



Australian Government
Department of Agriculture,
Water and the Environment

Cost recovery implementation statement: meat exports 2021–22



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1 Introduction

1.1 Purpose of this CRIS

This cost recovery implementation statement (CRIS) provides information on how the department implements cost recovery for the meat exports cost recovery arrangement. It also reports financial and non-financial performance information, and contains financial forecasts for 2021–22 and three 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 meat exports cost recovery arrangement cost base
- describe a proposed preferred option for fees and charges for 2021–22 through to 2024–25 to gather industry views on the practicalities of implementation.

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

This CRIS also seeks to apply a more effective pricing structure than the current cost recovery model. In 2019, the Auditor-General found the department has been under-recovering on fees and over-recovering on charges. This has partially shifted export meat inspection costs to broader industry rather than to the direct user and disincentivised industry to take up the Australian Government Authorised Officer model, which has also affected the viability of third-party providers.

The 2019 *AEMIS Review Recommendations Report*, which was commissioned by the Australian Meat Processor Corporation and undertaken by Palladium (Palladium Review) also noted the disincentive for the meat industry to transition to the Australian Government Authorised Officer model. The Palladium Review recommended:

- rebasing of charge prices
- implementing a harmonised fee-for-service structure
- recovering all corporate overhead expenses associated with Food Safety Meat Assessors (FSMAs) and On-plant Veterinarians (OPVs) directly from the user.

1.2 Summary of meat exports regulatory reforms

The reforms outlined in the government's Busting Congestion for Agricultural Exporters package, announced in October 2020, are aimed at:

- modernising Australia’s regulatory approach; embedding the department’s systems and processes as best practice and undertaking assurance more efficiently
- reducing regulatory cost and administrative burden; for processors and exporters of meat and meat products, creating opportunities for Australian exporters to be more competitive internationally
- making better use of innovative technologies for robust, real-time and risk-based regulation
- maintaining and strengthening Australia’s already strong global reputation for a robust and verifiable regulatory meat export system
- embedding and demonstrating a culture of innovation, transparency and mutual respect between the department and the export meat sector.

The modernisation effort is an opportunity for government and industry to work in partnership to transform Australia’s regulatory approach to reduce red tape and regulatory costs. This will enable the sector to be more competitive in international markets, while strengthening Australia’s reputation as a provider of high quality, safe meat, underpinned by a robust and digitally enhanced regulatory system.

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

Table 1 shows the impact of the modernisation reforms to expected cost-recovered revenue. Further, a reduction in the cost base of \$1.2 million from 2021–22 has been identified since the 2020–21 CRIS, reflective of revised activity and some removed depreciation elements.

Table 1 Meat export cost recovery arrangement cost base adjustments

Cost base	Unit	2021–22	2022–23	2023–24	2024–25
2020–21 CRIS starting expense	\$	91,754,604	93,447,346	95,182,874	96,950,006
Cost reductions identified previously	\$	(10,616,674)	(15,351,294)	(15,634,679)	(15,923,295)
2020–21 CRIS expense	\$	81,137,930	78,096,052	79,548,195	81,026,711
Additional cost reductions	\$	(746,570)	(760,352)	(774,388)	(788,683)
Depreciation adjustment	\$	(848,531)	(475,915)	(484,701)	(493,648)
2021–22 CRIS expense	\$	79,542,829	76,859,785	78,289,107	79,744,380
Cost recovered revenue	\$	74,080,503	74,727,965	78,405,170	79,918,027
Appropriation funding	\$	5,462,327	2,131,820	n/a	n/a
Total revenue	\$	79,542,829	76,859,785	78,405,170	79,918,027
Appropriation funding as % of expenses	%	7	3	n/a	n/a

n/a Not applicable.

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 the 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 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 this CRIS:

- Digital Services to Take Farmers to Markets measure – this measure will invest \$222 million to modernise Australia’s agricultural export systems. The focus will be on helping exporters experience faster and more cost-effective services by transitioning the department’s systems online and providing a single portal for transactions between exporters and government.
- Building a More Competitive Meat Industry measure invests \$10.9 million to modernise the meat export regulatory system to strengthen Australia’s reputation as a provider of high-quality safe meat, underpinned, and verified by, a robust regulatory system. The modernisation projects will:
 - keep Australia’s export systems world leading
 - reduce the meat processing industry’s regulatory burden
 - introduce new regulatory assurance that targets higher risk export processes and or exporters and rewards high levels of compliance
 - introduces flexible assurance methods, including through the better use of technology, to reduce cost and help meat exporters to better compete internationally.
- The estimated cost base reduction for the meat exports arrangement is currently estimated at \$15.6 million per annum once fully implemented. The department is working with the industry consultative committee to further define these savings, which will be influenced by industry uptake of reform measures.
- Further, the department is evaluating and, where appropriate, implementing new ways of working that were developed during the government’s response to COVID-19 and improve the effectiveness and efficiency of regulation.

2 CRIS updates

In accordance with the Australian Government Charging Framework, the meat export program 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. 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 meat export certification activities are provided to a clearly identifiable group—individuals and organisations that participate in the meat supply chain.

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

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

3.2 Who will pay for regulatory charges

The department cost recovers regulatory charges in this CRIS from participants in the meat export supply chain, including exporters and storage and preparation facilities. Additional information on services provided and the entities are outlined in [section 4.1](#).

