



Australian Government
Department of Agriculture,
Fisheries and Forestry

Cost Recovery Implementation Statement: biosecurity (hitchhiker) 2022–23



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Cataloguing data

This publication (and any material sourced from it) should be attributed as: DAFF 2022, *Cost recovery implementation statement: biosecurity (hitchhiker) 2022–23*, Department of Agriculture, Fisheries and Forestry, Canberra, November 2022. CC BY 4.0.

This publication is available at www.agriculture.gov.au/about/fees/biosecurity-cris

Department of Agriculture, Fisheries and Forestry

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web agriculture.gov.au

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Summary

This cost recovery implementation statement (CRIS) provides information on the financial performance of the biosecurity arrangement and describes how the Department of Agriculture, Fisheries and Forestry will:

- recover the cost of providing biosecurity regulatory functions (including imported food)
- implement the government’s 2021–22 Budget decision to invest \$96.9 million (over 4 years) to manage the risk of hitchhiker pests and partially recover these costs through an increase in one regulatory charge, commencing 16 January 2023
- implementation will result in a \$9 increase in the Sea - Full Import Declaration (FID) regulatory charge.

1 Introduction

1.1 Purpose of the cost recovery implementation statement

This cost recovery implementation statement (CRIS) provides information on how the Department of Agriculture, Fisheries and Forestry implements regulatory charging arrangements for biosecurity and imported food regulatory activities.

It reports financial and non-financial performance information for these activities and contains financial forecasts from 2022–23 to 2024–25.

The 2021–22 CRIS advised industry of the Australian Government’s 2021–22 Budget and mid-year budget decisions to provide over \$500 million in new funding to expand its investment in safeguarding Australia from exotic pests and diseases. This included \$96.9 million (over 4 years) to manage the risk of hitchhiker pests, with partial recovery of costs through regulatory charges.

This CRIS sets out implementation of the government’s 2021–22 Budget decision and recovery of ongoing cost, through an increase to the Full Import Declaration – Sea regulatory charge commencing 16 January 2023.

A full review of cost recovered regulatory charging for biosecurity activities commenced in 2021, consistent with current government policy authority. The review will include extensive stakeholder consultation on regulatory charging, with changes and subsequent CRIS updates expected to be implemented in 2023.

This CRIS should be read in conjunction with the [Cost Recovery Implementation Statement Biosecurity 2021–22](#), and the [Cost Recovery Implementation Statement Biosecurity 2019–20](#) which provide historical information on the biosecurity arrangement. The [Australian Government Charging Framework](#) provides the policy basis for cost recovery.

1.2 Description of the regulatory activity

Biosecurity activity is regulated in accordance with the biosecurity legislative framework (outlined in [section 2.2](#)). We undertake regulatory activities to assess and manage the biosecurity risks arising from people, goods, and conveyances (vessel and aircraft) entering Australia. These activities also include assessing compliance of imported food with relevant food standards and public health and safety requirements.

These essential activities, which occur onshore, offshore and at the border, are a major part of our day-to-day business. During 2020–21, over 72 million international mail articles arrived in Australia, we intercepted over 64,000 items of biosecurity concern in mail articles, and over 34,000 international voyages and flights arrived at international airports and seaports around the country. Around 15,000 import permit applications were submitted and nearly 5,000 animals were processed at Post-Entry Quarantine (PEQ) facilities. A more detailed breakdown of our essential activities is provided at [Appendix A](#).

Our biosecurity regulatory charges are imposed on 4 key groups: importers, conveyance operators, approved arrangement participants and, to a limited extent, passengers.

We charge regulated entities to provide the following key biosecurity activities:

- Importers – inspection, assessment and management of the biosecurity risks associated with imported goods and packaging (including air and sea cargo, containers, international mail, food, live animals and plants). This also includes husbandry activities undertaken by the department, associated with the PEQ of live animals and plants prior to release into Australia (such as horses, dogs, cats, hatching eggs, birds, ruminants, bees, nursery stock and viable seeds).
- Conveyance operators – vessel and aircraft entering Australia. This includes assessments and inspections to manage the risks posed by the vessel itself, contaminants on the vessel, human biosecurity risks, ballast water and biofouling on vessels, and aircraft disinsection (where non-compliant on arrival) and assessment of aircraft for release from biosecurity control.
- Arrangement participants – managing the administration as well as policy processes and conditions-setting for regulatory arrangements approved by the department, including biosecurity approved arrangements and imported food compliance agreements.
- Passengers – assessment and management of biosecurity risks posed by baggage accompanying passengers. Activities such as inspection and assessment of baggage are only cost recovered when provided outside of designated international airports or seaports.

1.3 Why cost recovery is appropriate

Regulatory charging falls within the Australian Government’s broader charging framework. Regulatory charging is appropriate because biosecurity regulatory activity is provided to a clearly identifiable group – individuals and organisations that participate in the import supply chain. Regulatory charging also increases the cost consciousness of regulated entities regarding how much regulated activity costs.

1.4 Reforms: Building Australia’s future biosecurity system

The [Commonwealth Biosecurity 2030](#) roadmap, outlines how we will build our future system and keep Australia at the forefront of best-practice biosecurity.

We’ll do this by focusing on better governance and regulation, improved use of available technology, supporting our people capability, as well as sustainable, effective funding. This will give us strong ongoing commitment from those who play a key role in our biosecurity system, such as industry, government and community. It will also support our people capability on the ground, and better use of data and technology so we can work smarter.

