



Australian Government  
Department of Agriculture,  
Water and the Environment

# Cost recovery implementation statement: live animal 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@awe.gov.au](mailto:copyright@awe.gov.au).



### **Cataloguing data**

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

ISBN 978-1-76003-403-0

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](http://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

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
1.1	Purpose of this CRIS.....	1
1.2	Summary of livestock exports regulatory reforms .....	1
1.3	Path to full cost recovery .....	2
1.4	Reforms: Busting congestion for all agricultural exports .....	2
<b>2</b>	<b>CRIS updates.....</b>	<b>4</b>
<b>3</b>	<b>Policy and statutory authority to cost recover .....</b>	<b>5</b>
3.1	Why cost recovery is appropriate.....	5
3.2	Who will pay regulatory charges.....	5
3.3	Government policy approval to cost recover the regulatory activity .....	5
3.4	Statutory authority to charge .....	6
<b>4</b>	<b>Cost recovery arrangement for live animal export.....</b>	<b>7</b>
4.1	Description of the regulatory activity .....	7
4.2	Cost base.....	10
4.3	Business process costs.....	12
4.4	Changes to the cost base .....	13
4.5	Reforms from 2020–21 .....	17
<b>5</b>	<b>Design of regulatory charges.....</b>	<b>21</b>
5.1	Changes to regulatory fees and charges.....	21
5.2	Live animal export fees and charges.....	22
<b>6</b>	<b>Stakeholder engagement.....</b>	<b>26</b>
6.1	Stakeholder engagement strategy .....	26
6.2	Industry engagement .....	28
<b>7</b>	<b>Risk assessment.....</b>	<b>30</b>
<b>8</b>	<b>Financial estimates .....</b>	<b>32</b>
8.1	Financial estimates.....	32
8.2	Cost recovery reserve .....	32
<b>9</b>	<b>Financial and non-financial performance .....</b>	<b>33</b>
9.1	Financial performance.....	33
9.2	Non-financial performance.....	33
<b>10</b>	<b>Key dates and events.....</b>	<b>35</b>
<b>11</b>	<b>CRIS approval and change register.....</b>	<b>36</b>
<b>Appendix A: Cost recovery model .....</b>		<b>37</b>
	Outputs and business processes of the regulatory charging activity.....	37

Costs of regulatory charging activity .....	38
Description of cost model activities .....	40
Assurance activities .....	41
Incident management activities .....	41
Intervention activities .....	41
<b>Appendix B: Summary of Live Animal exports stakeholder feedback.....</b>	<b>43</b>
<b>Appendix C: Live Animal Exports Service Standards Results for 2018–19 and 2019–20... 45</b>	<b>45</b>
<b>Appendix D: Additional fees and charges that may apply.....</b>	<b>48</b>
Tariff rate quota certificates .....	48
Outside ordinary hours (OOH).....	48

## Tables

Table 1 LAE cost recovery arrangement cost base adjustments.....	2
Table 2 Cost base for LAE cost recovery arrangement, 2021–22.....	11
Table 3 Cost type breakdown for LAE cost recovery arrangement, 2021–22.....	12
Table 4 Sample business process cost.....	13
Table 5 Changes to cost base for LAE, 2021–22.....	14
Table 6 Fees, charges and volumes for LAE cost recovery arrangement, 2021–22.....	22
Table 7 Fees, charges and volumes for LAE cost recovery arrangement, 2022–23.....	23
Table 8 Fees, charges and volumes for LAE cost recovery arrangement, 2023–24.....	23
Table 9 Fees, charges and volumes for LAE cost recovery arrangement, 2024–25.....	24
Table 10 Our approach to stakeholder engagement for regulatory charging .....	27
Table 11 Risks – LAE cost recovery arrangement.....	30
Table 12 Financial estimates for LAE cost recovery arrangement.....	32
Table 13 Financial performance for LAE cost recovery arrangement, 2017–18 to 2020–21.....	33
Table 14 Key forward dates and events .....	35
Table 15 CRIS approval and change register.....	36
Table B1 Live Animal Exports stakeholder summary .....	43
Table C1 Live Animal Exports service standards results .....	45
Table D1 TRQ certificate fees and charge.....	48
Table D2 Outside ordinary hours fees for prescribed livestock, prescribed live animals and prescribed animal reproductive materials.....	48

## Figures

Figure 1 Changes in the total cost base for LAE (\$ million) .....	15
Figure 2 Engagement process.....	27

Figure A1 Outputs and business processes of our regulatory charging activity .....	37
Figure A2 Categories of activities.....	39

# 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 live animal exports (LAE) cost recovery arrangement. It also reports financial and non-financial performance information, contains financial forecasts for 2021–22 and 3 forward years. 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 LAE 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 livestock exports regulatory reforms

This CRIS outlines the full cost of delivering LAE regulatory services. This includes changes made in response to the recommendations of the Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports (Moss Review), introduction of the independent observer program and the 2018–19 Budget Expanded Cost Recovery measure.

The LAE cost recovery arrangement has been under recovering since it was last revised in 2015. The accumulated deficit for the arrangement was \$30.4 million at the end of 2019–20, due to under-recoveries in both livestock and other animal export areas. Updated fees and charges will reflect the regulatory needs of the sector and ensures ongoing financial sustainability of the services provided by the department.

If revenue is not increased, regulatory services and reform in the LAE arrangement will not be able to continue at the current level. The practical impacts will include reductions in the responsiveness of regulatory services and inability to maintain strong engagement with both the export and animal welfare sectors. There would be significant constraints on the department's ability to pursue complex regulatory actions and investigations, leaving the entire sector exposed to the risk of poor, non-compliant behaviour by bad actors.

With effective regulation and ongoing reform, there is a likelihood that the sector will be better placed to avoid further major incidents and improve public confidence and social licence. The department wants to strengthen confidence with trading partners in our ability to meet their importing country requirements and maintain and enhance reforms introduced in response to the Moss Review. The department will increase our capacity to respond to recommendations from the Inspector General of Live Animal Exports and avoid the risk of regulatory stagnation for the arrangement.

Table 1 shows the cost base with and without adjustments to expense and forecast revenue for the LAE arrangement. It describes expected revenue resulting from reductions and reforms identified by the department.

**Table 1 LAE cost recovery arrangement cost base adjustments**

Cost base	Unit	2021–22	2022–23	2023–24	2024–25
2020–21 CRIS starting expense	\$	27,314,112	27,832,531	28,362,965	28,903,655
Cost reductions identified previously	\$	(4,458,181)	(4,547,345)	(4,638,292)	(4,731,058)
2020–21 CRIS expense	\$	22,855,931	23,285,186	23,724,673	24,172,597
Reduction in animal welfare costs attributed to cost recovery	\$	(1,519,151)	(1,548,760)	(1,578,949)	(1,609,729)
Other cost reductions	\$	(14,760)	(15,055)	(15,356)	(15,663)
Total cost reductions	\$	(1,533,911)	(1,563,815)	(1,594,305)	(1,625,392)
2021–22 CRIS expense	\$	21,322,020	21,721,371	22,130,368	22,547,205
Cost recovered revenue	\$	13,646,091	18,463,140	22,049,956	22,443,806
Appropriation funding	\$	7,675,929	3,258,231	n/a	n/a
Total revenue	\$	21,322,020	21,721,371	22,130,368	22,547,205
Appropriation funding as % of expenses	%	36	15	n/a	n/a

n/a Not applicable.

Note: Other (additional) cost reductions though small have been included for transparency across all 7 agricultural exports cost recovery arrangements.

### 1.3 Path to full cost recovery

The More Efficient and Sustainable 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 recovery 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

The department is implementing a number of initiatives to improve the way it regulates LAE.

- The Australian Government’s Busting Congestion for Agricultural Exporters package includes a measure that focuses on modernising systems across all export commodity areas and a measure specific to LAE that will support risk-based, data led regulation.
  - 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.
- The department is progressing a suite of projects agreed with the livestock export industry via a roundtable working group that will seek to minimise impediments to the provision of an effective, efficient, responsive and transparent regulatory framework. This will be achieved, in part, by better aligning regulatory effort with risk. For example, recognising that livestock export markets differ widely, and that shipping northern acclimatised cattle to near markets in south east Asia presents different risks to shipping livestock from southern and western Australia to far markets.
- One of the roundtable projects relates to reshaping the independent observer program so that the benefits of additional oversight are maintained within an efficient and effective integrated assurance framework.
- The department is supporting the implementation of third-party arrangements to provide exporters with alternative ways to demonstrate compliance with the Exporter Supply Chain Assurance System (ESCAS).

These initiatives will deliver a range of benefits to the LAE sector. Any resulting cost reduction will be reflected in future CRIS updates. Further information about these initiatives is outlined in [section 4.5](#).