3.3 Government policy approval to cost recover the regulatory activity

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

3.4 Statutory authority to charge

3.4.1 New legislative framework

The *Export Control Act 2020* commenced on 28 March 2021, consolidating export functions from the *Export Control Act 1982* and *Australian Meat and Live-stock Industry Act 1997* into a new

legislative framework. The new legislation supports existing policy, while providing flexibility for different approaches to the regulation of exports in the future.

3.4.2 Cost recovery charges

Cost recovery charges are imposed under these Acts:

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

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

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

3.4.3 Cost recovery fees

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

4 Cost recovery arrangement for meat export

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

4.1 Description of the regulatory activity

Agriculture, food and fibre exports are regulated in accordance with *Export Control Act 2020* and associated legislation (see [section 3.4](#)).

The primary function of the program is to deliver certification in relation to the export of meat and meat products from Australia. Export certification is required by overseas government authorities to verify that exported products have been sourced, prepared and exported consistent with Australia's export legislation, including importing country requirements.

In order to provide this certification, the program undertakes inspection and assurance activities and conducts regular audits of premises registered to produce and store meat and meat products for export. In addition, the program also undertakes a number of activities to ensure the continued integrity of the export system and supply chain, including licencing, registration approvals and amendments.

The broad range of services are described below using the categories in the department's cost model activity framework ([Appendix A](#)).

4.1.1 Program management and administration activities

Business systems administration

- Administration of business systems which support the program, such as Manual of Importing Country Requirements (MICOR), AMS, Meat Export Data Collection system, ER and certification systems. This includes assigning access to users and troubleshooting system issues.
- Invoicing – managing invoicing for applications and licences.
- Workplace capability development, deployment and management.

Stakeholder engagement

- Industry engagement – coordinating timing, access, agenda items and minutes for industry teleconferences, and facilitating ad hoc meetings with exporters and industry groups to respond to operational matters. Day-to-day interactions with peak bodies on regulatory matters.
- Day-to-day interactions with establishments, including determination of appropriate on-plant staffing levels consistent with changing operational requirements.
- Advisory notices – publishing industry advisory notices to provide advice to regulated entities on how to comply with legislative and importing country requirements.

Policy

- Developing, implementing and monitoring of operational policy and systems that ensure compliance with Australian export controls and any importing country requirements. These activities serve to maintain the eligibility of commodities for export from Australia and to protect and promote Australia's reputation for premium agricultural goods, while maintaining existing and seeking increased market access opportunities.
- Development of work instructions, guidance material and supporting documentation to enable exporters and departmental officers to perform, and adhere to, their regulatory functions and requirements.
- Manual of importing country requirements (MICOR) updates – updating (MICOR) when an importing country's requirements change.
- Providing 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 meat and meat products are certifiable, consistent with export legislation and standards and operationally practical.

Business improvement

- Project development and implementation – implementing reform projects to make the meat export regulatory environment more efficient, effective and transparent.
- Strategic support – strengthening regulatory practice and performance across the regulatory system.

4.1.2 Assurance activities

Assurance

- Monitor export supply chain participant key performance indicators as they relate to performance against legislation.

Verification

- Verifying that the systems in place, are achieving intended legislative outcomes, including animal welfare, importing country requirements, product hygiene or safety and product integrity outcomes. Key activities include providing technical advice and undertaking system audits.
- International competent authority audits – engagement and facilitation of overseas authority audits of processes and systems. Administration of audits by overseas central competent authorities for registered establishments.

4.1.3 Incident management activities

Incident management

- Incident management – managing operational responses to incidents such as domestic disease detections. This also includes support provided by the department's overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border.

- Providing support through the department’s overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border.

Corrective action

- Identification of issues or non-compliances and enacting required corrective actions.
- Enforcement activities to ensure that the production, storage, handling and transportation of meat and meat products intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country.

4.1.4 Intervention activities

Assessments

- Assessing applications and variations for export licences, approved arrangements, registered establishments, accredited properties (EUCAS), manufacturers of official marks.
- Assessing applications for exemptions and applications for persons to be authorised officers.

Inspections and issue approvals/certification

- Providing inspection and assessment activities to ensure that the production, storage, handling and transportation of meat and meat products intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country. This includes the deployment of FSMA and OPV officers.
- Managing quota allocation and quota certification to enable exporters to access tariff rate concessions offered under trade agreements.
- Issuing permits, export certification and other documentation necessary to confirm compliance with the Australian export controls and any additional importing country requirements.
- Issuing meat licences, maintaining establishment registrations and the administering the EUCAS scheme.

Audit

- Monitoring performance and compliance of registered establishments with the holder’s approved arrangement, in addition to initial and ongoing on-site audits. Also includes scheduling audits and notifying occupiers of audit outcomes.

4.2 Cost base

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

A detailed description of cost activities and 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 meat industry. The 2018–19 departmental budget has been used as the starting

point for determining the cost base in this CRIS. To project the cost base over the next 4 years, adjustments have been applied to capture expected changes to the costs including:

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

4.2.2 Cost base by fee and levy

The cost base for the proposed alternative 2021–22 charging structure for the meat exports cost recovery arrangement is \$79.543 million (Table 2), made up of:

- \$18.086 million in charge-related activities
- \$61.457 million in fee-related activities.