Director of Biosecurity, Mr Andrew Metcalfe AO.

The roadmap sets out nine strategic action areas, which includes aligning our funding and investment model to emerging system needs. Our efforts to work toward a fit for purpose, sustainable and equitable approach to system funding will involve consultation with our key system partners and participants.

In the 2021–22 Budget and the mid-year Budget, the Australian Government announced new funding to expand investment in safeguarding Australia from exotic pests and diseases. This package provides early funding to support our strategic roadmap. It will deliver robust, adaptable and forward-leaning biosecurity capabilities, consistent with findings from independent reviews of the biosecurity system.

Importers, travellers and the broader community will benefit from streamlined, modern entry and intervention arrangements that apply a risk-based approach. These arrangements are designed to protect against biosecurity threats while reducing red tape and supporting the government's Simplified Trade System agenda

The investment of over \$500 million is over 4 years from 2021–22. Cost for this investment will be shared between government and through partial cost recovery from industry. This includes the following:

- *Investing in our critical frontline resources and people* – \$84.1 million in frontline measures to better manage the risk of pests and diseases entering Australia. This includes more on-the-ground resources to target known and emerging threats, like African swine fever and applying modern technology to better detect and respond to these threats.
- *Modernising our ICT systems, technology, and data analytics* – \$80.9 million to build a modern, effective biosecurity system underpinned by the right technology, information systems and analytical capabilities. This includes modernising and strengthening Australia's biosecurity screening capability to provide faster and more efficient clearance of people and goods, improving our digital capability to manage biosecurity risks in the international mail pathway, and enhancing and expanding our international arrivals system to streamline arrivals of vessels and aircraft.
- *Strengthening our partnerships with importers, companies, producers and the community* – \$235.1 million to improve our ability to detect and manage threats offshore, while increasing our capacity to respond to incursions. This includes strengthening our systems to manage risk on the container cargo pathway, expanding offshore assurance arrangements around hitchhiker pest risks, stronger border interventions for shipping containers and increased information on global container and commodity movements. We will work to increase importers' and individuals' understanding of their role in the biosecurity system, through a new biosecurity brand and targeted information, awareness and education campaigns. We will make greater use of industry arrangements, with trials of potential new approaches that will deliver faster and safer clearance of low-risk commodities.
- Over \$100 million to further modernise and simplify our biosecurity system, build resilience to manage fruit fly, enhance on-ground control of established pest animals and weeds and improve traceability arrangements.

2 Policy and statutory authority to cost recover

Under the Australian Government Charging Framework, regulatory charging requires both policy approval and statutory authority. The following section provides information on government approval of regulatory charging for biosecurity activities and the legislation that enable us to collect fees and charges.

2.1 Government policy approval to cost recover the regulatory activity

The Australian Government has authority for regulatory charging of biosecurity activities to prevent, respond to and recover from pests and diseases that threaten the economy and environment.

The Agriculture 2030 decisions made in the 2021–22 Budget and mid-year Budget included \$96.9 million (over 4 years) to manage the risk of hitchhiker pests. Funding in the first year was from a combination of government appropriation and the biosecurity cost recovery reserve. The ongoing costs for managing these risks will be partially recovered from industry, while some specified activities will be funded by the government. Further information on building Australia’s future biosecurity system can be found in [section 1.4](#).

2.2 Statutory authority to charge

Fees and charges for biosecurity regulatory activities are recovered under separate statutory authorities.

2.2.1 Fees

The [Biosecurity Act 2015](#) is the primary biosecurity legislation in Australia. [The Imported Food Control Act 1992](#) is the primary food importation legislation. Subordinate legislation (including regulations) and supporting policies affect the management of ballast water, approved arrangements and import risk analysis.

The [Biosecurity Regulation 2016](#) provides fees for different biosecurity regulatory activities. Section 592 of the Biosecurity Act allow fees that may be charged in relation to activities carried out by, or on behalf of the Commonwealth, to be prescribed in regulations made under the Act.

The [Imported Food Regulations 2019](#) provides fees for different chargeable services. Section 36 of the Imported Food Control Act allows for fees that may be charged in relation to certain chargeable services, to be prescribed in regulations made under this Act.

2.2.2 Charges

Charges are imposed through specific biosecurity and imported food charging acts and associated delegated legislation, which provide powers to impose and collect charges for biosecurity and imported food regulatory activities:

- [Biosecurity Charges Imposition \(Customs\) Act 2015](#)

- [Biosecurity Charges Imposition \(Excise\) Act 2015](#)
- [Biosecurity Charges Imposition \(General\) Act 2015](#)
- [Imported Food Charges \(Imposition—Customs\) Act 2015](#)
- [Imported Food Charges \(Imposition—Excise\) Act 2015](#)
- [Imported Food Charges \(Imposition—General\) Act 2015](#)
- [Imported Food Charges \(Collection\) Act 2015](#)

Specific charges are prescribed in the [Biosecurity Charges Imposition \(Customs\) Regulation 2016](#) and the [Biosecurity Charges Imposition \(General\) Regulation 2016](#).

Specific charges are prescribed in the [Imported Food Charges \(Imposition—Customs\) Regulation 2015](#) and the [Imported Food Charges \(Imposition—General\) Regulation 2015](#).