## 2 CRIS updates

In accordance with the Australian Government Charging Framework (charging framework), the LAE CRIS will be updated annually. It will report on financial and non-financial performance and revised 4-year forecasts. This annual update will provide an opportunity to measure progress of 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, 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. Other charges in this framework include commercial charges and resource charges. 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 LAE regulatory activity is provided to a clearly identifiable group, individuals and organisations that participate in the live animal export supply chain.

There are additional benefits to funding exports regulation 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 the awareness of regulated entities about how much a regulated activity costs.

For these reasons, the government has determined regulatory charging to be the most appropriate mechanism for funding LAE regulation. Charging of LAE regulation activities is consistent with the Charging Framework.

### 3.2 Who will pay regulatory charges

The department cost recovers regulatory charges in this CRIS from exporters of live animals and reproductive material, and participants in the export supply chain, including operators of registered establishments where livestock are prepared for export, and accredited veterinarians who have specific legislated roles in the export of livestock.

### 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 live animal export

This section describes the live animal exports cost recovery arrangement cost base.

### 4.1 Description of the regulatory activity

The export of live animals and reproductive material is regulated in accordance with the export legislative framework (see [section 3.4](#)).

The department delivers a range of regulatory services to support the export of live animals and reproductive materials. These services are described below using the categories in the department's cost model activity framework ([Appendix A](#)). The entities the department provides these services to are identified in the brackets at the end of each description.

#### 4.1.1 Program management and administration activities

##### Business systems administration

- Administration of export systems for exporters and accredited veterinarians (e.g. Manual of importing country requirements (Micor) and TRACE (the tracking animal certification for export system) – Assigning access to new users and troubleshooting system issues for existing users. Uploading Livestock Export Consignment Reports to TRACE. Monitoring receipt and validity of air inspection forms for NOI applications. Processing and managing registration of AAVs. (livestock exporters by sea and air, accredited veterinarians).
- Invoicing – Managing invoicing for applications and licences (livestock exporters by sea and air, accredited veterinarians).

##### Stakeholder engagement

- Animal welfare engagement – Supporting open engagement on animal welfare with relevant industry groups, state and territory animal welfare regulators, animal welfare organisations and the public (all regulated entities). Note: Only activities assessed as directly supporting exports will be cost-recovered.
- Industry engagement – Coordinating timing, access, agenda items and minutes for industry teleconferences and face to face meetings. Ad hoc meetings with exporters and industry groups to respond to operational matters (all regulated entities).
- Export Advisory Notices – Publishing export advisory notices to advise regulated entities when policies or procedures have changed (all regulated entities).
- Divisional coordination and reporting – Activities include providing support to the minister, reporting to government including tabling a report to Parliament and responding to stakeholders (all regulated entities).

##### Policy

- Livestock welfare standards – Developing informed animal welfare based operational policy and undertaking voyage data analysis that provides a scientific basis for setting standards,

for example, the *Bos taurus* review into heat and cold stress on long haul voyages from southern Australia (livestock exporters by sea and air).

- Operational policy development and support – Development of policies, work instructions, guidance material and supporting documentation to enable exporters and departmental officers perform their regulatory function (all regulated entities).
- Manual of importing country requirements (Micor) updates – Updating Micor when an importing country’s requirements change (all regulated entities).
- Protocol and permit certifiability – Provision of scientific and technical advice to improve, maintain or restore market access and to demonstrate adherence to export requirements. Providing advice to ensure that any proposed protocols for the export of live animals and reproductive material are certifiable, consistent with export legislation and standards and operationally practical (livestock exporters by sea and air, exporters of live animals, exporters of reproductive material).

#### **Business improvement**

- Project development and implementation – Implementing reform projects to make the live animal regulatory environment more efficient, effective and transparent. For example, projects agreed by the LAE Roundtable Working Group (a livestock industry-department group) (all regulated entities).
- Strategic support – Strengthening regulatory practice and performance across the regulatory system. For example, effective regulatory training for departmental staff (all regulated entities).

### **4.1.2 Assurance activities**

#### **Assurance**

- Monitoring voyage reports – Monitoring daily and end of voyage reports and additional reporting information for compliance issues and data integrity (livestock exporters by sea and air).
- Independent observer assessments – Assessing information gathered by observers to either take action to address non-compliances or inform longer term policy development (livestock exporters by sea).

#### **Verification**

- Australian Standards for the Export of Livestock (ASEL) and systems verification – Verifying that the systems in place, especially for the export of livestock, are achieving the intended animal welfare outcomes. Key activities include providing technical advice, undertaking system audits and the annual update of the ASEL (Livestock exporters by sea and air).
- International competent authority audits – Engagement and facilitation of overseas authority audits of processes and systems (livestock exporters by sea and air, exporters of horses, exporters of reproductive material).

### **4.1.3 Incident management activities**

#### **Incident management**

- Incident management – Managing operational responses to incidents such as domestic disease detections, unloading animals from vessels that have not departed/that have

returned to Australia, mid-voyage changes to destination country and delayed consignments. Includes support provided by our overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border (live animal exporters by sea and air).

#### **Corrective action**

- Voyage management – Identification of issues or non-compliances and action (livestock exporters by sea).
- Notifiable incident investigations – Investigation and publication of notifiable incidents (livestock exporters by sea and air).
- ESCAS non-compliance investigations – Investigation and publication of ESCAS non-compliance incidents (livestock exporters by sea and air).
- Monitoring regulated entity compliance with legislative and importing country requirements. Taking appropriate corrective action (all regulated entities).

#### **4.1.4 Intervention activities**

##### **Assessments**

- Livestock exporter licences – Assessing new and renewal licence applications against legislative requirements (livestock exporters by sea and air).
- Approved Arrangements (AA) and Approved Export Program (AEP) – Assessing applications and variations against legislative requirements (livestock exporters by sea and air).
- Registered Establishments – Assessing applications and variations against legislative requirements (livestock exporters by sea).
- Australian Government Accredited Veterinarians (AAVs) – Assessing applications and renewals against legislative requirements (accredited veterinarians).
- Notices of Intention (NOIs) – Assessing and approving NOIs to export livestock, live animals other than livestock and animal reproductive material (livestock exporters by sea and air, exporters of live animals and animal reproductive material).
- ESCAS supply chains – Assessing applications and variations for a supply chain against legislative requirements (livestock exporters by sea and air).
- Independent Performance Audit Reports (IPAR) – Assessment of IPARs to monitor compliance with ESCAS (livestock exporters by sea and air).

##### **Inspections and Issue approvals/certification**

- Inspection of livestock, live animals and animal reproductive material – Veterinary and technical inspections for certification (exporters of livestock, live animals and animal reproductive material).
- Registered establishment and approved premises inspections – Inspections to ensure compliance with importing country requirements and ASEL standards (livestock exporters by sea and air).

## Audit

- Exporter audits – Audits to monitor performance and compliance with an exporter’s approved arrangement. Audits of reproductive material exporters and facilities. Also includes scheduling audits and notifying exporters of audit outcomes (livestock exporters by sea and air, exporters of reproductive material).
- Registered Establishment audits – Initial and ongoing on-site audits (registered establishment occupiers, livestock exporters by sea).

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

For information about LAE regulatory services, such as the authority to cost recover see [section 3](#) and the cost recovery methodology, see [Appendix A](#).

## 4.2 Cost base

The airing of footage in 2018 showing poor animal welfare conditions on board livestock vessels led to a number of reviews and changes to the regulatory environment for livestock exports in particular. These changes included the introduction of independent observers, a Notice of Intention assessment point and increased scrutiny over the program, have resulted in increased costs. An Animal Welfare Branch was established to support live animal exports by strengthening regulatory policy development and updating LAE standards and regulations in consideration of the latest available science and evidence, and in accordance with government policy.

The purpose of the review conducted by Mr Philip Moss AM, an independent reviewer appointed by the then Minister for Agriculture, was to assure government and the Australian public that exporters meet our high animal welfare standards and identify regulatory and investigative improvements the department can make. The Moss Review made a series of recommendations which have since been implemented or are in the process of being implemented. These have implications for the cost base for LAE regulation and in turn the fees and charges required to be paid by industry.

One of the significant regulatory reforms has been to introduce the independent observer program, which was forecast to cost \$4.4 million in 2020–21 before being suspended due to COVID-19.

The level of under-recovery in 2017–18 was \$1.4 million. This under-recovery increased in 2018–19 to \$5.7 million and \$12.2 million in 2019–20. The financial performance for the live animal export cost recovery arrangement is provided in Table 13.