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

Charge type	Activity group	Activity	Expense (\$)	Cost recovery charges
Charges	Program management and administration	Workforce and business administration	18,086,154	Annual registration, export documentation, throughput, application and organic certification
		Business system administration		
		Stakeholder engagement		
		Policy and instructional material		
		Business improvement		
	Assurance	Risk management		
		Verification		
		Surveillance		
	Incident management	Incident management		
		Investigative support		
		Corrective action		
Fee for service	Intervention	Assessment	1,291,036	Assessment
		Inspection	56,921,391	Inspection
		Audit	3,244,248	Audit
Total cost base	–	–	79,542,829	–

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

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

Expenses	Forecast (\$)
Direct	60,409,346
Employee	51,142,218
Operating	9,022,465
Other	244,663
Indirect	19,133,483
Assurance and Legal	1,807,550
Corporate Strategy and Governance	3,211,634
Finance and Business Support	3,339,661
Information Services	8,733,462
Property	2,041,176
Total	79,542,829

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

4.3 Changes to the cost base

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

4.3.1 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 \$1.948 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 (\$0.214 million indexed annually from 1 July 2019)
- scientific and technical advice related to supporting industry to improve, maintain or restore market access (\$1.601 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 (\$0.133 million indexed annually from 1 July 2019).

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

In addition to the reduction of FSMA's to support the industry's full transition to the authorised officer model, the following reductions are included:

- The export arrangements' use of the department's customer service support is lower than previously modelled. All export arrangement cost bases have been reduced to reflect usage.
- Following commencement of the Indonesia-Australia Comprehensive Economic Partnership Agreement, the department now manages a range of additional export quotas for

agricultural exports. This has resulted in the cost associated with the quota program being dispersed across more cost recovery arrangements. Due to improvements in process, the department continues to deliver the new quotas with the same number of staff reflecting an efficiency in delivering the service.

- Following the department's future department review, a number of structural changes were made to the department that saw some efficiencies created in management lines and oversight. By consolidating operations and integration coordination within the meat exports business structure a number of efficiencies have been gained and have reduced the expense to the meat arrangement.
- In responding to the COVID-19 pandemic, the program implemented a partial remote regulatory audit arrangements for establishments under the Export Meat Systems Audit Program (EMSAP) program. This measure has been implemented as the default audit approach for EMSAP audits. The reduction in travel expense for the area technical manager and field operations manager staff has been capture.
- Corporate and indirect expenses have been reduced in line with the reduction in direct expense. Depreciation expense has also been adjusted to reflect the timing of planned project rollouts.

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

Table 4 shows the change to the cost base in 2021–22.

Table 4 Changes to cost base for meat exports, 2021–22

Adjustment to cost base	Impact on cost base	Unit	Forecast
Total baseline expense, 2020–21 CRIS	n/a	\$	81,137,930
Additional cost reduction - revised activity levels:			
Reduction in general enquiry hotline usage	Decrease	\$	(90,000)
Efficiency gains in combining operations management and coordination	Decrease	\$	(365,000)
Efficiency gains from transition to remote audits and assessments	Decrease	\$	(100,000)
Efficiency gains in quota management	Decrease	\$	(62,000)
Reduction in corporate and indirect expenses	Decrease	\$	(129,570)
Total cost reduction due to revised activity levels a	Decrease	\$	(746,570)
Depreciation adjustment	Decrease	\$	(848,531)
Total adjustments to cost base	Decrease	\$	(1,595,101)
Adjusted cost base	n/a	\$	79,542,829
Change in expense	Decrease	%	(2.0%)

n/a Not applicable.

4.4 Reforms from 2020–21

4.4.1 Cost impact from modernisation and reform projects

Government investment through the busting congestion package and other reforms will lead to changes in the meat export program cost base.

A key reform proposal is to finalise the transition to the Australian Government Authorised Officer model. This reform sees, with limited exceptions, FSMAs being provided to export establishments only where importing country requirements specify government inspection services. Initial estimates indicate a \$15.635 million reduction in the export meat programs cost base over 4 years to 2023–24. These initial estimates will be confirmed as policy is implemented.

4.4.2 New export control legislation

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

5 Design of regulatory charges – proposed model

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

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

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

5.1 Changes to regulatory fees and charges

During 2019–20 consultation, the department proposed a charging model for meat exports that reallocated expense across charges to more closely align the cost of regulatory effort with the different users of the regulatory system.

This structure is outlined in this CRIS, with prices revised to include the government's investment to support a gradual return to full cost recovery between 2021–22 and 2023–24 and to account for cost reductions identified in the 2021–22 CRIS.

This charging model has received strong support from the meat exports industry on the basis that it applies more effective pricing signal than the current cost recovery model. In 2019, the Auditor-General found the department had been under-recovering on fees and over-recovering on charges. This has partially shifted export meat inspection costs to the broader industry rather than to the direct user and disincentivised industry to take up the Australian Government Authorised Officer model, which has also affected the viability of third-party providers.

The 2019 *AEMIS Review Recommendations Report*, which was commissioned by the Australian Meat Processor Corporation and undertaken by Palladium (Palladium Review) also noted the disincentive for the meat exports industry to transition to the Australian Government Authorised Officer model. The Palladium Review recommended:

- rebasing of charge prices
- implementing a harmonised fee-for-service structure
- recovering all corporate overhead expenses associated with FSMAs and OPVs directly from the user.

The revised charging structure will see the following changes to fees and charges:

5.1.1 Allocation of indirect expense

The proposed prices for this option have been adjusted to better align expense to user groups based on recent activity surveys, including allocating some indirect expenses to fees for service

where there is a clear correlation between the number of employees and the indirect activity - for instance, human resources functions, payroll and ICT.

