply to the exporter, including registered establishment, authorised officer and audit charges.

A grape grower exports to a Middle Eastern country. The export consignment will require 1 export permit, and 1 simple phytosanitary certificate. The exporter is a qualified third-party Authorised Officer and can inspect and certify their own consignments for export and therefore no inspection charges apply.

Table 4 Sample business process cost

Business process	Component tasks	Role performing task	Time (hours)	Cost per task (\$) in 2021–22
Certification of a consignment of table grapes to Middle East	Assessment of export documents	Departmental officer	10 mins	\$31
	Issue phytosanitary certificate	Departmental officer	3 mins	\$9
	Issue export permit	Departmental officer	2 mins	\$6
Total	–	–	–	\$46

4.4 Changes to the cost base

This CRIS includes adjustments to the horticulture exports cost base since 2015–16, when the previous CRIS was implemented.

4.4.1 Expanded cost recovery measure from the 2018–19 Budget

Expanded cost recovery activities announced in the 2018–19 Budget were implemented from 1 July 2019. This provided authority for additional cost recovery regulatory activities including enforcement, scientific and technical advice, and support for detained consignments which increased the cost base by \$1.533 million indexed annually from 1 July 2019. Charges will recover for:

- enforcement activities that are directly related to regulatory functions to ensure industry compliance with international import conditions (\$0.125 million indexed annually from 1 July 2019)
- scientific and technical advice related to supporting industry to improve, maintain or restore market access (\$1.225 million indexed annually from 1 July 2019) – this activity has since reduced, as described below
- the cost of the department’s overseas counsellor network assisting industry to meet export requirements for detained consignments or during trade disruptions (\$0.182 million indexed annually from 1 July 2019).

4.4.2 Reductions to the cost base since the 2020–21 CRIS

The horticulture exports 2020–21 cost recovery implementation statement (CRIS) is used as a starting position for the proposed 2021–22 CRIS cost base. These reductions to the cost base are proposed:

- Inspection volumes have decreased as industry continues to adopt the use of third-party authorised officers to undertake inspections under the Authorised Officer program. This has decreased the inspection capability and capacity required to be maintained in the department, which has reduced the cost of horticulture inspection allocated to the arrangement.
- The horticulture export industry’s use of the department’s client contact group is lower than previously modelled. All export arrangement cost bases have been reduced to reflect usage.
- Cost reductions implemented in the 2019–20 departmental budget have permanently reduced resourcing against some functions. Fewer officers who are working on maintaining, improving and restoring market access have been allocated to the horticulture arrangement than estimated in previous CRIS, reducing expense from this function.
- Following the department’s future department review, a number of structural changes were made to the department that saw some efficiencies created in management lines and oversight. By consolidating operations and integration coordination within the plant exports business structure some efficiencies have been gained and have reduced the expense to the horticulture arrangement.
- Corporate and indirect expenses have been reduced in line with the reduction in direct expense. Depreciation expense has also been adjusted to reflect the timing of planned project rollouts.

In line with the government’s Charging Framework and the department’s cost allocation policy, inflation and depreciation expenses have been adjusted in the cost base to reflect increased employee and supplier expenses in line with the Australian Public Service Workplace Bargaining Policy 2018 and government inflation estimates. Cost recovery of these activities is considered appropriate because industry directly benefits from having a system in place that allows the department to manage and respond to market access issues, including ensuring compliance with overseas country requirements.

Table 5 outlines the changes to the forecast cost base for 2021–22.

Table 5 Changes to cost base for horticulture exports, 2021–22

Adjustment to cost base	Impact on cost base	Unit	Forecast (\$)
Total baseline expense, 2020–21 CRIS	n/a	\$	12,318,239
Additional cost reduction – revised activity levels:			
Reduction in inspection volumes – transition to Authorised Officer program	Decrease	\$	(304,200)
Reduction in general enquiry hotline usage	Decrease	\$	(90,000)
Reduction in market access facilitation capacity	Decrease	\$	(235,000)
Efficiency gains in combining operations management and coordination	Decrease	\$	(39,000)

Adjustment to cost base	Impact on cost base	Unit	Forecast (\$)
Reduction in corporate and indirect expenses	Decrease	\$	(116,480)
Total cost reduction due to revised activity levels	Decrease	\$	(784,680)
Depreciation adjustment	Decrease	\$	(123,724)
Total adjustments to cost base	Decrease	\$	(908,404)
Adjusted cost base	n/a	\$	11,409,835
Change in expense	Decrease	%	(7.4)

n/a Not applicable.

As part of the charging review, the department has considered a number of additional reforms. These reforms have not been included in the cost base because their financial impact cannot be quantified at this point.

4.5 Reforms from 2020–21

4.5.1 New export control legislation

As noted at [section 3.4](#), the *Export Control Act 2020* commenced on 28 March 2021, consolidating export functions from the *Export Control Act 1982* into a new legislative framework. No changes to the cost base have been identified at this time as a result of the implementation of the new legislative framework, but changes to the department's regulatory approach could affect cost recovery. Any impacts will be reviewed when or if changes are implemented.

5 Design of regulatory charges

This CRIS provides for a mix of regulatory fees-for-service and levies (charges), implemented in the CRIS as charges under the Export Charging Regulations.

Fees for services are used where the regulation is provided directly to an individual or organisation, such as inspections of goods, audit of registered premises or assessment of export certification. These are the intervention activities described at [Appendix A](#).

Cost recovery levies (charges) are imposed when regulation is imposed on an industry sector rather than directly to a specific individual or organisation. These charges recover the costs of maintaining regulatory infrastructure and integrity through the program management and administration, assurance and incident management activities described at [Appendix A](#).

5.1 Changes to regulatory fees and charges

No changes to the types of fees and charges or charge points are proposed as part of this CRIS.