The department maintains a cost recovery reserve which allows over and under recoveries to be offset and avoid the need for rapid price fluctuations. In 2019–20 the balance of the reserve was a deficit of \$30.4 million, reflecting years of accumulated under recovery. This amount is far in excess of the department’s policy of maintaining a cost recovery reserve balance of 0 to 5% (approximately \$1.1 million) above program expense.

Charges in this CRIS have been designed to increase cost recovery in line with the government’s decision to gradually increase and meet full cost recovery in 2023–24. These charges are not

modelled to recover any portion of the accumulated deficit that has occurred within the balance of the cost recovery reserve.

A detailed description of cost activities and the 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 export of live animals and reproductive material from Australia. The 2019–20 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 LAE cost recovery arrangement is \$21.3 million (Table 2), made up of:

- \$13.7 million in charge-related activities
- \$7.6 million in fee-related activities.

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

**Table 2 Cost base for LAE cost recovery arrangement, 2021–22**

Charge type	Activity group	Activity	Expense (\$)	Cost recovery charge
Charge	Program management and administration	Workforce and business administration Business system administration Stakeholder engagement Policy and instructional material	13,748,963	Establishment (Premises) registration, export licence, export permit, approved arrangement – air/sea, throughput



Charge type	Activity group	Activity	Expense (\$)	Cost recovery charge
		Business improvement		
	Assurance	Risk management		
		Verification		
		Surveillance		
	Incident management	Incident management		
		Investigative support		
		Corrective action		
<b>Fee for service</b>	Intervention	Assessment	6,774,217	Standard and specialist assessment, document, replacement document
		Inspection	638,484	Inspection
		Audit	160,356	Audit
<b>Total cost base</b>	-	-	<b>21,322,020</b>	-

Table 3 provides a breakdown of expenses of the cost recovery arrangement (2021–22).

**Table 3 Cost type breakdown for LAE cost recovery arrangement, 2021–22**

Expenses	Forecast (\$)
<b>Direct</b>	<b>14,817,916</b>
Employee	13,947,559
Operating	867,682
Other	2,674
<b>Indirect</b>	<b>6,504,104</b>
Assurance and Legal	1,516,137
Corporate Strategy and Governance	709,768
Finance & Business Support	748,252
Information Services	1,933,977
Property	1,595,970
<b>Total</b>	<b>21,322,020</b>

For more information on how expenses are allocated see [Appendix A](#).

### 4.3 Business process costs

The scenario in Table 4 is a sample business process for a consignment of sheep to be exported to the Middle East.

A livestock exporter seeks to export one consignment of sheep to the Middle East, requiring a number of component tasks to certify the consignment for export. Note, prior to this business process, the exporter would require an export licence, approved arrangement, approved ESCAS and auditing as required.

**Table 4 Sample business process cost**

Business process	Component tasks	Role performing task	Hours of effort	Cost per task (\$) in 2021–22
<b>Certification of a consignment of live sheep to the Middle East</b>	Assess and approve notice of intention to export	Authorised Officer	3.5 hrs	\$406
	Inspection of animals	Authorised Officer – Veterinarian	10 hrs	\$1,800
	Inspection / assessment of export documents	Authorised Officer – Veterinarian	5.75 hrs	\$1,035
	Prepare and grant export permits and certify health certificates	Authorised Officer	0.5 hrs	\$90
<b>Total</b>	–	–	19.75 hrs	\$3,331

## 4.4 Changes to the cost base

This CRIS includes adjustments to the LAE 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 \$1.0 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 (\$0.5 million indexed annually from 1 July 2019)
- scientific and technical advice related to supporting industry to improve, maintain or restore market access (\$0.4 million indexed annually from 1 July 2019)
- the cost of the department’s overseas counsellor network assisting industry to meet export requirements for detained consignments or during trade disruptions (\$0.1 million indexed annually from 1 July 2019).

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

In addition to the reduction in Independent Observer costs described in the 2020–21 CRIS (\$4.5 million in 2021–22), the following reductions are included:

- The export arrangements’ use of the department’s client contact group is lower than previously modelled. All export arrangement cost bases have been reduced to reflect usage.
- Corporate and indirect expenses have been reduced in line with the reduction in direct expense.

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 importing country requirements.

#### 4.4.3 Reductions in the cost recovery of animal welfare functions

The department has reviewed the specific activities and associated costs of the animal welfare functions. The review identified more activities that support regulation of LAE that are not direct regulatory services to regulated entities than previously modelled. As a result, \$1.5 million of activity – including stakeholder engagement (including with non-regulated entities), strategic evaluation of markets, high level policy advice and legislative development – has been removed from the cost base. These activities will continue to be funded by appropriation. This reduces the total expense base to \$21.3 million in 2021–22 (with indexation applied in future years).

These cost reductions have been applied to annual charges for livestock approved arrangements (sea and air) and registered establishments. Reductions to these annual charges will also alleviate the impact of fee increases on small and infrequent exporters, further described below.

Table 5 shows the changes to the cost base in 2021–22.

**Table 5 Changes to cost base for LAE, 2021–22**

Adjustment to cost base	Impact on cost base	Unit	Forecast
Total baseline expense	n/a	\$	22,855,931
Additional cost reduction – revised activity levels:			
Reduction in proportion of animal welfare functions attributed to cost recovery	Decrease	\$	(1,519,151)
Reduction in general enquiry hotline usage	Decrease	\$	(14,760)
Total cost reduction from revised activity	Decrease	\$	(1,533,911)
Adjusted cost base	n/a	\$	21,322,020
Change in expense	Decrease	%	(6.7)

n/a Not applicable.

#### 4.4.4 Increased regulatory capacity for live animal exports

The most significant change, to an already under recovering cost base, is the implementation of recommendations from the Moss Review of regulatory standards and animal welfare. Consideration of animal welfare has been put at the centre of the department’s work.

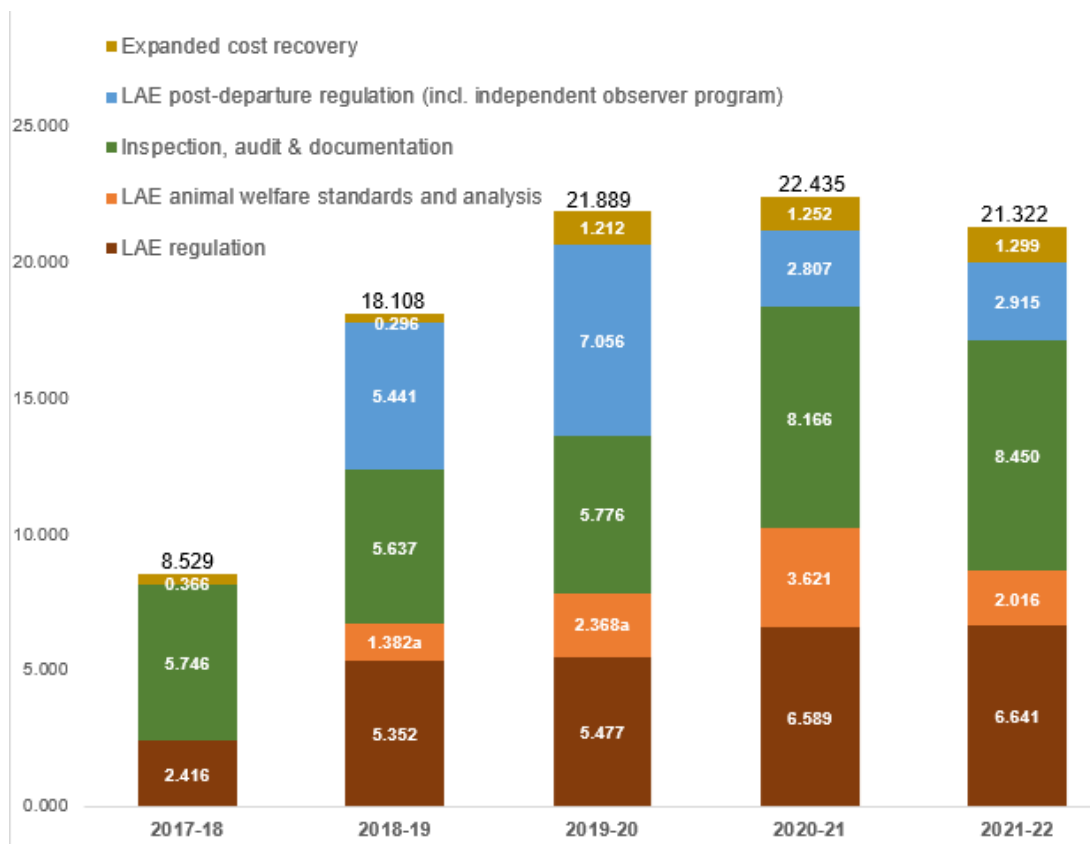
Strengthening regulatory practice, improving transparency and delivering as a regulator with the necessary systems has also required an increase in capacity. The department is working on a range of business improvement projects and policies. For example, work on operations projects is aimed at increasing efficiency, improving transparency, and providing clarity to exporters on performance expectations. There is an ongoing need for operations policy, including working with the livestock exporting industry to respond to issues identified since the introduction of approved arrangements and ensuring mechanisms are strengthened to respond to non-compliance in an effective way.