3 Regulatory charging model

3.1 Outputs and business processes of regulatory charging

The key policy objective for our regulatory charging 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.

This objective is available in the [Portfolio Budget Statement 2022–23](#) Outcome 2, page 5.

Regulatory activities are described in [Appendix B](#) and are grouped into 4 categories:

- 1) Program management and administration – administrative activities that support us to deliver our biosecurity 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 import conditions.
- 4) Intervention – activities provided directly to an individual, business or organisation to meet import requirements (e.g. inspection and assessment).

3.2 Costs of regulatory charging

3.2.1 Cost allocation process

To determine the cost of regulatory activities, we use an activity-based costing (ABC) system. Our ABC allocation methodology reflects effort incurred in delivering regulatory activities to the individual or entity. This provides an accountable and transparent allocation of costs that is also efficient and effective to administer.

The 2 expense categories are:

- 1) Direct expenses—these can be directly attributed to the provision of an activity, for example, inspections and assessments. They comprise staff salaries and supplier costs including direct capital expenses, which includes plant, property and depreciation.
- 2) Indirect expenses—these support the effective and necessary provision of our direct expense activity. Indirect expenses include corporate employee salaries and overheads such as information technology, finance, human resource costs, and indirect capital expenses, which includes plant, property and depreciation.

The cost allocation process apportions the costs of support functions (indirect expense) and direct expense to the processes and activities defined in [Appendix B](#). Indirect expenses are included in the cost base to reflect the systems and processes that assist with administration,

which the cost recovered arrangement benefits from. The same methodology is employed to allocate indirect costs to activities funded by budget appropriation, in line with our internal cost allocation policy.

The ABC system allocates costs in a staged approach. The steps are:

- 1) Indirect costs such as property, finance, information technology, human resources and divisional executives are allocated to direct cost centres using a cost driver that estimates the relative use of each activity. Cost drivers for corporate activities include:
 - a) workpoints – distributes costs based on space occupied, with the workpoint count reflecting the space where a person may be able to work
 - b) FTE – distributes costs based on each program's full-time equivalent staff numbers
 - c) PC count/IT assets – distributes costs based on the number of IT assets in a program
 - d) transactions – distributes costs based on the number of transactions incurred over a period. This driver is used to allocate expenses related to the functions of accounts receivable and accounts payable
 - e) headcount – allocates costs based on the number of staff 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 (which at this point include the indirect costs allocated in step 1) are allocated to the activity and cost recovered arrangements that best reflect the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly 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 the arrangement would require adjustment to align with that effort. We monitor this throughout the year and adjust where necessary.

- 3) Activity/arrangement costs (from step 2) are allocated to charge points that identify the cost associated with that charge. A combination of regulatory fees and charges is used. Figure 1 shows how we attribute cost recovered activities to either charges or fees. Figure 2 provides an example of costs associated with an activity subject to inspection fees. Regulatory charges are detailed further in [section 3.3](#).

