



Australian Government

Department of Agriculture,  
Fisheries and Forestry

# **Cost recovery implementation statement: dairy exports 2024–25**



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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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# Summary

This cost recovery implementation statement (CRIS) provides information on how the department implements cost recovery for the dairy export cost recovery arrangement.

The department performs a range of regulatory activities in support of our producers and exporters who take their high-quality products to global markets. Australian agriculture, fisheries and forestry is a substantial part of the Australian economy, with exports contributing around \$1.6 billion every week (total \$83 billion in 2022–23).

The department's implementation of cost recovery for dairy exports is structured primarily around fee-for-service and levy charges to facilitate dairy exports:

- Fees are charged when regulation is provided directly to an individual or organisation for the delivery of regulatory activities such as inspections of goods, audit of registered premises, or assessment of export certification.
- Cost recovery levies or charges are applied 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 program management and administration, assurance and incident management activities.

This version of the department's CRIS will describe the final stepped increase in prices that was implemented through the [Busting Congestion for Agricultural Exporters \(PDF 211 KB\)](#) package in the 2020–21 Federal Budget. It sets out the assumptions, costs, volumes and prices for regulatory activities in 2024–25. It describes the method of cost allocation used in determining prices for activities. It also reports financial and non-financial information of past performance of the arrangement.

The budget measure [Securing the future of agricultural trade \(PDF 208KB\)](#), describes the Australian Government's investment to ensure Australia's regulatory export and trade system remains able to meet both the needs of our exporters and the expectations of our trading partners, while supporting industry to achieve its goals now and into the future.

As part of this measure, \$3.7 million has been provided over 3 years, across all 7 agriculture export arrangements, to enable the development of an ongoing sustainable export funding model. This will enable the department to remain appropriately resourced to carry out its agricultural trade and exports functions into the future.

# 1 Policy and statutory authority to cost recover

## 1.1 About the department

Our vision is a more sustainable and prosperous Australia through biosecurity, agricultural production and trade.

We maintain and create agricultural export opportunities, to provide gains for Australian agriculture, fishing and forestry. We manage biosecurity risks to Australia to protect our multi-billion-dollar industries and our way of life. We engage with international counterparts to reinforce Australia's role in shaping how the global agriculture and fibre sector addresses food security, productivity, trade, sustainability and the impacts of climate change.

As a regulator, we enforce laws relating to agricultural goods exported from Australia. We are also responsible for administration of export controls on agricultural, fisheries and forestry industries products.

By working together with industry and our state and territory partners, our objective is to safeguard and grow sustainable agriculture, fisheries and forestry for all Australians.

## 1.2 Government policy approval to cost recover

Policy authority for cost recovery of export regulatory activities was reaffirmed in the 2023–24 Mid-year Economic Fiscal Outlook through the government's Securing the future of agricultural trade measure. This measure announced funding of \$91.8 million over 2 years to sustain delivery of key department export trade and regulatory functions to ensure departmental services continue to meet the growing demands of Australia's agriculture and food export industries.

A further \$3.7 million under the measure has been provided to enable development of an ongoing sustainable funding model over three years. Development of this model will ensure the department is appropriately resourced through both cost recovery and appropriation funding to undertake its export regulatory activities, trade, national coordination and leadership activities.

Further information on previous government authority for regulatory charging can be found at [Appendix D](#).

## 1.3 Statutory authority to apply fees and charges

The *Export Control Act 2020* Section 399 Fees and other rules for fee-bearing activities, states 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.

Cost recovery charges are imposed under the following 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 the following regulations:

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

## **1.4 Who pays for regulatory services**

The department cost recovers regulatory charges from participants in the dairy export supply chain, including exporters, manufacturers and storage facilities.

Additional information on services provided and the entities are outlined in [section 4.1](#).

## 2 Risk assessment

In accordance with the [Australian Government Charging Policy](#), the department has undertaken a Charging Risk Assessment (CRA) involving the ongoing assessment and management of risk at each phase of the cost recovery process. The CRA for the dairy exports cost recovery arrangement is rated at medium, which is based on an assessment of each component, including:

- a low-risk rating for the expected percentage change in total annual revenue (less than 10%)
- a low-risk rating for the expected change in total value of annual revenue (less than \$10 million)
- a low-risk rating for the highest percentage increase in price a payer may experience (less than 5%)
- a medium-risk rating as the changes proposed apply to both fees and levies
- a low-risk rating as the proposal relates to a change in the level of existing regulatory charges only
- a low-risk rating due to the level of change in legislative arrangements (no legislative changes required)
- a low-risk rating due to the level of impact of cost recovery on payers
- a low-risk rating due to the level of complexity in working with other government entities to deliver regulatory functions
- a low-risk rating due to the ongoing consultation with stakeholders on the changes.