Other examples of how Moss Review recommendations are being addressed include:

- improving engagement with stakeholders, including by establishing the Live Export Animal Welfare Advisory Group (LEAWAG). This group includes representatives from industry (exporters and producers), animal welfare groups, academics and Australian, state and territory government agencies. It provides a forum for information sharing and strategic consultation with stakeholders about live animal export animal welfare practices, standards and legislation.
- improving staff capability and culture, including by developing and implementing a regulatory training framework. This ensures departmental staff are appropriately inducted and receive training in administrative law, defensible decision making and integrity.
- strengthening internal policies and procedures, including introducing a new Compliance Statement for the Export of Livestock; updating customer service standards; commencing work to deliver a program of random, unannounced audits and system verification and rolling out new decision-making templates to all officers involved in the regulation of live animal exports.
- increasing investigative capability and ability to take effective regulatory action which reduces risk for the rest of the industry.

Figure 1 shows the changes to the LAE arrangement cost base as a result of reforms since 2018 including indirect costs associated with each function.

**Figure 1 Changes in the total cost base for LAE (\$ million)**



<sup>a</sup> From 2018–19 to 2019–20 LAE animal welfare standards and analysis costs were not included in the LAE cost recovery arrangement cost base. The amount shown is the cost for those years.

Costs have increased due to:

#### **Expanded cost recovery**

As part of the 2018–19 Budget, the Australian Government decided to stop funding a number of regulatory activities through an appropriation and instead recover the costs of those activities from the industries that create the need for those services. More details can be found in [section 4.4.1](#).

#### **LAE post-departure regulation (including the Independent Observer program)**

The independent observer (IO) program was introduced in 2018 to increase regulatory oversight of livestock exported by sea. The modelled expense was reduced in 2020–21 due to the pausing of IO deployment on vessels due to the COVID-19 pandemic. More details can be found in [section 4.5.3](#).

#### **Inspection, audit and documentation**

There was an increase in the regulatory oversight as a result of strengthening the risk management approach. This includes activities such as animal inspections, assessing applications and issuing export permits and health certificates.

Changes implemented after the Awassi incident, including the reintroduction of the Notice of Intention assessment point, have increased the resources required in this area.

#### **Live animal export animal welfare and standards and analysis**

Animal welfare standards and analysis functions were strengthened in October 2018 to provide effective standards development and an evidence-based approach to the consideration of animal welfare. This work has led the review and development of new arrangements for the Australian Standards for the Export of Livestock, the Heat Stress Risk Assessment review, interim arrangements for the 2019 Northern Hemisphere summer (NHS) and arrangements for NHS sheep exports from 2020. This has been achieved through stakeholder engagement as well as technical and analytic work.

#### **LAE Regulation**

LAE regulatory activities include operational policy setting, compliance, assurance and pre-departure assessment.

Previous years of under recovery resulted in the erosion of supporting policy and instructional material infrastructure and the need for these to be re-established in order for the efficient regulation of the industry.

The LAE regulatory expense continues to increase in 2020–21. The department is implementing a range of business improvement projects and policies requiring additional resources, including specialised skills.

This includes upgrading and reviewing regulatory documentation to ensure they are fit for purpose and support the new legislative arrangements. The revised version of ASEL was developed and implemented in 2020 which also required additional resources.

#### **4.4.5 Indirect expense**

Indirect expenditure has increased proportionally with the size of the LAE program. Examples of indirect expenses include:

- assurance and legal – providing legal advice, risk management strategies, managing insurance requirements and instructional material guidance under the Practice Statement Framework
- corporate strategy and governance – providing advice on workplace relations issues, interpreting and support for our enterprise agreement, managing a code of conduct and human resource services
- finance and business support – providing financial services including budgeting, cost recovery, financial accounting, payroll, procurement and treasury functions
- information services – providing application support for IT systems, managing web design, content and accessibility and ICT strategy
- property – costs associated with departmental property leases and management fees.

#### **4.4.6 Inflation**

In line with the charging framework and our cost allocation policy, inflation and depreciation expenses have been adjusted in the cost base to reflect increased employee and supplier expenses. This is 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.

The inflationary adjustments in the cost base per year include:

- employee expenses – increasing by 2% and compounding annually to reflect reasonable estimates of wage increments in line with the Australian Public Service workplace bargaining policy 2018.
- supplier expenses – increasing by 1.65% and compounding annually to reflect inflation in line with the Department of Finance inflation estimate.

## **4.5 Reforms from 2020–21**

### **4.5.1 Busting Congestion for Agricultural Exporters**

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 LAE regulatory services:

- 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 our systems online and providing a single portal for transactions between exporters and government.
- Improving Regulation Post–COVID-19 including Targeted Interventions for Seafood and LAE – this measure will build a modern, reliable data reporting and analytics capability.

This initiative will support risk-based, data led regulation that is more timely, cost-effective and targeted.

Government investment through the Busting Congestion for Agricultural Exporters package and other Budget measures may lead to reduced costs. Any reductions will be reflected in future CRIS updates as they are identified.

#### **4.5.2 LAE Roundtable Working Group**

On 16 July 2020, the Minister for Agriculture, Drought and Emergency Management, Minister Littleproud held a roundtable with the Australian Live Exporters' Council (ALEC), LiveCorp, the Inspector-General of Live Animal Exports and the department. The purpose of the roundtable was to discuss opportunities for reform, and how to increase community confidence in the live animal export regulatory framework.

Following the meeting, a working group was formed with representatives from ALEC, LiveCorp and the department. The working group held six meetings and agreed on a forward work plan.

Activities identified in the workplan aim to modernise and streamline the way the regulatory framework works. The activities also aim to increase transparency of regulatory performance, to drive improvements and strengthen community confidence in the trade.

The working group process encouraged greater understanding between the department and livestock industry representatives. The working group continues to meet to oversee the progress of the work program and to provide a forum to tackle emerging issues.

Where it is appropriate to do so the department will engage with other stakeholders on roundtable projects through the usual engagement channels.

The forward work program has been condensed into five key projects.

- Streamlining approved arrangements administration—This project aims to deliver faster pre-export consignment approvals for livestock exporters through the administration of the approved arrangements framework that re-balances pre-export checks and post-export audits and ensures compliance action is timely, proportionate and predictable. This will be achieved by better aligning regulatory requirements to risk where risk is determined based on market, operational environment and exporter performance history.
- Integrated assurance framework—This project aims to deliver an assurance and audit framework that provides the department, the government, regulated entities, the community and importing countries with assurance that animal welfare as well as Australian export and importing country regulatory requirements are being met.
- Strengthening the Australian Government Accredited Veterinarian program—This project aims to increase clarity about the role of Australian Government Accredited Veterinarians and their accountability in the livestock export regulatory system.
- LIVEXCollect Data—This project aims to ensure the department has systems to support the receipt and use of data collected by LiveCorp's LIVEXCollect system so that manual data entry is reduced, and the data is used to support more efficient and effective regulation.

- Improving transparency and engagement—This project aims to improve the transparency of performance and accountability of exporters and the regulator under the livestock export regulatory system.

The roundtable projects are expected to deliver a range of benefits to livestock exporters such as faster pre-export consignment approval timeframes and more targeted and consistent regulatory interventions. Where these benefits result in reduced costs they will be reflected in future CRIS updates.

#### **4.5.3 Independent observers**

The independent observer program was introduced in 2018 to increase regulatory oversight of livestock exports by sea. The key role of the independent observer program has been to monitor exporters' arrangements to ensure the health and welfare of live animals on export vessels. The program has provided important insight into practices and conditions on board livestock export vessels.

While the program is suspended, due to travel restrictions associated with the COVID-19 pandemic, the government is reviewing the independent observer model to maintain the benefits of additional oversight while ensuring an efficient and effective regulatory framework. Once a new model has been designed and approved, the costs of any new approach will be added to the cost base.

#### **4.5.4 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 our regulatory approach could affect cost recovery. Any impacts will be reviewed when or if changes are implemented.

#### **4.5.5 Alternative ways to demonstrate compliance with the Exporter Supply Chain Assurance System (ESCAS)**

The *Export Control Act 2020* provides a mechanism for a third-party provider of assurance services (TPPAS) to apply for an approved arrangement to provide exporter supply chain assurance operations. This will provide exporters of feeder and slaughter livestock with an alternative mechanism for demonstrating compliance with ESCAS.

