



Australian Government

Department of Agriculture,
Fisheries and Forestry

Cost recovery implementation statement 2024–25: low-value goods imported under a self- assessed clearance declaration



Cost recovery implementation statement 2024–25: low-value goods imported under a self-assessed clearance declaration

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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Introduction

This cost recovery implementation statement (CRIS) should be read in conjunction with the [Biosecurity cost recovery arrangement: cost recovery implementation statement 2024–25](#) (Biosecurity CRIS).

Purpose

This cost recovery implementation statement (CRIS) provides information about how the Self-Assessed Clearance (SAC) cost recovery charge is implemented by the Department of Agriculture, Fisheries and Forestry. The requirement for the charge follows the government’s decision to extend biosecurity cost recovery arrangements to include low-value goods (of the kind referred to in paragraph 68(1)(f) of the *Customs Act 1901*) subject to a SAC declaration. This decision was announced as part of the Biosecurity Sustainable Funding package in the 2023–24 Budget.

Our biosecurity regulatory activities are associated with controls and measures to manage and minimise the risk of pests, weeds and diseases entering, emerging, establishing or spreading within Australia, while facilitating trade and the movement of plants, animals, people and products.

We will implement the CRIS over the first year of the SAC charge. Subsequently, the [Biosecurity CRIS](#) will incorporate the implementation actions associated with the SAC charge.

Description of the regulatory activity

We undertake regulatory activities to assess and manage biosecurity risks arising from goods, people and conveyances entering Australia. Biosecurity activities are regulated in accordance with the biosecurity legislative framework as outlined in section 2.2 of the current [Biosecurity CRIS](#). These essential activities, which occur onshore, offshore and at the border, are a major part of our day-to-day business.

We processed almost 124 million cargo import declarations during the 2022–23 financial year. Of these, over 120 million were for cargo valued at or less than AUD \$1,000 – known as ‘low-value goods’. Importers must make a SAC declaration for each low-value good imported.

This charge will recover direct and indirect biosecurity costs associated with this pathway. An estimate of this cost is over \$27 million for the 2024–25 financial year.

Industry and regulatory groups

The person who makes the SAC declaration is responsible for paying the SAC charge. The Department of Home Affairs regulates all SAC declarations lodged into the Integrated Cargo System (ICS).

Why cost recovery is appropriate

The [Australian Government Charging Framework](#) sets the rules and requirements for regulatory activities. These include how a regulator determines costs and sets and implements charges.

The government’s policy is that those who create the need for regulation should cover the associated cost. Only the minimum efficient cost for conducting the activity can be recovered.

The Australian Government’s [Regulator Performance Guide 2021](#) encourages regulators to minimise the regulatory burden created through regulatory administration.

1 The biosecurity system

Our biosecurity system is critical to protecting Australia’s economy, environment and way of life. By reducing the risk of impacts from exotic pests and diseases, an effective biosecurity system supports the sustainability, profitability and competitiveness of Australia’s agriculture, fisheries and forestry industries. Further details can be found in the [Biosecurity CRIS](#).

1.1 The changing nature of the low-value goods pathway

Shifting trade patterns have seen Australia’s demand for goods increase. The pathways through which biosecurity risk can enter our borders are changing. Over 120 million declarations were made for low-value goods in the 2023–24 financial year. Low-value goods come into Australia by air and sea.

The growth of international e-commerce has led to an expansion in the volume, nature and countries of origin of these goods.

This expansion increases biosecurity risk on the low-value goods pathway. Our biosecurity efforts, in partnership with industry, support efficient clearance of low-risk items while ensuring adequate protection against higher risks.

The charge will remove a longstanding cost recovery gap, previously covered through government appropriation. It will provide a secure funding base for the SAC pathway.

2 Policy guidance and statutory authority to cost recover

The Australian Government imposes charges for biosecurity regulatory activities to prevent, respond to and recover from pests and diseases that threaten the economy and environment. Further details can be found in the [Biosecurity CRIS](#).