The department provided the Office of Impact Analysis (OIA) with an Australian Government Impact Analysis Preliminary Assessment. The OIA has determined that a detailed Impact Analysis is not required, based on an assessment of the following components:

- Regulatory prices for export cost recovery arrangements were developed in 2021 and stepped price increases were set over a 4-year period covering 2022–23 to 2025–26 financial years.
- Consultation was undertaken in both 2021–22 and 2022–23 on the prices, which were subsequently enacted in legislation.
- Legislated increases for 2024–25 are to be implemented on 1 July 2024.



## 3 Stakeholder consultation

The department engages with dairy industry representatives on charging arrangements through the Dairy Export Industry Consultative Committee (DEICC) and annual public communications. The 2021–22 CRIS explained the approach for gradually increasing prices and what those prices would be each year, including 2024–25.

Consultation with stakeholders on the 2022–23 CRIS occurred in July and August 2022.

Public consultation feedback for the 2024–25 CRIS is included in [Appendix C](#).

### 3.1 Stakeholder engagement strategy

#### Purpose

This stakeholder engagement strategy for the cost recovery of dairy 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 plan, design, undertake and evaluate stakeholder engagement activities.

It has been designed to meet the requirements of the:

- [Australian Government Charging Framework](#)
- [Australian Government Guide to Regulation](#)
- [Australian Public Service Framework for Engagement and Participation](#).

#### Principles

The department's principles for engagement are to listen and engage meaningfully. The department will achieve this by:

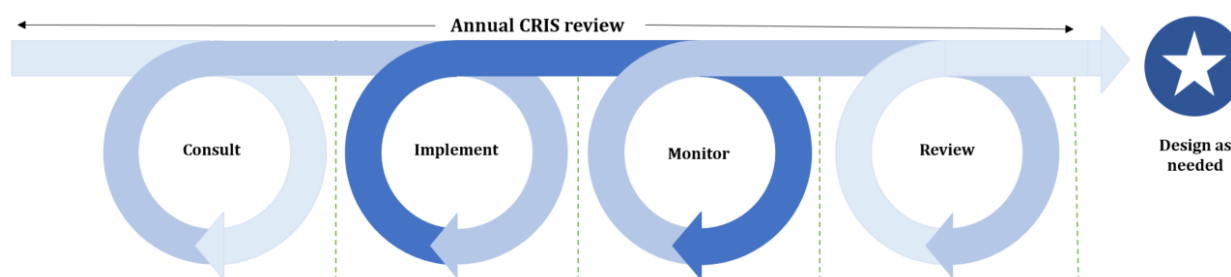
- clearly explaining the objective and context of stakeholder engagement
- communicating what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential to participant's roles is made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

#### Method

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

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

**Figure 1 Engagement process**



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

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

## Approach

The department’s engagement approach is outlined in Table 1.

**Table 1 Approach to stakeholder engagement for regulatory charging**

Category	Consult annually	Implement annually	Monitor annually	Review	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 2024.	As needed.
Stakeholders	<ul style="list-style-type: none"> <li>• Industry consultative committees (ICCs).</li> <li>• All industry participants.</li> <li>• Peak industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• All industry participants.</li> <li>• Peak industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry consultative committees (ICCs).</li> <li>• All industry participants.</li> <li>• Peak industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry consultative committees (ICCs).</li> <li>• All industry participants.</li> <li>• Peak industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry consultative committees (ICCs).</li> <li>• Peak industry bodies.</li> </ul>
Method	<ul style="list-style-type: none"> <li>• Online – Have Your Say.</li> <li>• Face-to-face/virtual meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry advice notices (IANS).</li> <li>• Online – department website.</li> </ul>	<ul style="list-style-type: none"> <li>• Online – department website.</li> </ul>	<ul style="list-style-type: none"> <li>• Online – Have Your Say.</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face.</li> <li>• Teleconference.</li> </ul>

## 4 Cost recovery arrangement for dairy exports

The [Australian Government Cost Recovery Policy](#) requires that regulators recover some or all of the efficient costs of the effort required to deliver their services, unless the government has decided to fund that activity.

The modelling of fees and charges in 2021–22 endeavoured to forecast Consumer Price Index (CPI) growth in costs and increased demand for regulatory activities for dairy exports. Stepped increases were planned to return export cost recovery arrangements back to full cost recovery by 2023–24. Prices were legislated for these stepped increases from 2021–22 through to 2024–25.

In recent years, the rate of change in Australia’s export trade landscape has accelerated. Our market access requirements are changing, and the global agricultural trade environment is becoming more complex. It has become clear that the modelling and assumptions used to form the prices now in legislation differs from reality.