Third party providers services will change the way ESCAS is administered. Under a third party arrangement the department will not charge for ESCAS functions the department no longer provides. Exporters will pay relevant fees to the TPPAS to maintain certification, and fees to the department for a reduced number of ESCAS functions.

#### **4.5.6 Impact of reforms on the cost base**

This CRIS does not incorporate cost reductions that will result from the reform projects currently underway. While some efficiencies in regulatory administration may be realised in 2021–22, the bulk of cost reductions are expected to be realised from 2022–23 when reform projects have been completed. At this stage, as the substantial reform and rebuilding activities are completed, cost reductions associated with that reform effort itself are expected to be \$1.6 million in 2022–23 and \$2.3 million in 2023–24, compared to the forecasts in this CRIS. These will be included in the 2022–23 CRIS.



It is expected that there will be further costs reductions as a result of introducing efficiencies in regulatory administration. Once accurately quantified, any such cost reductions will be included in future CRIS.

## 5 Design of regulatory charges

This CRIS provides for a mix of regulatory fees-for-service and levies, 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

The fees and charges for LAE have been insufficient to recover the full cost of the program since 2015. Reforms since 2018 have increased the expense of the arrangement and changed the regulatory activity. As such, existing fees and charges and how fees and charges are applied are no longer suitable and have been updated for 2021–22.

Feedback from industry has been sought for the following changes in the 2021–22 CRIS and how charges are applied to LAE regulatory activity:

- Document assessment fees under the 2015 CRIS are charged per document. This has not served the arrangement well over the years as the time needed to assess documents has been highly variable, based on commodity, market and exporter efficiency.
  - All document assessments for the arrangement move to a quarter hour basis rather than per document. This will allow for variable charging that reflects the effort per consignment.
  - For example, it may take longer to assess a document going to a particular location due to a higher number of importing country requirements. By using a time-based fee (per quarter hour) you will pay for the time it takes to assess your document rather than an average cost.
  - The new fee is the specialist assessment charge. The non-livestock export permit charge will still apply.
- The Moss reforms have also increased other types of assessment activity, like Notices of Intention to export, for which there isn't an existing charge.
  - A new standard assessment quarter hour fee will be used for a range of assessment activities.
  - These activities include assessment of Notices of Intention to export, Export Supply Chain Assurance System (ESCAS) applications, Approved Arrangement (AA) applications or variations (including independent performance audit report assessments), Approved Export Program (AEP) applications or variations, export licence applications or variations, AAV applications and registered establishment applications or variations.

- The application and variance charge for AAs, export licences, registered premises and AAVs will no longer apply.
- Existing per head livestock charges differentiate between cattle and sheep (and similar sized animals) for charging purposes.
  - Increased monitoring of livestock export by sea going vessels means that the cost of regulating sea borne consignments has significantly exceeded the cost of exporting by air.
  - The commonly observed industry practice is to transport multiple consignments via the same vessel. This makes per voyage charging inappropriate as the costs are difficult to split between different consignees on a per voyage basis.
  - As a result, the department will further differentiate livestock per head charges by sea and air and load additional costs to the sea charge to reflect the additional effort associated with that activity.
- While the independent observer program has been paused and a new approach is being developed with industry, there may be circumstances in which an independent observer (IO) is required. A per day IO charge is based on historic effort of the activity to support this occurrence, along with scope for charging for returning flights of the IO.

## 5.2 Live animal export fees and charges

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

**Table 6 Fees, charges and volumes for LAE cost recovery arrangement, 2021–22**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Throughput – full unit (sheep/goat) – sea	Per animal	0.91	955,900	869,869
	Throughput – full unit (cattle/buffalo/camel) – sea	Per animal	3.56	1,293,080	4,603,365
	Throughput – full unit (sheep/goat) – air	Per animal	0.78	53,583	41,795
	Throughput – full unit (cattle/buffalo/camel) – air	Per animal	3.03	7,719	23,389
	Approved arrangement – air	Annual	16,544	10	165,440
	Approved arrangement – sea	Annual	33,087	26	860,262
	Establishment (premises) registration	Annual	8,272	74	612,128
	Licence – livestock	Annual	5,706	40	228,240
	Export permit non-livestock	Per document	183	7,500	1,372,500
	Document – replacement	Per document	500	66	33,000
<b>Fees – audit</b>	Standard audit	Per quarter hr	59	1,956	115,404
	Specialist audit	Per quarter hr	95	445	42,275
<b>Fees – inspection</b>	Inspection	Per quarter hr	45	9,017	405,765
<b>Fees – documentation</b>	Specialist assessment	Per quarter hr	45	69,051	3,107,295
	Standard assessment	Per quarter hr	29	40,185	1,165,365

Cost recovery implementation statement: live animal exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	International flight – passthrough	At cost	n/a	–	–
	Independent observer	Per day	1,740	–	–
<b>Total</b>	–	–	–	–	<b>13,646,091</b>

Note: Prices have been rounded.

**Table 7 Fees, charges and volumes for LAE cost recovery arrangement, 2022–23**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Throughput – full unit (sheep/goat) – sea	Per animal	1.24	955,900	1,185,316
	Throughput – full unit (cattle/buffalo/camel) – sea	Per animal	4.85	1,293,080	6,271,438
	Throughput – full unit (sheep/goat) – air	Per animal	1.06	53,583	56,798
	Throughput – full unit (cattle/buffalo/camel) – air	Per animal	4.14	7,719	31,957
	Approved arrangement – air	Annual	21,942	10	219,420
	Approved arrangement – sea	Annual	43,885	26	1,141,010
	Establishment (premises) registration	Annual	10,971	74	811,854
	Licence – livestock	Annual	7,777	40	311,080
	Export permit non-livestock	Per document	249	7,500	1,867,500
	Document – replacement	Per document	529	66	34,914
<b>Fees – audit</b>	Standard audit	Per quarter hr	60	1,956	117,360
	Specialist audit	Per quarter hr	101	445	44,945
<b>Fees – inspection</b>	Inspection	Per quarter hr	61	9,017	550,037
<b>Fees – documentation</b>	Specialist assessment	Per quarter hr	61	69,051	4,212,111
	Standard assessment	Per quarter hr	40	40,185	1,607,400
	International flight – passthrough	At cost	n/a	–	–
	Independent observer	Per day	1,775	–	–
<b>Total</b>	–	–	–	–	<b>18,463,140</b>

Note: Prices have been rounded.

**Table 8 Fees, charges and volumes for LAE cost recovery arrangement, 2023–24**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Throughput – full unit (sheep/goat) – sea	Per animal	1.50	955,900	1,433,850

Cost recovery implementation statement: live animal exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Throughput – full unit (cattle/buffalo/camel) – sea	Per animal	5.85	1,293,080	7,564,518
	Throughput – full unit (sheep/goat) – air	Per animal	1.28	53,583	68,586
	Throughput – full unit (cattle/buffalo/camel) – air	Per animal	4.99	7,719	38,518
	Approved arrangement – air	Annual	24,413	10	244,130
	Approved arrangement – sea	Annual	48,827	26	1,269,502
	Establishment (premises) registration	Annual	12,207	74	903,318
	Licence – livestock	Annual	9,376	40	375,040
	Export permit non-livestock	Per document	299	7,500	2,242,500
	Document – replacement	Per document	540	66	35,640
<b>Fees – audit</b>	Standard audit	Per quarter hr	62	1,956	121,272
	Specialist audit	Per quarter hr	106	445	47,170
<b>Fees – inspection</b>	Inspection	Per quarter hr	74	9,017	667,258
<b>Fees – documentation</b>	Specialist assessment	Per quarter hr	74	69,051	5,109,774
	Standard assessment	Per quarter hr	48	40,185	1,928,880
	International flight – passthrough	At cost	n/a	–	–
	Independent observer	Per day	1,810	–	–
<b>Total</b>	–	–	–	–	<b>22,049,956</b>

Note: Prices have been rounded.