Most fees and charges increase to meet the total expense and is consistent with the government's stepped increases to full cost recovery as outlined in the More Efficient and Sustainable Export Regulation measure. The fees and charges take into account the government's appropriation

5.2 Horticulture exports fees and charges

The amount payable for 2021–22 to 2024–25 is shown in Table 6 to Table 9.

Table 6 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2021–22

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Charges	Establishment registration – grower or exporter	Annual	913	71	64,823
	Establishment registration– simple	Annual	4,565	152	693,880
	Establishment registration– complex	Annual	9,130	146	1,332,980
	Authorised officer approval	Annual	727	206	149,762
	Establishment application (one-off)	Per initial establishment application	581	45	26,145
	Phytosanitary certificate	Per document	58	40,233	2,333,514
	Export volume rate – non-protocol rate	Per tonne	0.99	515,066	509,915
	Export volume rate – protocol rate	Per tonne	1.98	286,247	566,769
	Audit	Per quarter hour	35	17,967	628,845

Cost recovery implementation statement: horticulture exports 2021–22

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Fees – audit and inspection	Core inspection	Per quarter hour	35	4,051	141,785
	Additional inspection	Per quarter hour	73	-	-
Fees – documentation	Document – Electronic	Per document	18	110,985	1,997,730
	Document – Manual	Per document	152	2,700	410,400
	Replacement certificate	Per document	533	10	5,330
Fees – authorised officer	Authorised Officer application fee	Per application	242	45	10,890
	Authorised Officer approval	Per authorised officer approval	242	148	35,816
	Authorised Officer Learning and Assessment	Per person delivered training	1,695	45	76,275
	Additional Learning and Assessment	Per additional person delivered training	1,937	-	-
Organics a	Organic certifying organisation	Annual	8,000	1	8,000
Total		-	-	-	8,992,859

a Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar, with the exception of throughput, which will be rounded upwards to the nearest cent.

Table 7 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2022–23

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Levies	Establishment registration – grower or exporter	Annual	1,049	71	74,479
	Establishment registration– simple	Annual	5,245	152	797,240
	Establishment registration– complex	Annual	10,489	146	1,531,394
	Authorised officer approval	Annual	873	206	179,838
	Establishment application (one-off)	Per initial establishment application	698	45	31,410
	Phytosanitary certificate	Per document	66	40,668	2,684,088
	Export volume rate – non-protocol rate	Per tonne	1.14	515,066	587,175
	Export volume rate – protocol rate	Per tonne	2.27	286,247	649,781
Fees – audit and inspection	Audit	Per quarter hour	42	17,323	727,566
	Core inspection	Per quarter hour	42	4,051	170,142

Cost recovery implementation statement: horticulture exports 2021–22

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Fees – documentation	Additional inspection	Per quarter hour	87	-	-
	Document – Electronic	Per document	21	112,074	2,353,554
	Document – Manual	Per document	175	2,700	472,500
Fees – authorised officer	Replacement certificate	Per document	552	10	5,520
	Authorised Officer application fee	Per application	291	45	13,095
	Authorised Officer approval	Per authorised officer approval	291	148	43,068
	Authorised Officer Learning and Assessment	Per person delivered training	2,037	45	91,665
Organics a	Additional Learning and Assessment	Per additional person delivered training	2,328	-	-
	Organic certifying organisation	Annual	8,274	1	8,274
Total		-	-	-	10,420,789

a Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar, with the exception of throughput, which will be rounded upwards to the nearest cent.

Table 8 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2023–24

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Levies	Establishment registration – grower or exporter	Annual	1,157	71	82,147
	Establishment registration– simple	Annual	5,785	152	879,320
	Establishment registration– complex	Annual	11,571	146	1,689,366
	Authorised officer approval	Annual	964	206	198,584
	Establishment application (one-off)	Per initial establishment application	771	45	34,695
	Phytosanitary certificate	Per document	73	41,102	3,000,446
	Export volume rate – non-protocol rate	Per tonne	1.25	515,066	643,833
	Export volume rate – protocol rate	Per tonne	2.51	286,247	718,480
Fees – audit and inspection	Audit	Per quarter hour	46	15,035	691,610
	Core inspection	Per quarter hour	46	4,051	186,346
	Additional inspection	Per quarter hour	96	-	-
	Document – Electronic	Per document	23	113,162	2,602,726

Cost recovery implementation statement: horticulture exports 2021–22

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Fees – documentation	Document – Manual	Per document	193	2,700	521,100
	Replacement certificate	Per document	563	10	5,630
Fees – authorised officer	Authorised Officer application fee	Per application	321	45	14,445
	Authorised Officer approval	Per authorised officer approval	321	148	47,508
	Authorised Officer Learning and Assessment	Per person delivered training	2,248	45	101,160
	Additional Learning and Assessment	Per additional person delivered training	2,570	-	-
Organics a	Organic certifying organisation	Annual	8,439	1	8,439
Total		-	-	-	11,425,834

a Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar, with the exception of throughput, which will be rounded upwards to the nearest cent.