The department is acting on these issues in 2 ways:

- 1) Regulatory pricing for 2024–25 will continue at the rates set out in legislation to give certainty to industry and maintain the stepped increase in prices that has previously been consulted on.
- 2) The department has been provided \$3.7 million over 3 years to enable the development of an ongoing sustainable funding model. This will enable the department to remain appropriately resourced to carry out its agricultural trade and exports functions into the future.

Industry will be engaged, through the development of a sustainable model, to gain views and feedback on more modern ways of providing an efficient and sustainable model of cost recovery for regulatory activities.

### 4.1 Description of the regulatory activity

Dairy exports are regulated in accordance with *Export Control Act 2020* and associated legislative framework (see [section 1.3](#)).

To certify a product’s compliance with Australia’s export requirements and the importing country requirements, the department undertakes a range of activities, including:

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

- issuing permits, export certification and other documentation necessary to confirm compliance with the Australian export controls and any additional importing country requirements
- managing quota allocation and quota certification to enable exporters to access tariff rate concessions offered under trade agreements
- 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
- providing scientific and technical advice to improve, maintain or restore market access and to demonstrate adherence to export requirements
- maintenance and delivery of the Australian Milk Residue Analysis (AMRA) program to support residue testing requirements of importing countries
- enforcing regulation of certified organic goods exported from Australia.

Learn more about [Export goods controlled by the department](#).

## 4.2 Cost-base assumptions

The greater part of the department’s regulatory activity cost is employee related. External suppliers and operating support for our export IT systems makes up other major direct costs. The time and effort spent on regulatory activities, such as permits, and assessment-based output has been reflected in the fees and charges.

The cost base was modelled to reflect the full costs to deliver regulatory services to support the dairy industry. The 2021–22 CRIS model was used as the starting point for determining the cost base applied in this CRIS and advised to industry in previous versions of this document. Assumptions made in the modelling were:

- inflation of 1.7% per annum, in line with the Department of Finance’s inflation estimate
- a decreased wage price index (WPI) applied to employee expenses from 2.0% to 1.7% per annum, reflecting reasonable estimates of wage increments in line with the *Australian Public Service Workplace Bargaining Policy 2020*
- additional depreciation from new assets anticipated to be recognised over the period
- adjustments for future fee-related activities to reflect expected changes in volume.

As described earlier, the rate of change in Australia’s export trade landscape has accelerated. Our market access requirements are changing, and the global agricultural trade environment is becoming more complex. The assumptions underlying the 2021–22 cost base increases are no longer valid and extensive work is required to reset the cost recovery arrangement for dairy exports.

Following the comprehensive review currently underway, the department will undertake an annual review process to evaluate regulatory effort, costs, and the charges based on those costs, to ensure pricing remains consistent with costs and sustainable to maintain regulatory activities.

## 4.3 Projected cost base

The department allocates employee, supplier, system and corporate costs to each type of regulatory activity (see [Appendix B](#)).

### Direct costs

Direct costs are primarily the costs of employees who provide regulatory activities. In addition to the costs of employees, it also includes supplier cost such as direct capital expenses. Direct costs are allocated to the regulatory activity that best reflects the activity undertaken.

### Indirect costs

Indirect costs are enabling costs that cannot be attributed to a specific activity or output. These include information and communications technology, maintenance, office accommodation, and finance and corporate services costs. 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. Indirect costs are allocated to cost recovered using cost drivers such as headcount and full-time equivalent (FTE), in line with the department’s cost allocation policy.

### Capital costs

Capital costs included in the operating costs of business processes are depreciation of property, plant and equipment (including furniture, IT hardware and infrastructure), amortisation of IT systems and software, non-capital software development costs, and accommodation.

Table 2 shows the dairy arrangement cost base for 2024–25.

The cost base of \$4.9 million is made up of:

- \$4.2 million in charge-related activities
- \$0.7 million in fee-related activities.

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

**Table 2 Cost base for dairy exports cost recovery arrangement, 2024–25**

Charge type	Activity	Expense (\$)	Cost recovery charges
Charge	<ul style="list-style-type: none"> <li>• <b>Program management and administration</b> <ul style="list-style-type: none"> <li>– Workforce and business administration</li> <li>– Business system administration</li> <li>– Stakeholder engagement</li> <li>– Policy and instructional material</li> <li>– Business improvement</li> </ul> </li> <li>• <b>Assurance</b> <ul style="list-style-type: none"> <li>– Risk management</li> <li>– Verification</li> <li>– Surveillance</li> </ul> </li> <li>• <b>Incident management</b></li> </ul>	4,155,355	Annual registration, export documentation, throughput, application and organic certification

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Charge type	Activity	Expense (\$)	Cost recovery charges
	– Incident management		
	– Investigative support		
	– Corrective action		
<b>Fee-for-service</b>	<b>Intervention – assessment</b>	364,597	Assessment
	<b>Intervention – inspection</b>	2,412	Inspection
	<b>Intervention – audit</b>	372,046	Audit
<b>Total cost base</b>	<b>–</b>	<b>4,894,410</b>	<b>–</b>