Figure 1 Charge and fee related activities and associated outputs

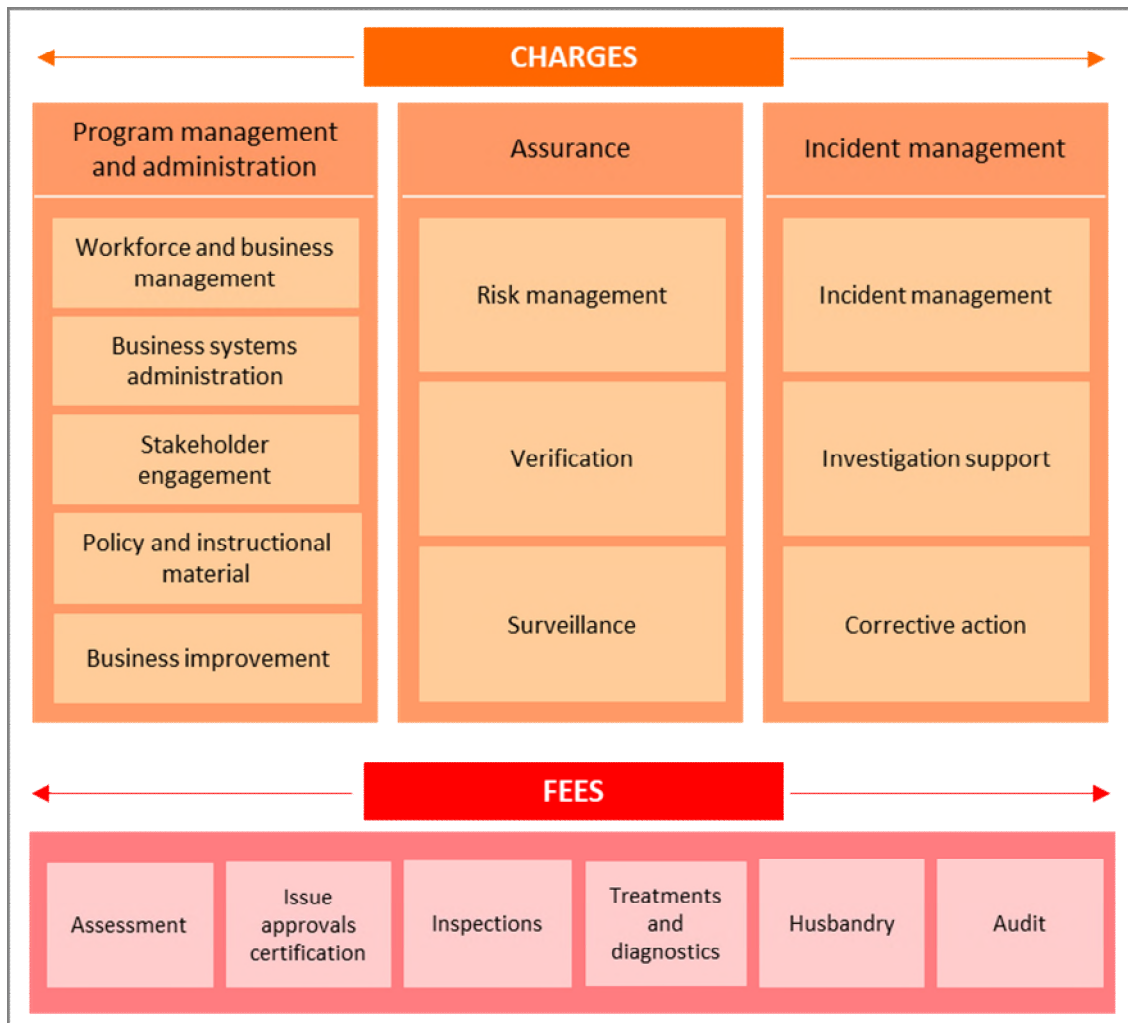


Figure 2 Activity based cost model

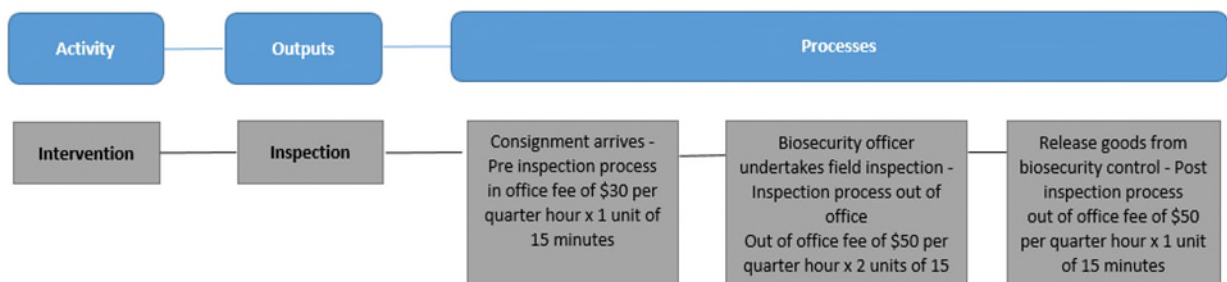


Table 1 provides a cost breakdown for each output contribution to recover direct and indirect costs for 2022–23.

Table 1 Biosecurity arrangement cost breakdown, 2022–23

Cost recovery streams	Direct costs (\$)	Indirect costs (\$)	Total (\$)
Charges	145,843,584	78,284,872	224,128,456
Full import declaration charges	120,862,620	65,126,197	185,988,817
Approved arrangement	4,077,893	2,247,370	6,325,263
Vessel arrival charges	13,019,308	6,685,165	19,704,473
Permit Application	1,157,596	637,964	1,795,560
PEQ importation charge	6,726,167	3,588,176	10,314,343
Fees	37,965,041	45,257,503	83,222,544
Assessment	10,212,023	12,304,305	22,516,328
Issuing approvals or certification	190,030	228,964	418,994
Inspection	22,927,714	27,623,658	50,551,372
Treatment	783,485	944,009	1,727,494
Audit	2,226,206	2,682,321	4,908,527
Husbandry	1,625,583	1,474,246	3,099,829
Total	183,808,625	123,542,375	307,351,000

3.2.2 Financial management strategies

We are committed to managing costs in an efficient and effective manner in line with our responsibilities as an administrator of public resources. We monitor costs monthly and set tolerance levels for variances between budgeted and actual expense. We regularly review and improve our workforce models, systems, and processes.

3.3 Design of regulatory cost recovery

We determine appropriate regulatory cost recovery after establishing activity costs and volumes. We use a combination of regulatory fees and charges depending on whether an activity is for a specific individual or organisation, or group of recipients. Fees are used to recover the costs of direct intervention and certification activities undertaken for particular importers or regulated entities. Charges are imposed when activities are provided to a group of individuals or organisations. This recovers costs not directly linked to a specific individual or organisation but forms part of the costs of the overall biosecurity regulatory system.

3.4 Cost recovery reserves

We maintain a cost recovery reserve to assist with managing the alignment of revenue and expenses. Our cost recovery reserve policy requires that a balance of up to 5% of annual program expense be maintained. Subject to agreement between the department and industry, over-recoveries may be managed through remittance or investment initiatives.

Under-recoveries will result in the arrangement not recovering the expenses of the relevant regulatory functions. This in turn will result in the arrangement operating at a loss, and adversely impact on the reserve balance for the arrangement at year's end. Ongoing under

recovery will lead to the need for further review of the regulatory charging arrangement to ensure its return to sustainable recovery of all regulatory costs.

The cost recovery reserve is the mechanism used by the department to manage under or over recovery of costs. Regulatory charging is set to recover reasonable costs. However, several factors can affect the difference between revenue and expenses. These factors include volume variances and changes in expenses based on priorities.