Table 9 Fees, charges and volumes for horticulture exports cost recovery arrangement, 2024–25

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Levies	Establishment registration – grower or exporter	Annual	1,180	71	83,780
	Establishment registration- simple	Annual	5,900	152	896,800
	Establishment registration- complex	Annual	11,799	146	1,722,654
	Authorised officer approval	Annual	983	206	202,498
	Establishment application (one-off)	Per initial establishment application	786	45	35,370
	Phytosanitary certificate	Per document	75	41,102	3,082,650
	Export volume rate – non-protocol rate	Per tonne	1.28	515,066	659,284
	Export volume rate – protocol rate	Per tonne	2.56	286,247	732,792
Fees – audit and inspection	Audit	Per quarter hour	47	15,035	706,645
	Core inspection	Per quarter hour	47	4,051	190,397
	Additional inspection	Per quarter hour	98	-	-
Fees – documentation	Document – Electronic	Per document	24	113,162	2,715,888
	Document – Manual	Per document	197	2,700	531,900
	Replacement certificate	Per document	574	10	5,740

Cost recovery implementation statement: horticulture exports 2021–22

Category	Charge title	Unit	Price (\$)	Estimated volume	Total revenue (\$)
Fees – authorised officer	Authorised Officer application fee	Per application	328	45	14,760
	Authorised Officer approval	Per authorised officer approval	328	148	48,544
	Authorised Officer Learning and Assessment	Per person delivered training	2,293	45	103,185
	Additional Learning and Assessment	Per additional person delivered training	2,621	-	-
Organics a	Organic certifying organisation	Annual	8,608	1	8,608
Total		-	-	-	11,741,496

a Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar, with the exception of throughput, which will be rounded upwards to the nearest cent.

6 Stakeholder engagement

Stakeholder engagement plays an important role in the development and management of cost recovery arrangements. The department's stakeholders have a unique insight into how the department's regulatory activities impact on their business and help us design efficient cost recovery frameworks for these activities.

6.1 Stakeholder engagement strategy

6.1.1 Purpose

This stakeholder engagement strategy for the cost recovery of horticulture exports regulatory activities outlines the engagement principles, method and approach. The purpose of the strategy is to work with industry to update the CRIS as needed and provide information on the performance of the cost recovery arrangement.

This strategy helps us to plan, design, undertake and evaluate stakeholder engagement activities.

It has been designed to meet the requirements of the:

- Australian Government Charging Framework
- Australian Government Guide to Regulation
- APS Framework for Engagement and Participation.

6.1.2 Principles

The department's principles for engagement are to listen and engage meaningfully.

The department will achieve this by:

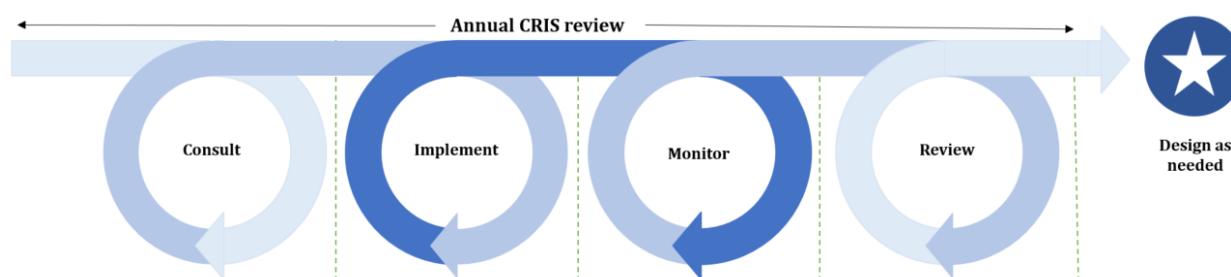
- clearly explaining the objective and context of stakeholder engagement
- being honest about what is on the table that is, what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential to participant's roles is made available to them
- providing feedback on how feedback has been taken into consideration.

6.1.3 Method

The department plans to consult on, implement, monitor, and review regulatory charging through annual CRIS reviews.

The department will also design revised fees and charges in the CRIS documents as needed.

Figure 1 Engagement process



Throughout this process, the department will use 2 different levels of engagement:

- 1) share – when government needs to tell the public about a government initiative
- 2) consult – when government gathers feedback from specific industry groups about a problem or a solution.

6.1.4 Approach

The department’s engagement approach is outlined in Table 10.

Table 10 The department’s approach to stakeholder engagement for regulatory charging

Category	Consult annually	Implement annually	Monitor annually	Review annually	Design as needed
Objective	Public consultation to seek feedback on annual updates to the proposed cost base, fees and charges in the draft CRIS.	Publish public information to prepare stakeholders for upcoming changes to regulatory charging.	Publish information on prior year financial and non-financial performance of regulatory charging.	Consultation to seek feedback on regulatory performance and stakeholder engagement.	Targeted consultation to seek advice and input on behalf of their industries to develop volume, expense and pricing models.
Level of engagement	Consult	Share	Share	Consult	Consult
Timing	Annually in first quarter of the year.	Annually in June.	Annually in October.	As needed or for the Portfolio Charging Review in 2023.	As needed.
Stakeholders	Industry Consultative Committees (ICCs). All industry participants. Peak industry bodies.	All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). Peak industry bodies.
Method	Online – Have Your Say. Face to face.	Industry advice notices (IANs). Online – department website.	Online – department website.	Online – Have Your Say.	Face to face. Teleconference.

6.2 Industry engagement

The department has been formally engaging with industry on charging arrangements since 2018, including regular engagement on the CRIS with the Horticulture Exports Industry Consultative Committee (HEICC).

A CRIS was released for public submissions between October 2019 and January 2020, supported by meetings with the HEICC and 13 public meetings with export stakeholders. The department received 42 submissions on the horticulture arrangement. Outcomes of this engagement informed government consideration of export cost recovery generally, including Busting Congestion for Agricultural Exporters package.

In February 2021, a horticulture exports 2020–21 CRIS was published to provide stakeholders with a description of the impact of the Busting Congestion package and the intention to freeze fees and charges in 2020–21, followed by stepped increases from 2021–22 to achieve full cost recovery by 2023–24.

A 2021–22 CRIS was released seeking public submissions between 14 May and 10 June 2021, supported by engagement with industry consultative committees and targeted discussions with industry stakeholders through virtual presentations and feedback sessions. The department received 12 submissions and correspondence from the horticulture export industry.

As part of the ongoing development of streamlined cost recovery arrangements for export certification, the department will continue to engage with industry stakeholders on an ongoing basis.