2.1 Statutory authority to impose fees and charges (levies)

The SAC charge is a tax that may have a cost recovery component and is imposed via a separate biosecurity taxation act. It differs from general taxation because it directly funds the department to undertake the regulatory activities relevant to the group paying the charge.

The SAC charge will be established through amendments to regulations made under the:

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

There will also be amendments to the charging provisions within the [Biosecurity Regulation 2016](#).

The general charging provisions within the [Biosecurity Act 2015](#) will apply.

The required explanatory material will accompany the amendments.

3 Regulatory charging model

The Biosecurity CRIS provides full details of the objectives, business processes, design, costs for regulatory activities, and charging.

The SAC charge does not replace fee-for-service fees applied for specific activities in relation to low-value goods, such as inspections. These fees are set out in the [Biosecurity CRIS](#).

Table 1 Biosecurity cost recovery arrangement cost breakdown, 2024–25 including SAC charge costs adds the cost breakdown for the SAC charge to the cost breakdown for each contribution to recover direct and indirect costs for 2024–25.

Table 1 Biosecurity cost recovery arrangement cost breakdown, 2024–25 including SAC charge costs

Category	Cost recovery activities	Direct (\$)	Indirect (\$)	Total (\$)
Charges	Full import declaration charges	150,229,014	87,284,876	237,513,889
	Approved arrangements	4,818,362	2,473,907	7,292,269
	Vessel arrival charges	14,661,830	10,966,685	25,628,515
	Permit application	1,007,361	712,409	1,719,769
	Importation charges (PEQ)	7,697,412	8,810,849	16,508,261
	Self-Assessed Clearance Charge	17,277,885	9,820,114	27,098,000
	Total charges	195,691,864	120,068,839	315,760,704
Fees	Assessment	27,075,082	532,727	27,607,809
	Issue Approval Certification	2,866,002	64,655	2,930,657
	Inspection	38,319,124	1,134,004	39,453,128
	Treatment	2,696,642	45,448	2,742,089
	Audit	4,549,655	46,269	4,595,924
	Husbandry	4,065,073	58,823	4,123,895
	Total fees	79,571,577	1,881,926	81,453,502
Total fees and charges	275,263,442	121,950,765	397,214,206	
Relevant reductions	Less government appropriation for anti-smuggling measures	–	–	(1,618,084)
	Less diagnostic consumables recovered at cost	–	–	(169,861)
	Less costs paid on behalf of and recovered from companion animal importers	–	–	(800,000)
Net costs to be recovered	–	–	394,626,261	

3.1 Cost recovery reserves

The cost recovery reserve is the mechanism we use 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 include volume variances and changes in expenses based on risk profiles. Once industry pays a fee or charge it becomes government revenue. We will consult with industry on any under-recovery or over-recovery.

The department and industry may agree to manage over-recoveries through remittance and investment initiatives.

Under-recoveries will result in the SAC charge not recovering the expenses of the relevant regulatory activities. This would mean the arrangement is operating at a loss, adversely impacting the reserve balance for the arrangement at the end of the year.

Ongoing over- or under-recovery will prompt a review of the regulatory charging arrangement to ensure its return to sustainable and efficient recovery of all regulatory costs.

3.2 Self-assessed clearance cost recovery charge

The SAC charge will commence on 1 October 2024. A charge of \$0.36 will apply to all SAC declarations for low-value goods that have arrived in Australian territory. This covers declarations commonly referred to as short form SACs, long form SACs and cargo report SACs.

All persons making eligible SAC declarations will receive a notification from us at the end of each financial quarter. Following a period of verification, an invoice will be issued. The amount must be paid as per the terms of the invoice or on demand. The exception to this requirement is where a person lodges less than 278 SAC declarations in a quarter.

The person should self-assess their final liability, including having regard to situations where a SAC declaration is made (and not withdrawn) but an import did not occur. They should maintain records of their SAC declarations for assurance and verification purposes.

Indexation and annual review

To recognise that our costs do not remain static and to avoid large changes, legislation has been amended to introduce indexation of appropriate cost elements annually, based on CPI (capital cities, all groups) movements sourced from the [Australian Bureau of Statistics](#). We will apply indexation in conjunction with an annual review of activity costs to identify efficiencies or increased effort associated with regulatory processes.