Once a fee or charge is paid by industry, it becomes government revenue. The department will consult with industry on any under-recovery or over-recovery.

3.5 Changes to regulatory charging

The increased cost to implement the Government’s 2021–22 budget decision to manage the risk of hitchhiker pests was managed through the Cost Recovery Reserves, which funded the initial work in 2021–22. The ongoing cost will be partially recovered through the Full Import Declaration charge for sea cargo.

The effect of the Government’s 2021–22 budget decision is to increase the following charge:

- Full Import Declaration charge – Sea was \$49, modelled at \$9.02 rounded to \$58
- This price increase will take effect 16 January 2023.

The price increase was derived by dividing the amount expected to be cost recovered (\$18,039,000) by the forecast volume of 2,000,000 Full Import Declarations we expect for sea cargo in 2022–23. This will be reviewed annually to ensure forecasts and actuals align and are adjusted for future pricing.

3.6 Biosecurity fees and charges

The amounts payable are shown in Table 2, updated from the 2021–22 CRIS to reflect the increased volumes and new costs associated with biosecurity regulatory activities. The shortfall in revenue will be funded from the Biosecurity Cost Recovery Reserve for 1 July 2022 to 15 January 2023.

Table 2 Fees, charges, and volumes for biosecurity arrangement, 2022–23

Type of charge	Estimated total cost (\$)	Charge point	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	85,020,650	Full Import Declaration charge – air	Per import declaration	38	2,309,601	87,764,838
	100,969,731	Full Import Declaration charge – sea	Per import declaration	49/58	1,965,186	104,400,506
	19,628,574	Vessel (≥25 m) arrival charge	Per vessel	1,054	17,635	18,587,290
	75,900	Vessel (<25 m) arrival charge	Per vessel	120	135	16,200
	1,795,560	Permit application charge	Per application	120	13,573	1,628,760
	1,922,044	Approved arrangement – AEPCOMM	Per item	18	135,651	2,441,718

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Type of charge	Estimated total cost (\$)	Charge point	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	2,990,347	Approved arrangement – single site	Per item	2,900	1,142	3,311,800
	1,212,754	Approved arrangement – multi site	Per item	2,900	419	1,215,100
	200,119	Approved arrangement – broker	Per item	2,900	374	1,084,600
	1,214,655	PEQ importation charge – horses or ruminants or other animal >25 kgs	Per animal	3,000	650	1,950,000
	8,482,818	PEQ importation charge – cat, dog or other animal ≤25 kgs	Per animal	1,200	4,999	5,998,800
	100,000	PEQ importation charge – bees	Per bee consignment	2,500	0	0
	78,126	PEQ importation charge – avian (fertile eggs)	Per hatching egg consignment	31,304	9	281,736
	28,048	PEQ importation charge – avian (live bird)	Per live bird consignment	11,240	2	22,480
	409,130	PEQ importation charge – plants	Per m ²	110	8,241	906,510
Fee for service – assessment, approval, inspection, treatment, and audit	33,011,211	In-office fee	Per 15 minutes	30	1,051,190	31,535,700
	42,626,127	Out-of-office fee	Per 15 minutes	50	634,559	31,727,950
	4,485,377	Out-of-hours fees	Various	Various	70,830	1,728,448
Fee for service – husbandry	334,426	PEQ husbandry fee – horses or other animals >25 kgs	Per animal per day	60	9,100	546,000
	2,226,576	PEQ husbandry fee – cats or dogs or animal ≤ 25 kgs	Per animal per day	29	49,990	1,449,710
	35,483	PEQ husbandry fee – avian (fertile eggs)	Per egg consignment per day	200	783	156,600
	11,088	PEQ husbandry fee – avian (live birds)	Per live bird consignment per day	150	70	10,500
	0	PEQ husbandry fee – bees	Per bee consignment monthly	280	0	0
	74,387	PEQ husbandry fee – plants	Per m ² monthly	20	8,241	164,820
	417,869	Diagnostic testing fee	Per unit	30	26,000	780,000
Totals	307,351,000					297,710,066

3.7 Projected cost base for 2022–23

The cost base for the biosecurity regulatory charging arrangement in 2022–23 is projected to be \$307.4 million. This is made up of:

- \$ 220.6 million in charge-related activities
- \$ 86.7 million in fee-related activities.

Table 3 provides a breakdown of the modelled cost base of the biosecurity regulatory charging type by activity. For a detailed description of cost activities, see [Appendix B](#). The methodology for attributing costs to these activities is provided in [section 3](#).

Table 3 Cost type breakdown for biosecurity arrangement

Charge type	Activity group	Activity	Expense (\$)
Charges	Program management and administration	Workforce and business administration	133,158,909
		Business system administration	5,245,655
		Stakeholder engagement	10,348,414
		Policy and instructional material	18,320,403
		Business improvement	5,971,359
		Subtotal	173,044,740
	Assurance	Risk management	21,896,468
		Verification	16,940,207
		Surveillance	8,356,281
		Subtotal	47,192,956
	Incident management	Incident management	2,396,570
		Investigative support	565,449
		Corrective action	928,741
		Subtotal	3,890,760
	Total charges		
Fees	Intervention	Assessment	22,363,700
		Issue approvals/certification	436,632
		Inspection	50,810,233
		Treatment	1,640,643
		Audit	4,871,507
		Husbandry	3,099,829
		Subtotal	83,222,544
Total fee for service			83,222,544
Total cost base	-	-	307,351,000

4 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 Finance must agree to a CRIS if the CRA indicates it is high risk. The most recent risk assessment rating for this charging activity is medium.