**Table 9 Fees, charges and volumes for LAE cost recovery arrangement, 2024–25**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Throughput – full unit (sheep/goat) – sea	Per animal	1.53	955,900	1,462,527
	Throughput – full unit (cattle/buffalo/camel) – sea	Per animal	5.96	1,293,080	7,706,757
	Throughput – full unit (sheep/goat) – air	Per animal	1.30	53,583	69,658
	Throughput – full unit (cattle/buffalo/camel) – air	Per animal	5.08	7,719	39,213
	Approved arrangement – air	Annual	24,868	10	248,680
	Approved arrangement – sea	Annual	49,736	26	1,293,136
	Establishment (premises) registration	Annual	12,434	74	920,116
	Licence – livestock	Annual	9,550	40	382,000

Cost recovery implementation statement: live animal exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Export permit non-livestock	Per document	305	7,500	2,287,500
	Document – replacement	Per document	551	66	36,366
<b>Fees – audit</b>	Standard audit	Per quarter hr	64	1,956	125,184
	Specialist audit	Per quarter hr	109	445	48,505
<b>Fees – inspection</b>	Inspection	Per quarter hr	75	9,017	676,275
<b>Fees – documentation</b>	Specialist assessment	Per quarter hr	75	69,051	5,178,825
	Standard assessment	Per quarter hr	49	40,185	1,969,065
	International flight – passthrough	At cost	n/a	-	-
	Independent observer	Per day	1,847	-	-
<b>Total</b>	-	-	-	-	<b>22,443,806</b>

Note: Prices have been rounded.

## 6 Stakeholder engagement

Stakeholder engagement plays an important role in the development and management of cost recovery arrangements. Our stakeholders have a unique insight into how our regulatory activities impact on their business and help the department to 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 LAE 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 the department 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:

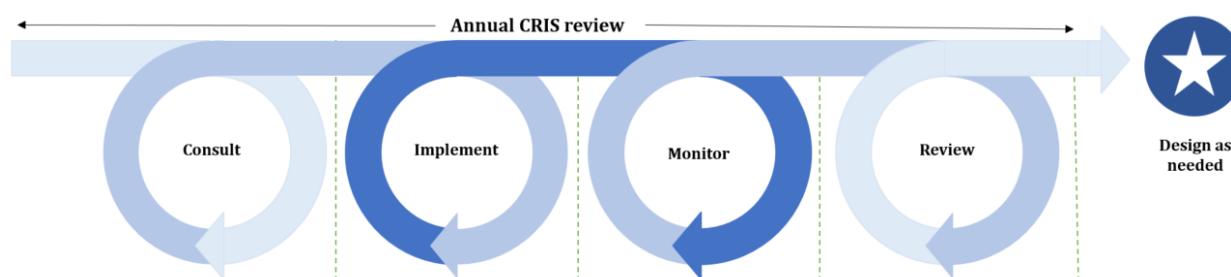
- clearly explaining the objective and context of stakeholder engagement
- being honest about what is on the table, that is, what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential 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 2 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 Our approach to stakeholder engagement for regulatory charging**

Category	Consult annually	Implement annually	Monitor annually	Review annually	Design as needed
<b>Objective</b>	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 charging performance and stakeholder engagement.	Targeted consultation to seek advice and input on behalf of their industries to develop volume, expense and pricing models.
<b>Level of engagement</b>	Consult	Share	Share	Consult	Consult
<b>Timing</b>	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.
<b>Stakeholders</b>	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.
<b>Method</b>	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**

### **6.2.1 Summary CRIS related industry engagement activities**

The department has been formally engaging with industry on charging arrangements since 2018, chiefly through the Live Animal Export Finance Industry Consultative Committee (LAEFICC) with several meetings of the committee between 2018 and 2021. Outcomes of this engagement informed government consideration of export cost recovery generally, including the Busting Congestion for Agricultural Exporters package in the 2020–21 Budget.

In February 2021, the 2020–21 LAE 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 consultation CRIS was released on 14 May 2021 seeking public submissions between 14 May and 10 June 2021, supported by direct engagement with LAEFICC, exporters, producer groups and operators of registered establishment. The department received 15 submissions and 1 correspondence from the live animal export industry.

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

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

### **6.2.2 Summary CRIS related industry engagement activities**

Following is a list of forums and groups the department actively communicates with. These forums provide the opportunity for the department to seek advice or share information with industry stakeholders.

#### **Live Animal Export Finance Industry Consultative Committee**

The department has an established industry consultative committee (the Live Animal Export Finance Industry Consultative Committee) to represent industry views specifically in relation to LAE charging arrangements.

#### **Ruminant Genetics Trade Advisory Group (RGTAG)**

Forum for the ruminant genetics trade industry and government at various levels.

#### **Horse Industry Consultative Committee**

Forum for the department to engage with industry on equine biosecurity, quarantine and market access issues, and related animal health and welfare matters.

#### **LAE Roundtable Working Group**

Oversees the progress of the Roundtable WG final report work plan. It provides advice to the regulator on specific projects and discusses significant topics related to livestock exports to better understand each other's views.

**Livestock Export Government and Industry Regulatory Committee**

Forum for discussion between livestock export industry and the government regulator in relation to issues around the effective, efficient, and consistent regulation of the livestock export industry.

**LAE Industry teleconference and twice-yearly face to face consultative committee meetings**

Forum for the department to provide information to exporters about the regulation of livestock exports, and for participants to ask questions about the regulation of the industry (rather than individual consignments).

**Livestock Export Animal Welfare Advisory Group**

Forum for strategic consultation between stakeholders and the department about animal welfare practices, standards and legislation in Australia, relating to the livestock export trade.

**Livestock Export Animal Welfare Collaboration Group**

Forum for collaboration and communication between key livestock export industry representatives and the department on projects and initiatives relevant to animal welfare in the livestock export trade.

**Working Group for Improving Consistency in Animal Welfare**

Provides advice to the department about the development of a more consistent approach to animal welfare reporting. This may include developing clearer terminology for animal welfare reporting.

### **6.2.3 Other engagement activities**

From time to time the department utilises the following methods to communicate and collaborate with industry:

- Have Your Say platform
- Exports Advisory Notices
- website feedback
- LAE hotline and Inbox
- email communications between exporters and LAE Operations
- independent observer reports
- whistle blower hotline
- ministerial correspondence
- departmental responses to reviews.

## 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 5 implementation categories that are considered high risk:

- the percentage change in annual cost recovery revenue is greater than 10%
- the total annual cost recovery revenue is greater than \$20 million
- the introduction of new cost recoverable activities
- the expected impact of cost recovery on payers
- stakeholder sensitivity about the changes.

The remaining implementation categories are considered low to medium risk:

- the types of charges used include fees and charges
- the imposition of the cost recovery charges does not involve an act of parliament
- the proposal includes 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 LAE certification activities and how the department will manage these risks (Table 11).

**Table 11 Risks – LAE cost recovery arrangement**

<b>Risk</b>	<b>Management</b>
The cost of export certification affects industry competitiveness.	We are implementing a range of reforms to deliver efficiencies in export certification processes.
The fee and charge's 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.	We will engage with industry to discuss options to reduce expenses through adjustments to services or service standards. This will not include a reduction in regulatory 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.

<b>Risk</b>	<b>Management</b>
Changing events impact actual revenue versus forecast revenue.	We will update the CRIS annually to reflect changes in activity and effort and describe any consequential changes in the cost and price.

## 8 Financial estimates

### 8.1 Financial estimates

The financial estimates of the live animal export cost recovery arrangement is provided at Table 12.

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 LAE cost recovery arrangement**

Finance element	2021–22 (\$)	2022–23 (\$)	2023–24 (\$)	2024–25 (\$)
Revenue = X	13,646,091	18,463,140	22,049,956	22,443,806
Expenses = Y	21,322,020	21,721,371	22,130,368	22,547,205
Balance = X – Y	(7,675,925)	(3,258,231)	(80,412)	(103,398)
Appropriation funding	7,675,925	3,258,231	n/a	n/a
Balance after Appropriation	–	–	(80,412)	(103,398)
Forecast opening cost recovery reserve balance	(30,375,437)	(30,375,437)	(30,375,437)	(30,455,849)
Transfer	–	–	(80,412)	(103,398)
Forecast closing cost recovery reserve balance	<b>(30,375,437)</b>	<b>(30,375,437)</b>	<b>(30,455,849)</b>	<b>(30,559,247)</b>

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 LAE 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 will maintain the deficit at its current level until the arrangement returns to full cost recovery.

## 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 make 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 live animal export cost recovery arrangement. This is intended to provide an overview of our performance in recovering forecasted costs and meeting regulatory objectives.

### 9.1 Financial performance

We continue to consult with key industry stakeholders on financial performance indicators to assist in evaluating the performance of cost recovery arrangements. This CRIS will be updated as performance indicators are refined and further developed. LAE measures its performance against a set of agreed service standards. Results against these service standards from 2018–19 and 2019–20 can be found at [Appendix C](#).

The financial performance for the live animal exports cost recovery arrangement is provided in Table 13. This table will be updated each year, as financial results become available.