A summary of key themes from stakeholder feedback across all consultation since 2018 is provided at [Appendix B](#).

7 Risk assessment

A charging risk assessment (CRA) is required for any regulatory charging policy proposal, such as a CRIS. It helps to identify and analyse regulatory charging risks. The Minister for Agriculture, Drought and Emergency Management must approve the CRIS and the Minister for Finance must agree to release the final CRIS given the CRA indicates that it is high risk.

The CRA has identified 4 implementation categories that are considered high risk:

- the percentage change in annual cost recovery revenue is greater than 10%
- the introduction of new cost recoverable activities
- the expected impact of cost recovery on payers
- stakeholder sensitivity about the proposed changes.

The remaining implementation categories are considered low to medium risk:

- the total annual cost recovery revenue is greater than \$10 million but less than \$20 million
- the types of charges used include fees and charges
- the imposition of the cost recovery charges involving an act of parliament
- the proposal including no involvement with other Commonwealth, state or local government entities.

In addition to the CRA, the department has also considered a number of risks associated with cost recovering horticulture exports certification activities and how the department will manage these risks (Table 11).

Table 11 Risks – horticulture exports cost recovery arrangement

Risk	Management
The cost of export certification affects industry competitiveness.	The department is implementing a range of reforms to deliver efficiencies in export certification processes.
The fee and charge structure does not support future regulatory reforms.	The CRIS will be reviewed annually which will provide an assessment as to whether fees and charges should be revised.
Changes to government policy and activities.	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Importing countries change export certification requirements – the cost of providing certification no longer reflects forecast effort.	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Deficit occurs. For example, unfavourable farming conditions.	The department will engage with industry to discuss options to reduce expenses through adjustments to services or service standards.
Significant surplus occurs. For example, entry to a new market or favourable farming conditions.	Subject to approval, collection of revenue in surplus of expense may be managed through remittance, or investment initiatives directly benefiting activities within the arrangement. An alternative approach may be agreed with industry within policy guidelines.

Risk	Management
Changing events impact actual revenue versus forecast revenue.	The department will update the CRIS annually to monitor changes in activity and effort and assess the need for consequential changes in the cost and price.

8 Financial estimates

8.1 Financial estimates

Table 12 shows the financial estimates of the horticulture exports cost recovery arrangement.

There will be no change to the cost recovery reserve for the duration of the busting congestion package. The reserve deficit will be carried forward until a government decision is taken to address it.

Table 12 Financial estimates for horticulture exports cost recovery arrangement

Finance element	2021–22 (\$)	2022–23 (\$)	2023–24 (\$)	2024–25 (\$)
Revenue = X	8,992,859	10,420,789	11,425,834	11,741,496
Expenses = Y	11,409,835	11,593,719	11,453,832	11,680,303
Balance = X - Y	(2,416,976)	(1,172,930)	(27,998)	61,193
Appropriation funding	2,416,976	1,172,930	n/a	n/a
Balance after appropriation	-	-	(27,998)	61,193
Forecast opening cost recovery reserve balance	(8,766,095)	(8,766,095)	(8,766,095)	(8,794,092)
Transfer	-	-	(27,998)	61,193
Forecast closing cost recovery reserve balance	(8,766,095)	(8,766,095)	(8,794,092)	(8,732,900)

n/a Not applicable.

8.2 Cost recovery reserve

A cost recovery reserve is maintained for each of the agriculture and food exports charging arrangements. The department's policy is to maintain a balance of between 0 and 5% of annual program expenditure in the reserve for each arrangement. Close management of the financial performance of arrangements may lead to more frequent adjustments to charges, including to reduce a reserve surplus.

At the time of CRIS release, the horticulture exports reserve is in deficit. Fees and charges have not been modelled to recover this deficit. The More Efficient and Sustainable Export Regulation measure provides investment of \$71.1 million over 3 years from 2020–21 to 2022–23 to maintain essential export regulatory services across all export cost recovery arrangements while prices are gradually increased. This is intended to maintain the deficit at its current level until the government takes a decision to address the deficit.

9 Financial and non-financial performance

Both the Australian National Audit Office's Report on the application of cost recovery principles and the independent review of the cost of export certification recommendations about improving the department's performance reporting.

The department is committed to consulting with industry stakeholders on performance indicators to assist in evaluating the performance of the department's regulatory arrangements. The department will use the benchmarking framework provided by the independent review to engage with industry on development of financial and non-financial Key Performance Indicators (KPIs).

This section presents information on the financial and non-financial performance of the horticulture exports cost recovery arrangement. This is intended to provide an overview of the department's performance in recovering forecasted costs and meeting regulatory objectives.

9.1 Financial performance

The financial performance for the horticulture exports cost recovery arrangement is provided in Table 13.

Table 13 Financial performance for horticulture exports cost recovery arrangement, 2017–18 to 2020–21

Finance element	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)	2020–21 f
Revenue = X	7,867,794	8,399,981	7,893,802	6,970,625
Expenses = Y	9,383,098	9,896,460	10,361,950	10,613,821
Balance = X - Y	(1,515,304)	(1,496,479)	(2,468,148)	(3,643,196)
Remissions, rebates and adjustments = Z	(11,374)	n/a	n/a	3,643,196
Net balance = balance + Z	(1,526,678)	(1,496,479)	(2,468,148)	-
Cost recovery reserve balance	(4,801,468)	(6,297,947)	(8,766,095)	(8,766,095)

n/a Not applicable. f Forecast.