The CRA for this CRIS identified 2 implementation categories considered high risk:

- 1) the percentage increase in price payers will experience
- 2) stakeholder consultation.

The remaining implementation categories are considered low to medium risk:

- the expected percentage change in total annual cost recovery revenue
- the expected dollar change in total annual revenue
- the regulatory charge that is changing
- the complexity of the change to regulatory charging
- the change in legislative requirements for imposition of the cost recovery charge
- the impact on payers
- the required level of involvement with other Australian, state, territory or local government entities.

In addition to the CRA, we have considered a number of risks associated with cost recovering biosecurity activities and how we will manage these risks, presented in Table 4.

Table 4 Risks for biosecurity arrangement

Risk	Management
Biosecurity cost recovery affecting industry competitiveness.	We will continue to monitor our performance in the delivery of biosecurity activities.
The fee and charge structure does not support future regulatory reforms.	The CRIS will be reviewed annually and updated accordingly.
Changes to government policy and activities.	Regular assessments of the arrangement will inform whether a regulatory charging review is required.
Biosecurity risk level changes—the cost of undertaking biosecurity activities no longer reflects forecast effort.	Regular assessment of the arrangement will inform whether a regulatory charging review is required.
Under-recovery occurs (for example, because of a reduction in the level of import activity).	We will engage with industry to discuss options and develop strategies to manage expenses.
Over-recovery occurs (for example, because of a greater than anticipated level of import activity).	Subject to approval, over-recoveries 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.
Changing events impact actual revenue verses 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.

5 Stakeholder engagement

Stakeholder engagement plays an important role in the development and management of regulatory charging arrangements. Our stakeholders have unique insights into how our regulatory activities affect their businesses and can help us design efficient regulatory charging frameworks for these activities

5.1 Industry engagement

We have established [industry consultative committees](#) to represent industry views in relation to biosecurity and imported food. We consult with these committees on a number of different activities. The consultative committees include:

- Cargo Consultative Committee
- Biological Consultative Group
- Imported Food Consultative Committee
- Horse Industry Consultative Committee
- Post Entry Plant Consultative Committee

We also engage with representatives for avian, cat and dog importers, and with other peak bodies, industry or individuals, as necessary.

While the department provided advice about the measure and the intention to recover ongoing costs, the increase to one price point is considered a minor amendment. Targeted consultation was undertaken with industry on the commencement date of the price increase prior to publication of this CRIS.

Extensive consultation will occur as part of the comprehensive review of the regulatory charging arrangements anticipated in late 2022. Industry will be given opportunity to provide feedback on proposed charging models prior to publishing any new CRIS.

5.2 Ongoing engagement strategy

Following feedback from industry and recommendations of the Australian National Audit Office's [Application of cost recovery principles](#) (report no. 38 2018–19) we reviewed our engagement approach with industry, to better communicate efficiency and effectiveness of our regulatory activity to industry.

We currently undertake a number of activities to engage with our stakeholders, including:

- engaging with industry consultative committees through agreed terms of reference
- reporting quarterly on regulatory charging performance, including explanations for material variances between budgeted and actual positions
- at the commencement of every budget cycle, reviewing and updating the CRIS to report on significant changes to revenue or expenditure or to relevant legislation, including any material variances highlighted throughout the year

- communicating with industry consultative committees on changes to the CRIS before any revisions or updates are made
- opening the CRIS for public consultation if any key changes result in price adjustments.

During the life of this CRIS, we will review these arrangements and where appropriate adjust them to ensure we are efficiently and effectively engaging with affected stakeholders. This will include greater use of the CRIS for ongoing engagement through updates to the forecasts and reporting of actual annual results.

6 Financial estimates

6.1 Annual estimates

A summary of the forecast annual operating position for the biosecurity regulatory charging arrangement is provided at Table 5.

Table 5 Financial estimates for biosecurity arrangement, 2022–23 to 2024–25

Finance element	2022–23(\$)	2023–24(\$)	2024–25(\$)	2025–26(\$)
Revenue = X	297,710,066	307,914,510	310,743,655	298,572,092
Expenses = Y	307,351,000	307,914,510	310,743,655	298,572,092
Balance = X – Y	-9,640,934	0	0	0
Estimated opening cost recovery reserve balance	14,940,769	5,299,835	5,299,835	5,299,835
Estimated closing cost recovery reserve balance	5,299,835	5,299,835	5,299,835	5,299,835

These forecasts were compiled based on the current cost base for the arrangement plus the 2021–22 Budget measure to manage the biosecurity risk posed by hitchhiker pests arriving in imported cargo. The 2022–23 estimates do not include a revised cost base but reflect increased import activity and the associated effort by the department to manage risk. Forecasts will be continually revised which may adjust forward projections.

The cost recovery reserve balance is held in the Biosecurity, Imported Food and Export Certification Special Account. As noted in section 3.4, the cost recovery reserve balance is used to balance and lessen the impact of varying demand on the ongoing delivery of regulatory activities. The special account replaces the former AQIS special account and was established to:

- provide biosecurity, inspection and certification services for:
 - a) passengers, cargo, mail, animals, plants, and animal or plant products arriving in Australia
 - b) agricultural products and food exported from Australia
- repay to an original payer amounts credited to the special account, or any of its predecessors, after any necessary payments made for the purposes mentioned in paragraph (a).
- carry out activities that are incidental to a purpose mentioned in paragraph (a) including, but not limited to:
 - c) the administration of the special account
 - d) dealing with direct and indirect costs.