5.1.2 Allocation of expense to fees and charges

The cost recovery charges (levies) expenses are reallocated based on current activity cost of the discrete activity or business process. This reallocation results in expenses from document charges being reallocated to registration and throughput charges for abattoirs to better align charges with the users of regulatory services.

5.1.3 Consistent charging for like services

This CRIS moves to a single rate of charge for like services, in particular a common audit charging rate across programs.

5.1.4 Recovering full cost of delivering food safety meat assessors and on-plant veterinarians

This charging methodology will support industry's transition to the Australian Government Authorised Officer model, which sees FSMAs being provided to export establishments only where importing country requirements specify government inspection services.

To achieve this, the full indirect costs associated with FSMAs (with a consistent approach applied to OPVs) are being allocated directly to the monthly charge points for these activities. This will result in higher fees for the use of departmental OPVs and FSMAs. These costs were historically modelled as part of the registration and throughput charges for abattoirs previously and as a result, the registration and throughput charges will be lower under this charging arrangement.

This option also removes the FSMA additional charge - all FSMAs will be charged at the same rate as this reflects the costs to the department. Note this does not impact the Tier 1 establishment charging as those registration and throughput charges do not include indirect expense of FSMAs or OPVs.

Through earlier consultation rounds, and based on feedback received during this consultation round, it is broadly recognised that there is in-principle support in moving to this model of charging. Industry have noted that this in-principle support for the charging model does not commit the industry to the quantum of fees and charges outlined in the draft CRIS, which will be informed by the public consultation process.

5.2 Meat exports fees and charges

The amount payable for 2021–22 to 2024–25 is shown in Table 5 to Table 8.

Table 5 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Document – certificates	Per document	27	244,256	6,594,912
	Document – replacement	Per document	500	469	234,500
	Meat export licence	Annual	284	307	87,188

Cost recovery implementation statement: meat exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Registration application	Per application	807	37	29,859
	Establishment – poultry	Monthly	1,129	362	408,698
	Establishment – further processing	Monthly	1,129	876	989,004
	Establishment – independent boning rooms	Monthly	1,129	194	219,026
	Establishment – casings	Monthly	759	96	72,864
	Establishment – storage & transportation	Monthly	759	1,641	1,245,519
	Establishment – abattoir	Monthly	868	880	763,840
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.40	6,393,188	2,557,275
	Throughput – pig	Per animal	0.14	3,788,152	530,341
	Throughput – goat, lamb, sheep	Per animal	0.10	25,109,356	2,510,936
	Throughput – deer, game deer	Per animal	0.08	2,925	234
	Throughput – emu, ostrich	Per animal	0.06	1,523	91
	Throughput – calf	Per animal	0.04	282,376	11,295
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	868	200	173,600
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.36	163,068	58,704
	T1 – throughput – pig	Per animal	0.12	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.09	3,278,076	295,027
	T1 – throughput – deer, game deer	Per animal	0.07	77	5
	T1 – throughput – emu, ostrich	Per animal	0.05	–	–
	T1 – throughput – calf	Per animal	0.04	6,721	269
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
Fees-audit	Standard audit	Per quarter hour	59	11,755	693,545
	Specialist audit	Per quarter hour	95	24,991	2,374,145
	FSMA – monthly	Monthly	16,329	1,326	21,652,254
	FSMA – quarter hour planned	Per quarter hour	25	112,520	2,813,000
	FSMA – quarter hour unplanned	Per quarter hour	35	41,128	1,439,480

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	OPV – monthly	Monthly	21,963	1,027	22,556,001
	OPV – quarter hour planned	Per quarter hour	32	105,951	3,390,432
	OPV – quarter hour unplanned	Per quarter hour	45	23,993	1,079,685
Fees–documentation	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	38	1,135	43,130
Organics b	Organic certifying organisation	Annual (paid monthly)	8,000	1	8,000
Total	–	–	–	–	74,080,503

a Revenue estimate based on conversion of all animals into full unit basis. **b** Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

Table 6 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Document – certificates	Per document	30	244,256	7,327,680
	Document – replacement	Per document	529	469	248,101
	Meat export licence	Annual	326	307	100,082
	Registration application	Per application	822	37	30,414
	Establishment – poultry	Monthly	1,227	362	444,174
	Establishment – further processing	Monthly	1,227	876	1,074,852
	Establishment – independent boning rooms	Monthly	1,227	194	238,038
	Establishment – casings	Monthly	824	96	79,104
	Establishment – storage & transportation	Monthly	824	1,641	1,352,184
	Establishment – abattoir	Monthly	943	880	829,840
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.43	6,393,188	2,749,071
	Throughput – pig	Per animal	0.15	3,788,152	568,223
	Throughput – goat, lamb, sheep	Per animal	0.11	25,109,356	2,762,029
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.06	1,523	91
	Throughput – calf	Per animal	0.04	282,376	11,295
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	943	200	188,600
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.39	163,068	63,597
	T1 – throughput – pig	Per animal	0.13	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.10	3,278,076	327,808
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.04	6,721	269
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
Fees–audit	Standard audit	Per quarter hour	60	11,755	705,300
	Specialist audit	Per quarter hour	101	24,991	2,524,091
	FSMA – monthly	Monthly	17,487	1,105	19,323,135
	FSMA – quarter hour planned	Per quarter hour	25	98,600	2,465,000
	FSMA – quarter hour unplanned	Per quarter hour	36	36,040	1,297,440
	OPV – monthly	Monthly	23,332	1,027	23,961,964
	OPV – quarter hour planned	Per quarter hour	34	105,951	3,602,334
	OPV – quarter hour unplanned	Per quarter hour	48	23,993	1,151,664
Fees–documentation	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	40	1,135	45,400
Organics b	Organic certifying organisation	Annual (paid monthly)	8,274	1	8,274
Total	–	–	–	–	74,727,965

a Revenue estimate based on conversion of all animals into full unit basis. **b** Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