We will provide an updated pricing schedule to industry following release of the December quarter CPI movement and the annual review process. This provides as much time as practical for industry to make their own pricing amendments. The annual review process will provide industry with a greater degree of certainty on the timing and value of price changes.

The rounding provisions for the SAC charge are to the nearest 0.5 cents.

3.3 Biosecurity fees and charges

We model cost and volumes based on information available at critical decision points. Actual recovery of costs is dependent upon the effort incurred and the volume of relevant activities. In addition to the costs, volumes and revenue listed in Table 3 of the [Biosecurity CRIS](#), the amounts payable for the SAC charge are shown in Table 2 SAC cost and estimated volumes and revenue for biosecurity arrangement, 2024–25.

Table 2 SAC cost and estimated volumes and revenue for biosecurity arrangement, 2024–25

Type of charge estimate	Charge point	Unit	Price (cents)	Estimated volume (units)	Estimated total revenue (\$)
SAC charge	Self-assessed clearance declaration	Per self-assessed clearance declaration (imported goods)	36	75,272,222	27,098,000

4 Risk assessment

A charging risk assessment (CRA) or an assessment of similar factors must be undertaken for any new regulatory charging policy proposal. The government conducted an assessment in the context of consideration and agreement to the charge through the 2023–24 Budget process. The Office of Impact Analysis (OIA) determined that an impact analysis assessment was required to assess the regulatory burden on parties affected by the charge. This [impact analysis assessment](#) was approved in May 2023. A subsequent implementation CRA assessed the risk as medium.

Reviews identified in [section 6.2](#) will enable the department to consider transitional settings as the charge matures.

Further risks associated with cost recovering biosecurity activities and how the department will manage these risks have been considered and presented in the [Biosecurity CRIS](#) (see Table 3).

Table 3 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.	Annual review of the CRIS, updating as required.
Changes to government policy and activities.	Regular assessment of the arrangement.
Biosecurity risk level changes—the cost of undertaking biosecurity activities no longer reflects forecast effort.	Regular assessment of the arrangement.
Under-recovery occurs (for example, because of a reduction in the level of import activity).	Continued engagement 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, remittance or investment initiatives directly benefiting activities within the arrangement. Other approaches, agreed with industry within policy guidelines.

5 Stakeholder engagement

Stakeholder engagement plays a vital 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 Consultation on proposed changes

We have undertaken public and targeted consultation with stakeholders on the SAC charge since October 2023. We used several methods to provide stakeholders with the opportunity to discuss how the charge would be designed and implemented, how it would impact their business and flow on effects to industry. This followed the public consultation process that informed the Biosecurity Sustainable Funding package.

We received responses via written submissions, email and meetings of existing industry consultative committees, industry representative bodies and with specific businesses entities. These efforts produced engagement and education about the proposed changes. Stakeholders have noted that government should remain open to other ways of recovering this charge in the future.

The department's Cargo Consultative Committee, which includes representatives of most affected parties, has discussed the SAC charge.

We released Import Industry Advice Notices and updated the [SAC Cost Recovery webpage](#), providing details on changes and we maintain a dedicated email inbox for continued engagement.

5.2 Ongoing engagement strategy

We currently undertake many engagement activities with our stakeholders, including:

- engaging with industry consultative committees through agreed terms of reference
- reporting periodically on regulatory charging performance, including explanations of material variances between budgeted and actual positions
- conducting an annual review of effort and costs for the SAC pathway to ensure the unit price remains aligned to recovering costs
- communicating with industry consultative committees on changes to regulatory charging before any revisions or updates are made to the SAC charge
- engaging with industry and the public if any key changes result in a price adjustment.

This CRIS covers the first year of the new SAC charge, which has a different collection model from that of existing biosecurity fees and charges. We will stay highly engaged with stakeholders to support the implementation of the charge. Ongoing engagement activities will include:

- maintenance of a dedicated webpage and contact arrangements
- email communication with affected parties
- providing relevant data to support self-reporting efforts of affected parties
- posting Import Industry Advice Notices as required

- regularly updating the department’s Cargo Consultative Committee.