7 Financial and non-financial performance

This section presents information on the financial and non-financial performance of the biosecurity regulatory charging arrangements. This is intended to provide stakeholders with an overview of our performance in recovering forecast costs and meeting regulatory objectives.

7.1 Financial performance

We continue to consult with key industry stakeholders on financial performance indicators to assist in evaluating the performance of our regulatory charging arrangements. Table 6 includes financial performance of the biosecurity arrangement since the 2018–19 financial year.

Table 6 Financial performance for biosecurity arrangement, 2018–19 to 2021–22

Finance element	2018–19 (\$)	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)
Revenue = X	266,331,604	253,441,682	285,801,849	288,729,586
Expenses = Y	252,843,610	264,268,224	276,214,706	308,868,350
Balance = X – Y	13,487,994	-10,826,542	9,587,143	-20,138,764
Cost recovery reserve balance	36,318,932	25,492,390	35,079,533	14,940,769

Note: The results for 2019–20 reflect the initial impacts of COVID-19 with closed borders and global uncertainty. At the same time, costs increased against static revenue prices leading to a reduction in the balance of the cost recovery reserve. This improved in 2020–21 as imports increased in lieu of consumers taking overseas and domestic holidays. The 2021–22 result reflects costs for the first year of funding to manage the risks from hitchhikers arriving through cargo pathways and a reduction in revenue due to COVID-19 impacts on fee-for-service activities.

7.2 Non-financial performance

Performance criteria and measures will be updated over the life of the CRIS.

Table 7 provides non-financial performance indicators for the biosecurity regulatory charging arrangement, consistent with the [Commonwealth Performance Framework](#). Additional non-performance measures are included in the Annual Report and Corporate Plan.

Table 7 Non-financial performance measures for biosecurity arrangement, 2020–21

Performance criteria	Performance measure	2020–21 performance
The national biosecurity system meets the agreed national goals and objectives of the Intergovernmental Agreement on Biosecurity	Performance measures are developed to assess the effectiveness of the national biosecurity system	Partially achieved
Regulation, partnerships and service delivery manage biosecurity risk	Rates of compliance with regulations administered by the department are maintained or improved Agreed regulatory performance timeframes are met	Partially achieved

Note: For performance measures, see the [DAWE Annual Report 2020–21](#), page 62 and the [DAWE Corporate Plan 2020–21](#), page 39.

In 2018–19 we commenced work on a regulatory practice framework to strengthen our regulatory capability and culture. In 2019–20 we made progress on initiatives aimed at maturing departmental regulatory practice. This included developing a [regulatory practice statement](#) (RPS), which was implemented from June 2021.

In 2019–20 we met or exceeded our targets for imports across 6 of 10 service standards:

- Client contact services – 3 of 3 met
- Import services – 3 of 7 met and 2 partially met.

The COVID-19 pandemic affected our ability to achieve stated performance standards across a range of services, as we changed our operations to meet pandemic requirements and ensure the health and safety of our people.

Detailed information on the department’s biosecurity performance measures and results can be found in the [DAWE Annual Report 2020–21](#) from page 62.

At the time of drafting this CRIS, the Annual report for 2021–22 had not been published.

8 Key forward dates and events

We undertake regular reviews of our financial performance and conduct regular stakeholder engagement activities throughout the CRIS cycle. Key forward dates for the biosecurity regulatory charging arrangement are documented in Table 8.

The dates in Table 8 are indicative and may change as the broader work to deliver Agriculture 2030 is progressed.

Table 8 Key forward dates and events

Key forward events schedule	Next scheduled update
Commence consultation with Industry on comprehensive review	Late 2022
Updated fees and charges implemented	2023
Portfolio charging review to be undertaken	2024
Updated fees and charges implemented	2023–24
Portfolio charging review outcomes to be brought forward in Budget 2026–27	2025

9 CRIS approval and change register

The intent of the department is to update this CRIS when necessary or prudent to do so, and in conjunction with the key dates and events in [section 8](#). At a minimum, the CRIS will be reviewed annually as recommended by the Australian Government Charging Framework. The change register in Table 9 provides a record of updates to this CRIS.

Table 9 Change register

Date of CRIS change	CRIS change	Approver	Basis for change
December 2015	Certification of the CRIS	Secretary, DAWR	Changes in costs of resources and assumptions
December 2015	Agreement to the CRIS	Minister for Agriculture and Water Resources	High risk rating for the regulatory charging activities
December 2015	Approval for the CRIS release	Minister for Finance	Changes in costs of resources and assumptions
December 2019	Certification of the CRIS	Secretary, DAWR	New regulatory charging activity
December 2019	Agreement to the CRIS	Minister for Agriculture, Drought and Emergency Management	High risk rating for the regulatory charging activities
December 2019	Approval for the CRIS release	Minister for Finance	New regulatory charging activity
February 2022	Certification of the CRIS	Secretary, DAWE	Update for financial and non-financial reporting
March 2022	Approval for the CRIS release	Minister for Agriculture and Northern Australia	Medium risk rating for the regulatory charging activities
November 2022	Certification of the CRIS	A/g Secretary, DAFF	Increased to regulatory charge for Hitchhiker measure
November 2022	Approval for the CRIS release	Minister for Agriculture, Fisheries and Forestry	Medium risk rating for the regulatory charging activities