Table 7 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2023–24

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Document – certificates	Per document	31	244,256	7,571,936

Cost recovery implementation statement: meat exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Document – replacement	Per document	540	469	253,260
	Meat export licence	Annual	339	307	104,073
	Registration application	Per application	838	37	31,006
	Establishment – poultry	Monthly	1,287	362	465,894
	Establishment – further processing	Monthly	1,287	876	1,127,412
	Establishment – independent boning rooms	Monthly	1,287	194	249,678
	Establishment – casings	Monthly	865	96	83,040
	Establishment – storage & transportation	Monthly	865	1,641	1,419,465
	Establishment – abattoir	Monthly	990	880	871,200
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.45	6,393,188	2,876,935
	Throughput – pig	Per animal	0.15	3,788,152	568,223
	Throughput – goat, lamb, sheep	Per animal	0.12	25,109,356	3,013,123
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.06	1,523	91
	Throughput – calf	Per animal	0.05	282,376	14,119
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	990	200	198,000
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.41	163,068	66,858
	T1 – throughput – pig	Per animal	0.14	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.11	3,278,076	360,588
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.05	6,721	336
	T1 – throughput – kangaroo, wild boar	Per animal	0.04	107,483	4,299
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
Fees–audit	Standard audit	Per quarter hour	62	11,755	728,810
	Specialist audit	Per quarter hour	106	24,991	2,649,046
	FSMA – monthly	Monthly	18,375	1,105	20,304,375
	FSMA – quarter hour planned	Per quarter hour	27	98,600	2,662,200

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	FSMA – quarter hour unplanned	Per quarter hour	38	36,040	1,369,520
	OPV – monthly	Monthly	24,517	1,027	25,178,959
	OPV – quarter hour planned	Per quarter hour	35	105,951	3,708,285
	OPV – quarter hour unplanned	Per quarter hour	51	23,993	1,223,643
Fees–documentation	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	42	1,135	47,670
Organics b	Organic certifying organisation	Annual (paid monthly)	8,439	1	8,439
Total	–	–	–	–	78,405,170

a Revenue estimate based on conversion of all animals into full unit basis. **b** Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

Table 8 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2024–25

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Document – certificates	Per document	32	244,256	7,816,192
	Document – replacement	Per document	551	469	258,419
	Meat export licence	Annual	345	307	105,915
	Registration application	Per application	854	37	31,598
	Establishment – poultry	Monthly	1,309	362	473,858
	Establishment – further processing	Monthly	1,309	876	1,146,684
	Establishment – independent boning rooms	Monthly	1,309	194	253,946
	Establishment – casings	Monthly	880	96	84,480
	Establishment – storage & transportation	Monthly	880	1,641	1,444,080
	Establishment – abattoir	Monthly	1,006	880	885,280
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.46	6,393,188	2,940,866
	Throughput – pig	Per animal	0.16	3,788,152	606,104
	Throughput – goat, lamb, sheep	Per animal	0.12	25,109,356	3,013,123
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.07	1,523	107
	Throughput – calf	Per animal	0.05	282,376	14,119

Cost recovery implementation statement: meat exports 2021–22

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	1,006	200	201,200
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.42	163,068	68,489
	T1 – throughput – pig	Per animal	0.14	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.11	3,278,076	360,588
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.05	6,721	336
	T1 – throughput – kangaroo, wild boar	Per animal	0.04	107,483	4,299
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
Fees–audit	Standard audit	Per quarter hour	64	11,755	752,320
	Specialist audit	Per quarter hour	109	24,991	2,724,019
	FSMA – monthly	Monthly	18,715	1,105	20,680,075
	FSMA – quarter hour planned	Per quarter hour	27	98,600	2,662,200
	FSMA – quarter hour unplanned	Per quarter hour	39	36,040	1,405,560
	OPV – monthly	Monthly	24,970	1,027	25,644,190
	OPV – quarter hour planned	Per quarter hour	36	105,951	3,814,236
	OPV – quarter hour unplanned	Per quarter hour	51	23,993	1,223,643
Fees–documentation	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	43	1,135	48,805
Organics b	Organic certifying organisation	Annual (paid monthly)	8,608	1	8,608
Total	–	–	–	–	79,918,027

a Revenue estimate based on conversion of all animals into full unit basis. **b** Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

6 Stakeholder engagement

Stakeholder engagement plays an important role in the development and management of cost recovery arrangements. The department's stakeholders have a unique insight into how the department's regulatory activities impact on their business and help the department 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 meat exports regulatory activities outlines the engagement principles, method and approach. The purpose of the strategy is to work with industry to update the CRIS as needed and provide information on the performance of the cost recovery arrangement.

This strategy helps the department to plans, design, undertake and evaluate stakeholder engagement activities.