To inform future effort we will undertake a review of our regulatory risk settings and operating model on this pathway. Additionally, in early 2025 we will begin an assessment of interim SAC charge outcomes, including volume and compliance assumptions. Together, these will help inform any necessary changes for 2025–26 and later years.

We will invite external stakeholders to participate in these processes.

In February 2024, our then minister, Senator the Hon Murray Watt, announced the Sustainable Biosecurity Funding Advisory Panel. This panel provides transparency of biosecurity expenditure, clarifying the revenue raised from importers and the investment of those funds. The panel’s reports will include the SAC charge.

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 4 Financial estimates for the SAC charge, 2024–25.

Table 4 Financial estimates for the SAC charge, 2024–25

Finance element	2024–25(\$)
Revenue = X	27,098,000
Expenses = Y	27,098,000

Note: Recovery of costs is only a forecast and under- or over-recovery is dependent on actual volumes and costs.

Our forecasts are based on a combination of existing budgets and surveys of effort allocated to activities and streams, including work not provided for by existing fees and charges.

Through a robust internal verification process, we consider these estimates to be the minimum cost to complete our regulatory activities to manage the risks arising through the movement of low-value goods. Revenue estimates are based on reasonable assumptions in relation to volumes.

The potential for non-compliance and associated under-recovery is high. We are mitigating this risk through a strong focus on raising stakeholder awareness and a clear compliance policy.

6.2 Expenses to be cost recovered

There are many elements of our costs that make up the total amounts to be recovered for each activity. Like most businesses, we incur costs for typical expenses such as:

- wages for APS staff
- contractors engaged to provide specialised or short-term expertise
- supplier costs including compulsory use of whole-of-government arrangements for certain suppliers – e.g. travel, stationery, IT equipment
- rent on office and domestic properties
- depreciation on IT systems, property, plant and equipment.

As described in section 3.3.1 of the [Biosecurity CRIS](#), expenses are allocated to the activity and cost recovered stream that best reflects the activity undertaken. The SAC charge will be a specific stream. The cost pool and forecast volume for an activity determine the charge applied. Effort associated with a particular activity will reflect volume and biosecurity risk. Prices are set in conjunction with the forecast volumes to recover these costs.

6.3 Volume forecasts

There is a high correlation between forecast costs and the effort required to manage the volume of regulatory activity that we conduct. Our volumes are derived from a combination of historical trends and information that might impact future activity, such as economic impacts on consumer spending.

The volume forecast for 2024–25 is conservative. We have considered the current Australian and global economy, interest rate trends and predictions, and inflationary impacts on consumers.

7 Financial and non-financial performance

The Biosecurity CRIS details the financial and non-financial performance of the biosecurity regulatory charging arrangements. This provides stakeholders with an overview of our performance in recovering forecast costs and meeting regulatory objectives. Details of SAC charge performance will be provided in future Biosecurity CRIS publications.

8 Key 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 SAC charge are highlighted in Table 5 Key forward dates and events.

Table 5 Key forward dates and events

Key forward events schedule	Next scheduled update
SAC charge commences	1 October 2024
First SAC charge collection due	January – February 2025
Preliminary review of arrangement	Third quarter of 2024–25 budget year
Review of arrangement and indexation	Third quarter 2024–25 budget year
Review of arrangement and indexation	Third quarter 2025–26 budget year
Portfolio charging review outcomes to be brought forward in Budget 2026–27	2026

9 CRIS approval and change register

The department has updated and intends to further update this CRIS when necessary and in conjunction with the key dates and events in Table 6 Approval register. Consistent with review recommendations, this CRIS will be reviewed ahead of its inclusion in the 2025–26 Biosecurity CRIS.

Table 6 Approval register

Date	CRIS change	Approver
May 2024	Certification of the CRIS	Secretary, Department of Agriculture, Fisheries and Forestry
May 2024	Agreement to the CRIS	Minister for Agriculture, Fisheries and Forestry
October 2024	CRIS publication	Minister for Agriculture, Fisheries and Forestry and Minister for Finance