Appendix A: Summary tables of volumes and regulatory activities

Table A1 Vessels and aircraft

Year	Total number of international voyages	Number of voyage inspections	Total number of international aircraft arrivals
2018–19	19,077	18,933	100,078
2019–20	18,859	18,553	75,830
2020–21	17,844	15,108	16,206

Table A2 Travellers

Year	Total international traveller arrivals	Number of travellers profiled/self- declared	Number of Travellers inspected
2018–19	22,500,873	7,550,255	1,499,115
2019–20	16,658,574	5,686,919	1,167,735
2020–21	746,547	315,227	76,048

Table A3 International mail

Year	Total international mail articles	Number of mail articles screened	Number of mail articles inspected
2018–19	118,492,616	21,852,210	150,751
2019–20	95,831,751	20,848,677	159,462
2020–21	72,119,602	31,751,786	182,178

Table A4 Cargo

Year	Total international cargo import declarations*	Number of cargo imports assessed	Number of cargo import inspections	Total high value cargo import declarations	Total low value cargo import declarations
2018–19	53,740,949	863,910	269,328	4,279,208	49,461,741
2019–20	58,856,338	663,402	242,061	4,243,067	54,613,271
2020–21	77,199,249	790,857	329,709	4,508,546	72,690,703

Note: All cargo import declarations are profiled for biosecurity concerns. Declarations that match a profile are referred to the department for action.

Table A5 Import permit applications and animals processed in PEQ

Year	Total volume of permit applications submitted and paid to DAWE	Number of animals (Cats, dogs & horses) processed at the PEQ
2018–19		16,825
2019–20		17,476
2020–21		15,140
		6762
		5647
		4936

Appendix B: Description of cost model activities

This section provides details of the cost model activities undertaken in our regulatory charging arrangements.

Program management and administration activities (charge)

Workforce and business management

This activity comprises 4 categories:

- 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.
- 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.
- Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- Information management activities include data management, information and records management, and information sharing and collaboration.

Business systems administration

Includes developing, acquiring, testing, implementing and supporting applications and business systems. It encompasses technical support and maintenance of all business systems including information and communication 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, guidelines and work instructions, and associated training development and delivery. Examples include developing or revising policy, processes and developing new instructional material.

Business improvement

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

Assurance activities (charge)

Risk management

Involves assessing and managing the risks posed to Australia's biosecurity and imported food systems. This includes communicating results of risk analysis, modelling and forecasting to operational areas and the collection, receipt and use of data, information and intelligence to meet our compliance objectives. This work also includes any associated travel and client assistance work, such as assessment of risks associated with cargo, vessels, plants, animals, food, biological and genetic material.

Verification

Includes activities that provide our executive and stakeholders with confidence that our systems and processes are operating in accordance with their intended design and associated documentation and managing the identified risk. For example, internal quality assurance systems and verification activities to ensure officers are following procedures, processes or instructional material and are making appropriate decisions.

Surveillance

Includes formal and informal monitoring to detect changes in Australia's pest or disease status, or the presence of food safety concerns which may affect imports and onshore production. Surveillance differs from an inspection as it is not conducted for a specific client.

It includes all pre and post work, travel and client assistance in relation to surveillance. Examples include deploying detector dogs, wharf surveillance, vector monitoring at proclaimed ports, new car surveillance, break bulk surveillance, monitoring the entry of exotic pests, weeds and disease across passenger and cargo pathways, monitoring of animal welfare issues and monitoring for microbiological or chemical hazards in food.

Incident management activities (charge)

Incident management

Includes the coordination and management of any incident including post-border detections and biosecurity and imported food incidents. This includes all associated pre and post work, travel and client assistance in relation to an incident. It excludes cost-sharing for emergency responses under the formal national disease and pest response arrangements.

Investigation support

Involves providing support for enforcement activities relating to an alleged breach of portfolio legislation, including any related client assistance and travel. It does not include the work of the enforcement officers. Examples of investigation support include data extraction and analysis to support an investigation.

Corrective action

Includes actions taken in response to non-compliance with or contravention of legislation or procedures that are managed without a formal investigation by an Enforcement officer. Corrective action activities include advice and support to operational staff and clients on the management of non-compliance and the development of options to effectively manage the risk.

Intervention activities (fee)

Assessment

Involves assessing information to determine if it meets the department's requirements. This includes the assessment of import-related documentation for cargo, vessels, plants, animals, food, biological and genetic material, including administration of applications.

Issue approvals and certification

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

Inspection

Includes the physical examination and supervision of a physical examination, of cargo, vessels, plants, animals, food, biological and genetic material, to determine compliance with biosecurity and food safety requirements. Inspections also include activities related to post-quarantine detections of biosecurity-risk goods.

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.

Husbandry

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

Audit

Includes the systematic and functionally independent examination of industry systems and processes to determine whether activities and related results comply with legislative or documented requirements. This includes desktop audits, remote audits, site audits (including travel), reviews of standard operating procedures for new and existing approved arrangement sites, overseas manufacturing facilities and pre-export quarantine facilities and their procedures.