**Table 13 Financial performance for LAE cost recovery arrangement, 2017–18 to 2020–21**

Finance element	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)	2020–21f (\$)
Revenue = X	7,110,948	11,281,861	8,480,976	5,460,779
Expenses = Y	8,526,298	17,031,102	20,674,858	16,560,303
<b>Balance = X - Y</b>	<b>(1,415,349)</b>	<b>(5,749,241)</b>	<b>(12,193,882)</b>	<b>(11,099,524)</b>
Remissions, rebates & adjustments = Z	2,858	n/a	n/a	11,099,524
Net balance = balance + Z	(1,418,207)	(5,749,241)	(12,193,882)	-
<b>Cost recovery reserve balance</b>	<b>(12,432,314)</b>	<b>(18,181,555)</b>	<b>(30,375,437)</b>	<b>(30,375,437)</b>

n/a Not applicable. f Forecast.

Note: Annual revenue has varied due to trade conditions, which resulted in poor returns in 2016–18. Since the implementation of Expansion of Cost Recovery measures from 2018, Moss Review and the Independent Observers, the spending in workforce and management has increased significantly. This has been partly offset by increased revenue in independent observer charging.

### 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 LAE activities are documented in Table 14.

**Table 14 Key forward dates and events**

<b>Key forward events schedule</b>	<b>Next scheduled update</b>
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**

<b>Date of CRIS Change</b>	<b>CRIS Change</b>	<b>Approver</b>	<b>Basis for change</b>
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 the CRIS	Minister for Agriculture, Drought and Emergency Management	New regulatory charging activity and revalidation of cost model
18/06/2021	Agreement for the release of the CRIS	Finance Minister	-

# Appendix A: Cost recovery model

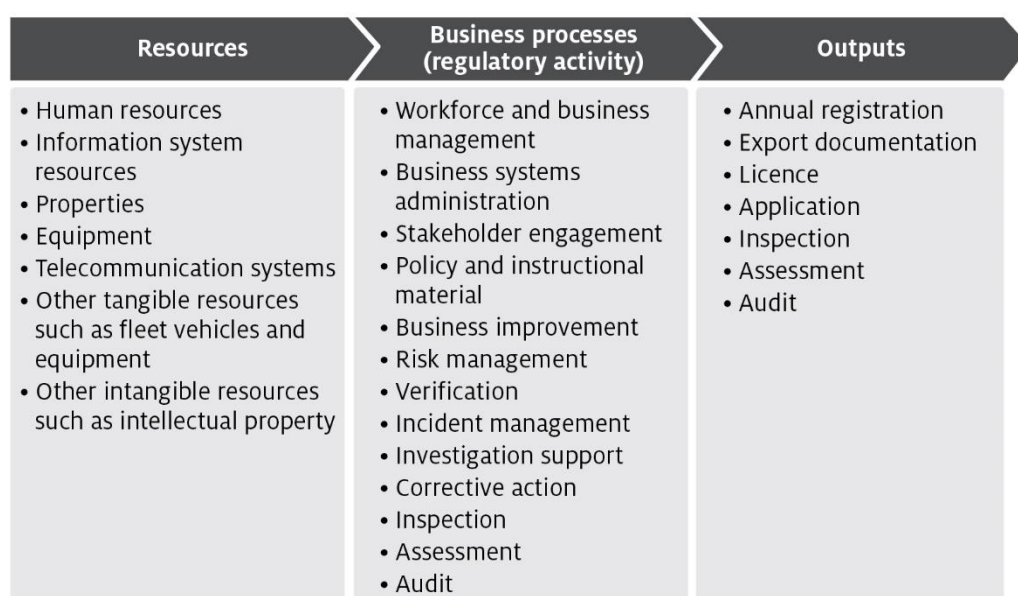
## Outputs and business processes of the regulatory charging activity

The key policy objective for our export cost recovery arrangements is 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, 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.

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

**Figure A1 Outputs and business processes of our 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 the department to deliver our export regulatory activities.
- 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 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, providing a transparent allocation of costs while also being 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 the allocation of indirect costs to appropriated activities, in line with our 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) Full-time equivalent (FTE) – distributes costs based on each program’s FTE 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.

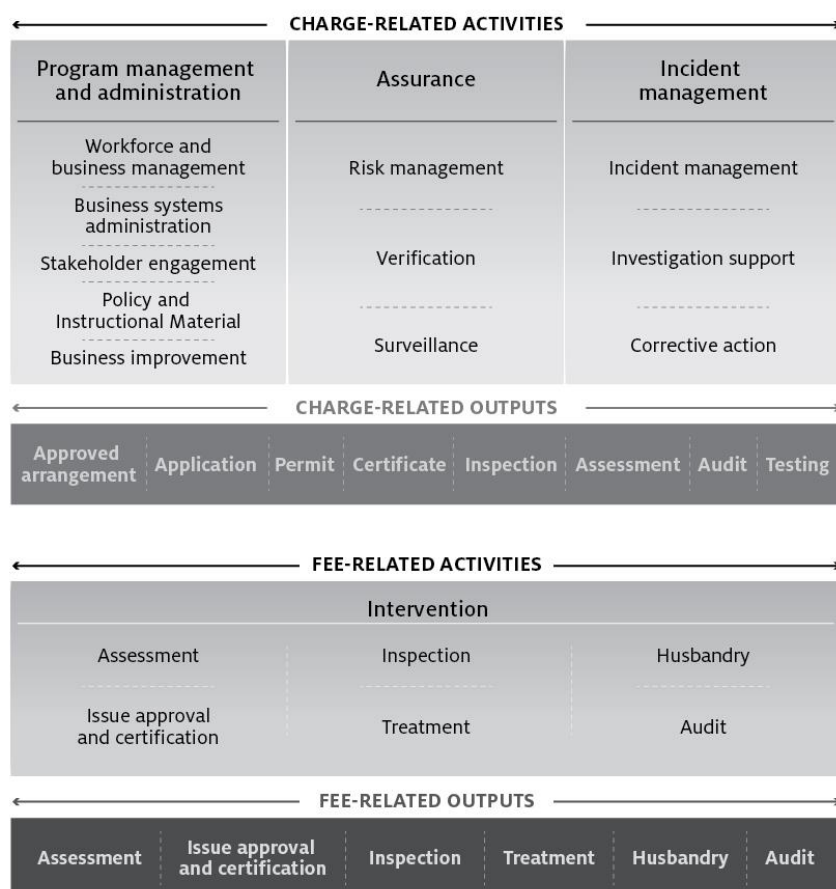
- 2) Direct costs (including the indirect costs allocated in stage 1) are allocated to the activity and cost-recovered arrangements that best reflects the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly to intervention 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. This is monitored throughout the year and adjusted where necessary.

For example, food safety 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 stage 2) are allocated to charge points which identifies 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**

The following provides details of the cost model activities undertaken in our cost recovery arrangements.

### **Program management and administration activities**

#### **Workforce and business management**

This activity has 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. This includes 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 our 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 management of business performance. Examples include adjustments to improve regulatory activity, against business performance reports against key performance indicators 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 our compliance objectives. This work also includes any associated travel and regulated entity assistance work. For example, organising, involvement in and responding to overseas government's systems-based audits.

### **Verification**

Includes assurance activities to provide stakeholders and departmental executive with confidence that departmental controls of its systems and processes are operating in accordance with their intended design and associated documentation. For example, verification of certification activity internally and by state regulators.

### **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 pre- and post-work, travel and regulated entity assistance in relation to an incident, government certification and other issues which result in goods being held at the border. For example, this includes managing and responding to food safety incidents where food may have been exported.

### **Investigation support**

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

### **Corrective action**

Includes actions taken in response to non-compliance or contravention of legislation or procedures that are managed without a formal investigation by an enforcement officer. Corrective action activities includes all pre- and post-work, travel and regulated entity assistance in relation to the enforcement process.

## **Intervention activities**

### **Assessments**

Involves assessing information to determine if it meets ours and the importing country requirements. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation) travel and

regulated entity assistance in relation to the assessment. Examples include assessments of licences, permits, registrations, accreditations, and exemptions.

### **Issue approvals/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.

### **Inspections**

Involves the physical examination (and supervision of a physical examination) of export food commodities to determine compliance with export and importing country requirements.

### **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 regulated entity assistance.

### **Audit**

Includes the systematic and functionally independent examination to determine whether activities and related results comply with legislative or documented requirements. This includes all pre- and post-work, travel and regulated entity assistance in relation to the audit. Examples include audits to verify compliance with an export registered establishment's AA.

# Appendix B: Summary of Live Animal exports stakeholder feedback

The key themes of feedback are covered in Table B1.