It has been designed to meet the requirements of the:

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

6.1.2 Principles

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

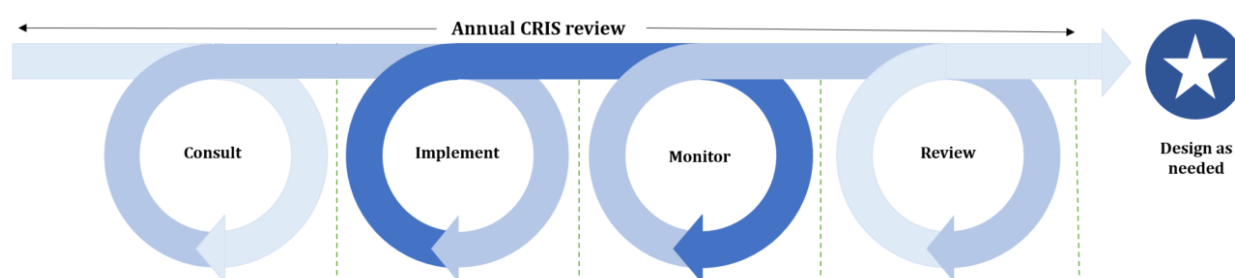
The department will achieve this by:

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

6.1.3 Method

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

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

Figure 1 Engagement process

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

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

6.1.4 Approach

The department's engagement approach is outlined in Table 9.

Table 9 The department's approach to stakeholder engagement for regulatory charging

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

6.2 Industry engagement

The department has been formally engaging with industry on charging arrangements since 2018, including regular engagement on the CRIS with the Export Meat Industry Advisory Committee (EMIAC).

A CRIS was released for public submissions between October 2019 and January 2020, supported by meetings with the EMIAC and 13 public meetings with export stakeholders. The department received 8 submissions on the meat arrangement. 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 meat exports CRIS was published to provide stakeholders with a description of the impact of the Busting Congestion package and the intention to freeze fees and charges in 2020–21, followed by stepped increases from 2021–22 to achieve full cost recovery by 2023–24.

A 2021–22 CRIS was released seeking public submissions between 14 May and 10 June 2021, supported by engagement with industry consultative committees and targeted discussions with industry stakeholders through virtual presentations and feedback sessions. The department received 1 submission from the meat export industry.

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

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

7 Risk assessment

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

The CRA has identified 2 implementation categories that are considered high risk:

- the total annual cost recovery revenue is greater than \$20 million
- the introduction of new cost recoverable activities.

The remaining implementation categories are considered low to medium risk:

- the percentage change in annual cost recovery revenue is greater than 5% but less than 10%
- the types of charges used include fees and charges
- the imposition of the cost recovery charges involving an act of parliament
- the proposal including no involvement with other Commonwealth, state or local government entities
- the expected impact of cost recovery on payers
- stakeholder sensitivity about the proposed changes.

In addition to the CRA, the department has also considered a number of risks associated with cost recovering meat export certification activities and how the department will manage these risks (Table 10).

Table 10 Risks – meat exports cost recovery arrangement

Risk	Management
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 charges 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.
Significant surplus occurs. For example, entry to a new market or favourable farming conditions.	Subject to approval, collection of revenue in surplus of expense may be managed through remittance, or investment initiatives directly benefiting activities within the arrangement. An alternative approach may be agreed with industry within policy guidelines.

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

8 Financial estimates

8.1 Financial estimates

The financial estimates of the meat exports cost recovery arrangement is provided at Table 11. There will be no change to the cost recovery reserve for the duration of and the reserve deficit is intended to be carried forward until a government decision is taken to address it.

Table 11 Financial estimates for meat exports cost recovery arrangement – proposed model

Finance element	2021–22 (\$)	2022–23 (\$)	2023–24 (\$)	2024–25 (\$)
Revenue = X	74,080,503	74,727,965	78,405,170	79,918,027
Expenses = Y	79,542,829	76,859,785	78,289,107	79,744,380
Balance = X – Y	(5,462,327)	(2,131,820)	116,063	173,647
Appropriation funding	5,462,327	2,131,820	n/a	n/a
Balance after Appropriation	–	–	116,063	173,647
Forecast opening cost recovery reserve balance	(2,359,619)	(2,359,619)	(2,359,619)	(2,243,556)
Transfer	–	–	116,063	173,647
Forecast closing cost recovery reserve balance	(2,359,619)	(2,359,619)	(2,243,556)	(2,069,909)

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 zero and five percent 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 meat exports reserve is in deficit. Fees and charges have not been modelled to recover this deficit. The More Efficient and Sustainable Export Regulation measure provides investment of \$71.1 million over 3 years from 2020–21 to 2022–23 to maintain essential export regulatory services across all export cost recovery arrangements while prices are gradually increased. There will be no change to the cost recovery reserve for the duration of and the reserve deficit is intended to be carried forward until a government decision is taken to address it.

9 Financial and non-financial performance

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

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

This section presents information on the financial and non-financial performance of the 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

The financial performance for the meat exports cost recovery arrangement is provided in Table 12.