Note: Increased expenses have primarily been driven by increased program management and administration costs, including information services costs associated with the department's service delivery modernisation program, corporate costs and property costs. This has been partially offset by lower inspection costs being allocated to the arrangement resulting from higher industry use of third-party authorised officer to undertake inspections under the Authorised Officer program. This has decreased the inspection capability and capacity required to be maintained in the department, which has reduced the cost of horticulture inspection allocated to the arrangement. From 1 July 2019, \$1.553 million for regulatory activities for enforcement, scientific and technical advice and detained consignments was added to the arrangement indexed and ongoing.

9.2 **Non-financial performance**

Over the life of this CRIS, the department intends to consult with industry stakeholders on non-financial performance indicators to assist in evaluating performance of the cost recovery arrangements administered. This CRIS will be updated as performance indicators are refined and further developed.

10 Key dates and events

Regular reviews of financial performance are undertaken and regular stakeholder engagement activities are conducted throughout the CRIS cycle in line with the stakeholder engagement strategy documented in [Section 6](#). Key forward dates for regulatory charging for horticulture exports certification activities are documented in Table 14.

Table 14 Key forward dates and events

Key forward events schedule	Next scheduled update
Annual CRIS update to forward estimates	May 2021
2021–22 CRIS published	June 2021
Updated fees and charges implemented	1 July 2021
Annual CRIS updates to financial and non-financial performance for 2020–21	October 2021
Annual CRIS update to forward estimates	February 2022
Updated fees and charges implemented	1 July 2022
Annual CRIS updates to financial and non-financial performance for 2021–22	October 2022
Portfolio charging review to be undertaken	2023
Annual CRIS update to forward estimates	February 2023
Updated fees and charges implemented	1 July 2023
Annual CRIS updates to financial and non-financial performance for 2022–23	October 2023
Portfolio charging review outcomes to be brought forward in Budget	2024–25

11 CRIS approval and change register

Table 15 tracks the changes to the CRIS as a result of changes to the regulatory charging activity.

Table 15 CRIS approval and change register

Date of CRIS Change	CRIS Change	Approver	Basis for change
11/06/2021	Certification of the CRIS	Secretary, Department of Agriculture, Water and the Environment	New regulatory charging activity and revalidation of cost model
15/06/2021	Approval of CRIS	Minister for Agriculture, Drought and Emergency Management	New regulatory charging activity and revalidation of cost model
18/06/2021	Agreement to CRIS release	Minister for Finance	-

Appendix A: Cost recovery model

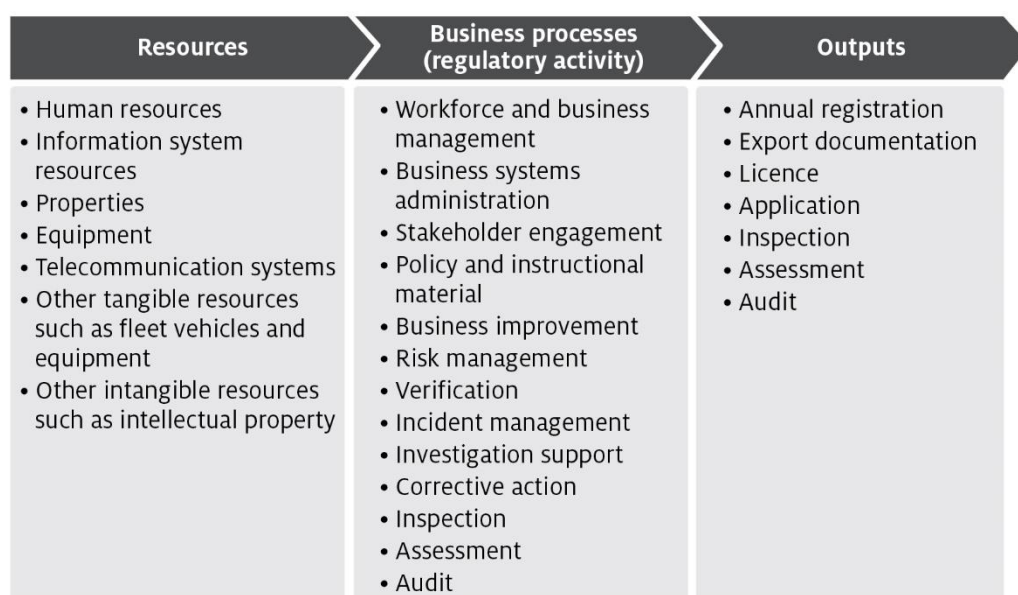
Outputs and business processes of the regulatory charging activity

The key policy objectives for the department’s cost recovery arrangements are to:

- safeguard Australia’s animal and plant health status, to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases. This will be achieved through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries
- support more sustainable, productive, internationally competitive, and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved market access.

The department’s cost recovery arrangements describe how the department uses resources (such as people, IT, property and equipment) to undertake business processes (regulatory activities), which enable us to provide the outputs that meet the department’s policy objectives (Figure A1).

Figure A1 Outputs and business processes of the department’s regulatory charging activity



The processes listed in Figure A2 are described below and are grouped into 4 categories of activities:

- 1) Program management and administration – administrative activities that support and deliver the department’s export certification commitments.
- 2) Assurance – activities that mitigate risks to collective user groups by assessing departmental controls of systems and processes to ensure they operate in accordance with their intended design.

- 3) Incident management – activities that respond to incidents concerning alleged breaches of Australian regulation or international import conditions.
- 4) Intervention – activities provided directly to an individual, business or organisation to meet export certification requirements.

Costs of regulatory charging activity

Cost allocation process

To determine the cost of regulatory activities, the department uses an activity-based costing (ABC) system. The ABC cost allocation methodology reflects costs incurred through usage of regulatory activities. This provides a transparent allocation of costs that is also efficient and effective to administer.

The 2 expense categories are:

- 1) direct expenses – these can be directly attributed to the provision of an activity, for example, inspections. They comprise of staff salaries and supplier costs including direct capital expenses.
- 2) indirect expenses – these are not directly linked to an activity provided by us. Indirect expenses include corporate employee salaries and overheads such as information technology, finance, human resources costs, and indirect capital expenses.