**Table B1 Live Animal Exports stakeholder summary**

Key theme	Department response
<p><b>1) Concern with the increase in the cost base due to imposition of unjust regulation and whether the department is efficient</b></p> <p>In industry’s view regulation is outweighing any perceived risk and therefore does not come close to justifying the cost.</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.</p>	<p>An effective regulatory system is critical to the ability of Australian exporters to access international markets. It is government policy that agricultural exports is cost recovered.</p> <p>Government has invested in lowering the cost of regulation through the Busting Congestion package. The department will engage with industry through annual CRIS updates to articulate reductions as they are identified.</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><b>2) Not enough time provided for consultation and lack of transparency</b></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 will continue to engage with industry on the best approach to pricing over the next few years through the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p>
<p><b>3) Impact of price increases on smaller operators</b></p> <p>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>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>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><b>4) Concerns that increases will be passed through to producers</b></p> <p>LAE stakeholders 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><b>5) Animal welfare functions should not be cost recovered</b></p> <p>LAE stakeholders have provided feedback on the cost of regulation for the Live Animal Export (LAE)</p>	<p>The department has reviewed the specific activities and associated costs and sought advice to ensure relevant functions included in the LAE arrangement align with the Australian Government Charging Framework.</p>



Key theme	Department response
<p>Arrangement and the perception that the Animal Welfare function should not be cost recovered.</p>	<p>Some activities in 2021–22 have been identified as not having direct outcomes for the regulated sector and the cost based has been revised down. The functions removed from the cost recovered cost base will continue and will be paid through appropriation.</p>
<p><b>6) Concerns with moving to time-based charging of 15-minute increments.</b></p> <p>Stakeholders suggest charging for inspection time in 15-minute increments will lead to significant overcharging to exporters and suggested charging be restructured to 6-minute blocks to ensure that exporters are not charged for department staff to perform quick tasks during document inspections. They were also concerned with the consistency in how officers are instructed to operate and how this can affect how much an exporter is charged.</p>	<p>Fees for animal inspections and document assessment were previously charged in 15 minute intervals.</p> <p>This CRIS has changed the previous per document assessment charges to time-based fee for service to allow for variable charging that reflects the effort per consignment.</p> <p>These new fees will be charged in 15 minute intervals to align with the previous fee for service intervals. This is consistent with charging for other cost recovered arrangements in the department.</p>

# Appendix C: Live Animal Exports Service Standards Results for 2018–19 and 2019–20

**Table C1 Live Animal Exports service standards results**

Service Standard Description		Target	Result: 2019–20	Result: 2018–19
Inspection of livestock at an export registered premise, approved premise, airside or vessel	Service an appointment made 3 business days prior to the required inspection.	95% inspections provided within standard.	95%	100%
Assess/ issue export documentation	Assess documents during standard hours of service (6.30am-6.30pm). Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents.	95% processed within standard.	95%	100%
Application for (or renewal of) an export licence or variation of an export licence	Assess and make a decision on the application within 40 business days of receipt. Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.	90% of applications processed within standard	88% In every case, we advised on any incomplete, incorrect or ineligible documents as soon as practicable	96% (in 2019)
Registration or renewal of registered premises	Assess and make a decision on the application within 40 business days of receipt. a Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.	90% of applications processed within standard	40% The department works with each applicant so that their application can be recommended for approval wherever possible. Some applications require significant amendments and revisions which may take time. In every case, we advised on any incomplete, incorrect or ineligible documents as soon as practicable.	100% (sample size:10)

Cost recovery implementation statement: live animal exports 2021–22

Service Standard Description		Target	Result: 2019–20	Result: 2018–19
Registration of an Australian Government Accredited Veterinarians for livestock export	<p>Assess and make a decision on the application within 10 business days of receipt. <b>a</b></p> <p>Advise you as soon as practicable if there are missing, incomplete, incorrect or ineligible documents.</p>	90% of applications processed within standard	93% In every case, we advised on any incomplete, incorrect or ineligible documents as soon as practicable.	90% (in 2019)
Application for an approved arrangement	<p>Assess the application, audit the business and make a decision within 40 business days of receipt. <b>a</b></p> <p>If we do not make a decision within 60 days, you have the right to appeal to the Administrative Appeals Tribunal to get a decision.</p> <p>Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents.</p>	90% of applications processed within standard	50% Within the last year, we have completed 2 applications for new approved arrangements. One was completed within 40 business days and one was completed in 86 business days. The department works with each applicant so that their application can be recommended for approval wherever possible. Some applications require significant amendments and revisions which may take time.	Within the last year, we have completed 3 applications for new approved arrangements. Two were completed within 40 business days and one was completed in 47 business days.
Application for a variation to an approved arrangement	<p>Assess and make a decision on the application within 20 business days of receipt. <b>a</b></p> <p>Advise you as soon as practicable if there are missing, incomplete, incorrect, or ineligible documents.</p> <p>Applications for variations which include more than 5 Standard Export Plans will wherever possible be assessed and a decision made within 20 business days of receipt. <b>a</b></p> <p>However, due to the many possible variables and complexities involved, the department reserves the right to vary the time frame according to the quantity and complexity of SEPs.</p> <p>If we do not make a decision within 60 days, you have the right to appeal to the Administrative Appeals Tribunal to get a decision.</p>	90% of applications processed within standard	34% The department works with each applicant so that their application can be recommended for approval wherever possible. Some applications require significant amendments and revisions which may take time. Some applications may be delayed whilst importing country requirements are negotiated or clarified. In every case, we advised on any incomplete, incorrect, or ineligible documents as soon as practicable.	60% of applications that have been finalised (sample size:25)
Submission of Notice of Intention (without an	Make a decision on the application within 10 business days of receipt of a complete application. <b>a</b>	95% of applications processed within standard	100%	Insufficient recording of data.

Cost recovery implementation statement: live animal exports 2021–22

Service Standard Description	Target	Result: 2019–20	Result: 2018–19
approved arrangement)	Variations that require reassessment will be assessed and decided on within 7 business days of receipt.		
Submission of Notice of Intention (with an approved arrangement)	Assess and approve or reject Notices of Intention for consignments under approved arrangements within 3 business days of receipt. <b>a</b>	95% of applications processed within our service standard	70%
Exporter Supply Chain Assurance System (ESCAS) applications and variations	New ESCAS applications – Assess and make a decision on the application within 10 business days of receipt.	90% processed within standard	67%
	ESCAS Variations – Assess and make a decision on the application within 10 business days of receipt.	90% processed within standard	88%
Assess 3rd Party Reported Non-Conformances d	Assess and make a decision on a reported non-compliance within three months if it involves a single compliance issue for one exporter <b>b</b>	90% processed within standard	n/a
	Assess and make a decision on a reported non-compliance within six months if it involves multiple issues or exporters <b>b</b>	90% processed within standard	50%
Assess Self-Reported Non-Conformances	Assess and make a decision on a reported non-compliance within three months <b>b</b>	90% processed within standard	64%
Reportable Mortality Events	Assess and report on a notifiable mortality incident within 6 months.	90% processed within standard	100%

**a** Timeframe does not include time taken for applicant to provide more information.

**b** Timeframes are calculated between date of receipt and date of publication. ESCAS reports are published quarterly. The report may have been finalised, or a decision made, prior to its publication.

**n/a** Not applicable.

Note: Third party reports will likely involve multiple exporters, therefore all third-party reports have been combined in the table.

Source: Department of Agriculture and Water Resources Annual Reports (2018–19 and 2019–20)

# Appendix D: Additional fees and charges that may apply

## 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 D1.

**Table D1 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
Fee	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 D2.

**Table D2 Outside ordinary hours fees for prescribed livestock, prescribed live animals and prescribed animal reproductive materials**

Type of charge	Commonwealth Officer	Time of service	Unit	Price (\$) 2021-22	Price (\$) 2022-23	Price (\$) 2023-24	Price (\$) 2024-25
Fee – OOH	Non-veterinarian	On a weekday, immediately before or after a fee bearing activity	Per quarter hour	15	15	15	15
			Any period up to 30 minutes	30	30	30	30
		On a weekday, in any other case	Per quarter hour after first 30 minutes	15	15	15	15
			Any period up to 30 minutes	40	40	40	40
	Saturday, Sunday or a departmental holiday	Per quarter hour after first 30 minutes	20	20	20	20	
		On a weekday, immediately before or after a fee bearing activity	Per quarter hour	21	21	21	21
	Veterinarian	On a weekday, immediately before or after a fee bearing activity	Per quarter hour	21	21	21	21

Cost recovery implementation statement: live animal exports 2021–22

Type of charge	Commonwealth Officer	Time of service	Unit	Price (\$) 2021-22	Price (\$) 2022-23	Price (\$) 2023-24	Price (\$) 2024-25
		On a weekday, in any other case	Any period up to 30 minutes	42	42	42	-
			Per quarter hour after first 30 minutes	21	21	21	-
		Saturday, Sunday or a departmental holiday	Any period up to 30 minutes	58	58	58	-
			Per quarter hour after first 30 minutes	29	29	29	-