Table 12 Financial performance for meat exports cost recovery arrangement, 2017–18 to 2020–21

Finance element	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)	2020–21 f (\$)
Revenue = X	82,035,363	84,120,174	82,776,354	71,713,844
Expenses = Y	81,224,728	86,873,814	84,984,891	78,999,258
Balance = X – Y	810,635	(2,753,640)	(2,208,537)	(7,285,414)
Remissions, rebates and adjustments = Z	(1,232,727)	(437,866)	(320,588)	7,285,414
Net balance = balance + Z	(422,092)	(3,191,506)	(2,529,125)	–
Cost recovery reserve balance	3,361,012	169,506	(2,359,619)	(2,359,619)

f Forecast. Note: The major movements previously were due to changes in staffing levels to meet demand for food safety meat assessors (FSMAs) and on-plant veterinarians (OPVs); industry driven shift in the consumption of FSMA and OPV activities from planned (4 week notice period) to unplanned (less than 1 week); extended vacancies in the meat program being filled; and increases to various corporate costs such as employee and supplier expenses, information services costs and depreciation from additional capital investments. From 1 July 2019, \$1.948 million for regulatory activities for enforcement, scientific and technical advice and detained consignments was added to the arrangement indexed and ongoing.

9.2 Non-financial performance

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

10 Key dates and events

Regular reviews of the department's financial performance is 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 meat export certification activities are documented in Table 13.

Table 13 Key forward dates and events

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

11 CRIS approval and change register

Table 14 tracks the changes to the CRIS as a result of changes to the regulatory charging activity.

Table 14 CRIS approval and change register

Date of CRIS Change	CRIS Change	Approver	Basis for change
11/06/2021	Certification of the CRIS	Secretary, Department of Agriculture, Water and the Environment	New regulatory charging activity and revalidation of cost model
15/06/2021	Approval of CRIS	Minister for Agriculture	New regulatory charging activity and revalidation of cost model

Appendix A: Cost recovery model

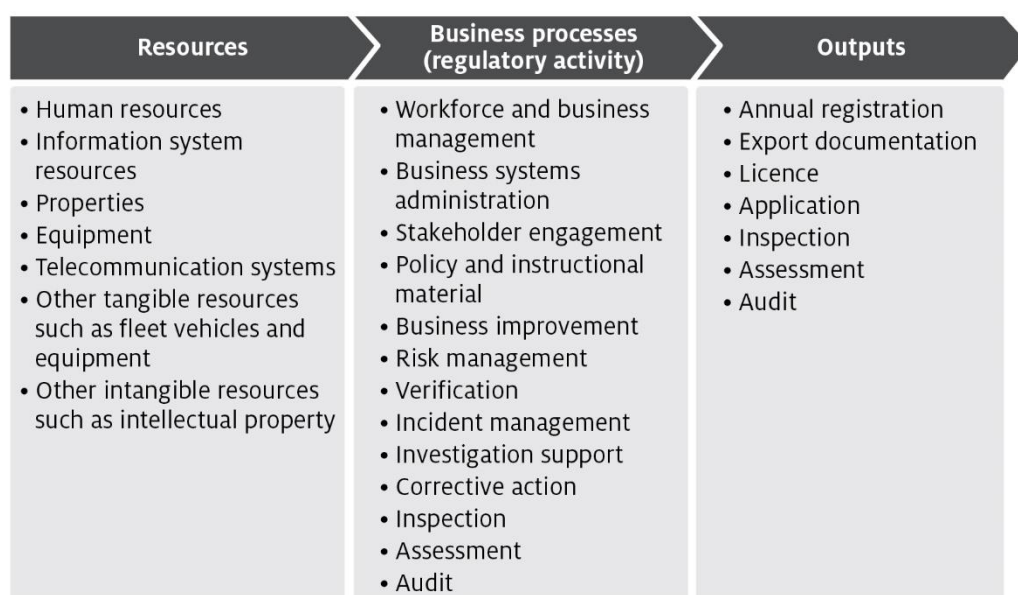
Outputs and business processes of the regulatory charging activity

The key policy objective for the department's 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. This will be achieved through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries
- support more sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved market access.

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

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



The processes listed 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 the department's 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 the department's cost allocation policy.

The ABC system allocates costs in a staged approach:

- 1) Indirect costs such as property, finance, information technology, human resources and divisional executives are allocated to direct cost centres using a cost driver which estimates the relative usage of each of the corporate services. Cost drivers for corporate services include:
 - a) Workpoints – distributes costs based on space occupied, with the workpoint count reflecting the space where a person may be able to work.
 - b) 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.