The cost allocation process apportions the costs of support functions (indirect expense) and direct expense to the processes/activities defined below under [Description of cost model activities](#). The department includes indirect expenses in the cost base to reflect the systems and processes that exist to help with efficient administration, which the cost-recovered arrangements benefit from. This is the same methodology employed for allocation of indirect costs to appropriated activities, in line with the department's cost allocation policy.

The ABC system allocates costs in a staged approach:

- 1) Indirect costs such as property, finance, information technology, human resources and divisional executives are allocated to direct cost centres using a cost driver which estimates the relative usage of each of the corporate services. Cost drivers for corporate services include:
 - a) Workpoints – distributes costs based on space occupied, with the workpoint count reflecting the space where a person may be able to work.
 - b) FTE – distributes costs based on each program's full-time equivalent staff numbers.
 - c) PC count/IT assets – distributes costs based on the number of IT assets in a program.
 - d) Transactions – distributes costs based on the number of transactions incurred over a period. This driver is used to allocate expenses related to the functions of accounts receivable and accounts payable.
 - e) Headcount – allocates costs based on the number of staff that a program area has as a proportion of the number of staff that are on the department's total staff.
 - f) Custom drivers – allocate costs to specific cost centres, primarily based on usage for shared program resources.

Cost drivers are reviewed on an annual basis, or as required. Changes to cost drivers are substantiated through effort or other data.

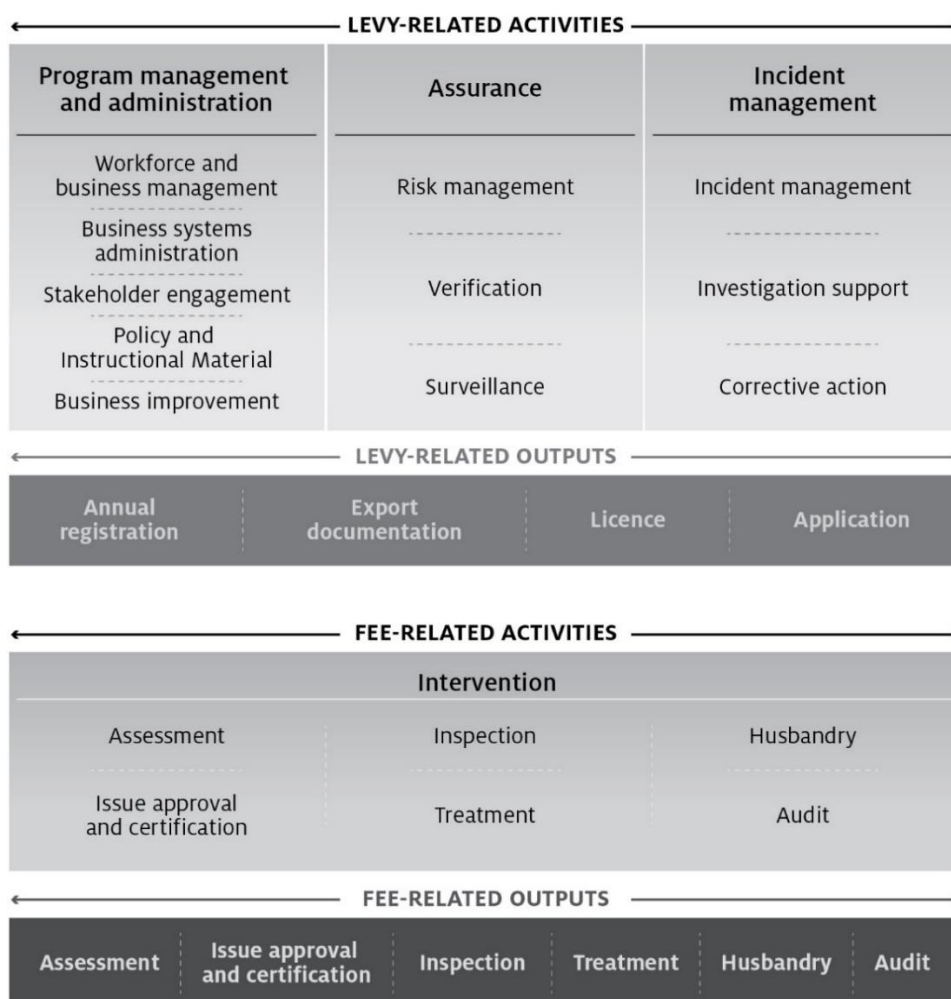
- 2) Direct costs (including the indirect costs allocated in step 1) are allocated to the activity and cost-recovered arrangements that best reflects the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly to intervention activities.

The primary variable used in the allocation of costs to activities is effort. As a result, cost estimates vary with changes in activity. If actual activity levels change during a financial year, the costs allocated to arrangements would require adjustment to align with that effort. The department monitors this throughout the year and adjust where necessary.

For example, auditors undertake audits across multiple arrangements. The department forecasts the number of audits and average time for an audit for each arrangement. The associated costs are allocated to the arrangements and audit function based on total audit hours.

- 3) Activity/arrangement costs (from step 2) are allocated to charge points which identify the cost associated with that charge. The department uses a combination of cost recovery fees and charges. Figure A2 shows how the department categorises cost-recovered charge and fee activities and outputs.

Figure A2 Categories of activities



Description of cost model activities

This section provides details of the cost model activities undertaken in the department's cost recovery arrangements.

Program management and administration activities

Workforce and business management

This activity comprises 4 categories:

- 1) Workforce management activities include staff supervision, allocating workforce resources, managing employee performance, leave, training and other conditions, managing Work, Health and Safety requirements, recruitment and termination.
- 2) Business management activities include business planning and continuity; requesting legal advice; procurement and contracts; program and project administration, assurance, design and management; management of fixtures, facilities, equipment, supplies and logistics.
- 3) Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- 4) Information management activities include data management, information and records management, and information sharing and collaboration.

Business systems administration

Includes developing, acquiring, testing, implementing and supporting applications and business systems. It encompasses technical support and maintenance of all business systems including information and communications technology.

Stakeholder engagement

Involves proactive engagement with any person, business, or organisation including any associated travel. This includes, engaging with peak industry bodies, secretariat support and attendance at industry consultative committee meetings, consultation on new standards and requirements, publishing website content and other information.

Policy and instructional material

Includes developing, maintaining and communicating the department's policy and instructional material, such as operational and corporate policies, scientific advice, departmental guidelines and work instructions, and associated training development and delivery. Examples include responding to changes in importing country requirements developing or revising policy processes and instructional material.

Business improvement

Includes assessment, monitoring and development of initiatives to improve performance. Examples include adjustments to improve program and service delivery, business performance reports against KPIs and similar activities.

Assurance activities

Risk management

Involves assessing and managing the risks posed to Australia's ability to maintain market access. This includes communicating results of risk analysis, modelling and forecasting to operational areas and the collection, receipt and use of reliable compliance data to meet the department's compliance objectives. This work also includes any associated travel and client assistance work.

Verification

Includes assurance activities to provide stakeholders and the departmental executive with confidence that departmental controls of its systems and processes are operating in accordance with their intended design and associated documentation. This includes assurance activities provided to trading partners.

Surveillance

Includes formal and informal monitoring to detect issues that may affect onshore production for export, such as changes in Australia's pest or disease status or food safety concerns. Surveillance differs from an inspection because it is not done for a specific client.

Incident management activities

Incident management

The coordination and management of any incident, including post-border detection and export incidents. This includes all associated preparatory work and post work, travel and client assistance in relation to an incident.

Investigation Support

Involves providing support for enforcement activities relating to an alleged breach of portfolio legislation, including any related client assistance and travel. This also includes enforcement activities that ensure compliance with Australian regulation and international import conditions such as investigations and engagement with clients about compliance.

Corrective action

Includes actions taken in response to non-compliance or contravention of legislation that is not required to be reported to enforcement officers. Corrective action activities includes all preparatory work and post work, travel and client assistance in relation to the enforcement process.

Intervention activities

Assessment

Involves assessing information to determine if it meets Australian standards and legislation, international conventions and importing country conditions. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation), travel and client assistance in relation to the assessment. Examples include assessments of licences, permits, registrations or accreditations.

Issue approvals and certification

Includes issuing of a decision in relation to an assessment for cargo, vessels, plants, animals, food, biological and genetic material. This includes the work from the end of the assessment period to the completion of the decision notification process to support issuance of appropriate export documentation.

Inspection

Involves the physical examination and supervision of an export consignment of plants or plant products to determine compliance with Australian standards and legislation, international conventions and importing country conditions.

Treatments

Includes the physical treatment of cargo, vessels, plants, animals, food, biological and genetic material, other conveyances or premises to prevent an adverse biosecurity outcome from occurring and to meet relevant importing country requirements.

Husbandry

Includes activities relating to the care of plants and animals that the department is responsible for, including transport of plants and animals, housing, daily monitoring, feeding, cleaning of facilities, administering of medication, bookings and client assistance.

Audit

Includes the systematic and functionally independent examination of industry systems and processes to determine whether activities and related results comply with legislative or documented requirements. This includes all preparatory work and post work, travel and client assistance in relation to the audit.

Appendix B: Summary of horticulture exports stakeholder feedback

Table B1 Stakeholder feedback summary

Key themes	Departmental response
<p>1) Concern with the increase in the cost base and whether the department is looking at finding efficiencies</p> <p>Stakeholders were concerned that cost base seem to be growing when exporters were doing less. There was an expectation that departmental regulatory cost would reduce not increase. Stakeholders questioned if the department was looking for efficiencies to drive their cost down.</p> <p>Stakeholders disagreed with the inclusion of additional costs of the Expanding Cost Recovery measure.</p>	<p>Regulatory fees and charges for the exporter sector have not increased in a long time, and most export programs have been under-recovering. The last time fees and charges were increased, for some agricultural exports, was in 2018, some prices have stayed the same as far back as 2009, and they are no longer reflective of the true regulatory cost.</p> <p>The government is now seeking to apply a stepped return to full cost recovery by 2023–24 for its regulatory activities, a stepped return eases the impact for agriculture and food exporters.</p> <p>Even with increased fees and charges, the cost of regulatory services is less than one per cent of export value in most cases.</p>
<p>2) Not enough time provided for consultation</p> <p>Stakeholders raised concerns about the time provided for consultation and the pressure the timing has on the ability of industry groups to adequately consult with their members and other exporters.</p>	<p>The department has been engaging with the Horticulture industry since 2018 and earlier on cost recovery of the export arrangement.</p> <p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the discussion papers released alongside the CRIS and the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p>
<p>3) Impact of CRIS on the Authorised Officer model</p> <p>This CRIS threatens the viability of the Authorised Officer model. Audit requirements, cost apportion, and the duplication of federal and state government audit activities act as barriers to exporters and producers.</p> <p>Moving to more efficient forms of assurance which utilise existing industry audit or QA processes to satisfy the department’s regulatory requirements will achieve greater efficiencies and cost savings.</p>	<p>The Charging Framework states that where a regulatory function is provided to an identifiable group that group, and not general taxpayers, should bear the associated costs. Export certification services are provided to a clearly identifiable group – individuals and organisations that participate in the plant export supply chain.</p> <p>Certification rules and requirements <i>are set based on what</i> importing countries require. In setting requirements, many overseas governments will only accept Australian Government certification, rather than from non-government individuals and businesses. The department tries to negotiate the acceptance of third-party regulation, but ultimately it is a decision for importing countries as to what they will accept. certification, underpinned by assurance activity, ensures markets remain open and exporters can confidently plan their business models.</p> <p>The Busting Congestion package provides funding to explore opportunities to utilise third party audits to meet trading partner requirements.</p>
<p>4) Opposition to full cost recovery</p> <p>The government has endorsed the goal of making agriculture a \$100 billion industry by 2030. Survey respondents have the view that full cost recovery is a hindrance to achieving this goal, and that the CRIS is a strong disincentive to export and will have a significant</p>	<p>The Australian Government’s policy on cost recovery is articulated in the Australian Government Charging Framework.</p> <p>A strong regulatory system underpins Australia’s reputation as a high-quality supplier that enables our exporters to meet importing country requirements.</p>