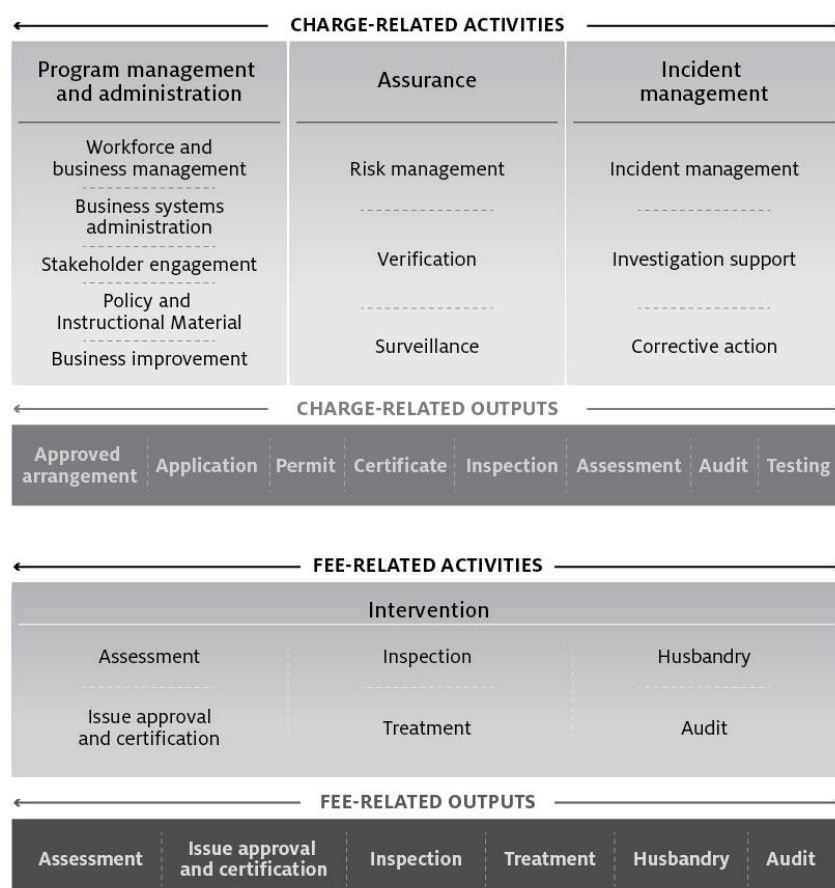
- 2) Direct costs (including the indirect costs allocated in stage 1) are allocated to the activity and cost-recovered arrangements that best reflects the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly to intervention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

Figure A2 Categories of activities



Description of cost model activities

The following provides details of the cost model activities undertaken in the department's cost recovery arrangements.

Program management and administration activities

Workforce and business management

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

Business improvement

Includes assessment, monitoring and 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 the department's 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.

Note: this is a nil for the meat arrangement.

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.

Note: this is a nil for the meat arrangement.

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 meat export stakeholder feedback

The key themes of feedback are covered in Table B1.

Table B1 Stakeholder feed summary

Key theme	Department response
1) Support for the proposed charging model Stakeholders viewed the department proposed charging model for meat exports that reallocated expense across charges to more closely align the cost of regulatory effort with the different users of the regulatory system as a positive, particularly in light of the Australian Government Authorised Officers reform program.	The department welcomes this feedback, noting the model articulated in this CRIS applies more effective pricing signal than the current cost recovery model to consumers of regulatory activities. Further, this change in price modelling sees the recommendations made by both the Auditor-General and the industry lead 2019 AEMIS Review Recommendations Report, implemented.
2) Opposition to full cost recovery The government has endorsed the goal of making agriculture a \$100 billion industry by 2030. Survey respondents have the view that full cost recovery is a hindrance to achieving this goal, and that the CRIS is a strong disincentive to export and will have a significant negative effect on Australian international competitiveness.	The Australian Government's policy on cost recovery is articulated in the Australian Government Charging Framework. A strong regulatory system underpins Australia's reputation as a high-quality supplier that enables our exporters to meet importing country requirements.
3) Cost allocation Concerns in relation to the way in which costs have been allocated to charge points.	Stakeholders asked for more detailed information about costs allocation to charge points. The department has provided additional detail on this request and will continue to refine the provision of information through the department's regular stakeholder forums / consultative committees and the annual CRIS reviews.
4) Concern with the increase in the cost base and whether the department is looking at finding efficiencies 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. The department should be looking to find efficiencies to drive their cost down.	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. 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. Even with increased fees and charges, the cost of regulatory services is less than one per cent of export value in most cases.
5) Impact of price increases on smaller operators Stakeholders raised concerns about the impact of price increases on smaller operators, being concerned that they are bearing a disproportionate proportion of the cost increases compared to larger operators with higher throughput.	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. 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). The department will continue to engage with industry on the best approach to pricing over the next few years,

Key theme	Department response
<p>6) It is inappropriate to legislate charge points beyond one year</p> <p>Stakeholders of the meat industry strongly believe that CRIS reviews should be undertaken annually as required by government policy. Given upcoming reforms, COVID impacts, seasonal unpredictability, machinery of government changes and other factors, Stakeholders assert it is inappropriate to legislate charge points beyond one year.</p>	<p>through the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p> <p>The department will continue to engage with industry on the best approach to pricing, and how this translates into the legislative instrument. Key to this consideration will be determining the most appropriate way to provide industry participants forward year price expectations. The department will legislate prices over the forward estimates, consistent with our approach to other industries.</p> <p>The department is committed to undertake an annual review of the CRIS and associated charging. This will allow the monitoring of COVID impacts, seasonal unpredictability, machinery of government changes and any other factors. Further, the annual review approach will reduce potential price shock impacts, which can occur when things such as inflationary impacts are not reflected in charging over multiple years.</p>

Appendix C: Additional fees and charges that may apply

Organics – application and audit

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

Table C1 Organics fees and charge

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

Tariff rate quota certificates

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

Table C2 TRQ certificate fees and charge

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

Outside ordinary hours (OOH)

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

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

Type of charge	Time of service	Unit	Price (\$) 2021–22	Price (\$) 2022–23	Price (\$) 2023–24	Price (\$) 2024–25
Fee - OOH	On a weekday, immediately before or after a fee bearing activity	Per quarter hour	15	15	15	15

Cost recovery implementation statement: meat exports 2021–22

Type of charge	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	30	30	30	30
		Per quarter hour after first 30 minutes	15	15	15	15
	Saturday, Sunday or a departmental holiday	Any period up to 30 minutes	40	40	40	40
		Per quarter hour after first 30 minutes	20	20	20	20