Key themes	Departmental response
<p>negative effect on Australian international competitiveness.</p>	<p>The cost to regulate small versus large operators is not directly related to the size of the entity as the regulatory support activities are developed and implemented to support both, regardless of size.</p>
<p>5) Impact of price increases on smaller operators Stakeholders raised concerns about the impact of price increases on smaller operators, being concerned that they are bearing a disproportionate proportion of the cost increases compared to larger operators with higher throughput.</p>	<p>Most CRIS already have a mix of annual and throughput-base charges where appropriate, including by providing price differentiation on annual charges for different types or sizes of operators, per consignment charges or charging by volume of exports (e.g. tonnage or per head).</p>
<p>6) Concerns that increases will be passed through to producers Stakeholders have raised concerns of the impact of price increases being passed through to producers.</p>	<p>The government’s \$71.1 million appropriation provided under the Busting Congestion package support stepped increases to cost recovery to lower the impact to industry over the next two years.</p>
<p>7) Challenging time for the horticulture industry to face cost increases Horticulture industry representatives have asserted that, in addition to their other objections to price increases, current trade and economic challenges, this is a particularly challenging time for their industry to face increased costs and cost increases should be further delayed.</p>	<p>Price increases to the horticulture industry have been delayed for many years, with reviews underway with industry consultation since 2017. Each delay has increased the gap between current revenue and the expense of the arrangement. The Busting Congestion investment in stepped increases to cost recovery directly addresses feedback that industry would be better able to handle gradual increases rather than a significant immediate jump in prices.</p>
<p>8) Oppose inclusion of indirect costs in cost base Some industry representatives oppose inclusion of indirect costs, such as property, finance and human resources, in the cost base.</p>	<p>Recovery of indirect costs is consistent with the Australian Government Charging Framework.</p>
<p>9) Review of international competitiveness of the sector The Government must undertake a detailed assessment of the impact of the cost recovery on Australia’s international competitiveness.</p>	<p>ABARES report ‘Australia’s cost recovery arrangements for export certification: implications for Australian Agriculture’ October 2015 found that the impact of government cost recovery of export certification regulation on competitiveness of agricultural exporters is limited. As was the case when this report was commissioned, the cost of export regulation continues to be less than 1% of exports.</p>
<p>10) Mixed views on appropriate structure for fees and charges Horticulture exporters have diverse views on the best structure for fees and charges, some indicating preference for the existing charge structure and some for the structure described in the discussion paper.</p>	<p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the discussion papers released alongside the CRIS and the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p>

Appendix C: Additional fees and charges that may apply

Organics – application and audit

The prices for application for and audit of organic certifying entity are as indicated in Table C1.

Table C1 Organics fees and charge

Type of charge	Cost recovery charges	Unit	Price (\$) 2021–22	Price (\$) 2022–23	Price (\$) 2023–24	Price (\$) 2024–25
Charge	Application charge for organic goods certification operations	Per application	640	662	675	689
Fees	Assessment of applications or approvals	Per quarter hr	35	37	38	39
	Audit fee for organic good certification operations	Per quarter hr	35	37	38	39

Tariff rate quota certificates

The prices for TRQ certificates for goods other than prescribed meat, prescribed meat products, prescribed milk and prescribed milk products are as indicated in Table C2.

Table C2 TRQ certificate fees and charge

Type of charge	Cost recovery charges	Unit	Price (\$) 2021–22	Price (\$) 2022–23	Price (\$) 2023–24	Price (\$) 2024–25
Charge	TRQ Certificate	Per document	43	44	45	46
Fees	TRQ Certificate electronic	Per document	16	17	17	17
	TRQ Certificate, manual	Per document	38	40	41	41
	Replacement TRQ Certificate	Per document	533	552	563	574

Outside ordinary hours (OOH)

The additional fees payable for fee-bearing activity for certain goods by Commonwealth authorised officers outside ordinary hours of duty are as indicated in Table C3.

Table C3 Outside ordinary hours fees for goods other than prescribed livestock, prescribed live animals, prescribed animal reproductive material and prescribed meat and prescribed meat products

Type of charge	Time of service	Unit	Price (\$) 2021–22	Price (\$) 2022–23	Price (\$) 2023–24	Price (\$) 2024–25
Fee – OOH	On a weekday, immediately before or after a fee bearing activity	Per quarter hour	15	15	15	15
	On a weekday, in any other case	Any period up to 30 minutes	30	30	30	30

Cost recovery implementation statement: horticulture exports 2021–22

Type of charge	Time of service	Unit	Price (\$) 2021–22	Price (\$) 2022–23	Price (\$) 2023–24	Price (\$) 2024–25
		Per quarter hour after first 30 minutes	15	15	15	15
	Saturday, Sunday or a departmental holiday	Any period up to 30 minutes	40	40	40	40
		Per quarter hour after first 30 minutes	20	20	20	20