**Table 3 Cost type breakdown for dairy exports cost recovery arrangement, 2024–25**

Category	Expense	Forecast (\$)
<b>Direct</b>	Employee	2,302,403
	Operating	1,153,764
	Other	90,625
	<b>Subtotal</b>	<b>3,546,792</b>
<b>Indirect</b>	Assurance and legal	52,536
	Corporate strategy and governance	82,451
	Export support	99,795
	Finance and business support	259,124
	Information services	381,607
	People services	161,406
	Property	310,698
	<b>Subtotal</b>	<b>1,347,618</b>
<b>Total</b>	<b>–</b>	<b>4,894,410</b>

## 5 Design of regulatory charges

This CRIS provides for a mix of fee-for-service and charges for regulatory activities, implemented under the CRIS as charges under the [Export Control \(Fees and Payments\) Rules 2021](#).

Fees are charged when regulation is provided directly to an individual or organisation for the delivery of regulatory activities such as inspections of goods, audit of registered premises, or assessment of export certification (see [Intervention activities](#)).

Cost recovery levies or charges are applied 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 program management and administration, assurance and incident management activities, as described at [Appendix B](#).

### 5.1 Dairy exports fees and charges

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

The fees and charges have been legislated in the [Export Control \(Fees and Payments\) Rules 2021](#) to increase each year on 1 July 2024.

The amount payable for 2024–25 is shown in Table 4.

**Table 4 Fees, charges and volumes for dairy exports cost recovery arrangement, 2024–25**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume	Estimated revenue (\$)
Charges	Corporation/Co-operative exporting ≥2,000 tons	Annual	15,607	30	468,210
	Corporation/Co-operative exporting <2,000 tons	Annual	8,632	180	1,553,760
	Storage establishment – dairy	Annual	3,675	266	977,550
	Electronic document	Per permit	30	30,682	920,460
	Registration application	Per application	689	82	56,498
Fees – audit and inspection	Audit	Per quarter hour	67	6,008	402,536
	Inspection	Per quarter hour	57	41	2,337
Fees – documentation	Electronic certificates	Per document	12	30,682	368,184
	Manual certificates	Per document	202	164	33,128
	Replacement certificate	Per replacement	574	153	87,822
Organics a	Organic certifying body	Annual (charged quarterly)	8,608	1	8,608
<b>Total</b>	–	–	–	–	<b>4,879,093</b>

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar. **a** Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

## **5.2 Revenue variability**

Complexity, materiality and sensitivity are considered in assessing the risk of variation in revenue from cost-recovered activities. Each of these factors applies to the export arrangements in varying degrees. For example, in relation to the department’s regulatory activity, the variability in demand and climatic events both contribute to the complexity of projecting revenue from fees and charges.

The demand for the department’s activities, and therefore our revenue stream, is sensitive to market fluctuations. The applications for new registrations and permits are initiated by industry and are beyond the department’s control. They can vary depending on government policy settings, demand for Australian products overseas and broader economic and climatic conditions.



## 6 Financial estimates

### 6.1 Financial estimates

The financial estimates of the dairy exports cost recovery arrangement are provided in Table 5.

There will be no change to the cost recovery reserve and the deficit is intended to be carried forward until a government decision is taken to address it.

**Table 5 Financial estimates for dairy exports cost recovery arrangement**

Finance element	2022–23 (\$) <sup>a</sup>	2023–24 (\$) <sup>b</sup>	2024–25 (\$) <sup>b</sup>	2025–26 (\$) <sup>b</sup>
Revenue = X	4,408,011	4,806,090	4,879,093	4,879,093
Expenses = Y	4,714,230	4,807,505	4,894,410	4,977,615
<b>Balance = X – Y</b>	<b>(306,219)</b>	<b>(1,415)</b>	<b>(15,317)</b>	<b>(98,522)</b>
Appropriation funding	170,034	n/a	n/a	n/a
Balance after appropriation	(136,185)	(1,415)	(15,317)	(98,522)
<b>Forecast opening balance</b>	<b>(1,804,782)</b>	<b>(1,940,967)</b>	<b>(1,942,382)</b>	<b>(1,957,699)</b>
Transfer	(136,185)	(1,415)	(15,317)	(98,522)
<b>Forecast closing balance</b>	<b>(1,940,967)</b>	<b>(1,942,382)</b>	<b>(1,957,699)</b>	<b>(2,056,221)</b>

**Note:** numbers in brackets are negative. **a** Actual. **b** Forecast. **n/a** Not applicable.

### 6.2 Cost recovery reserve

We maintain a cost recovery reserve to assist with managing the alignment of revenue and expenses and variations to forecast volumes. The reserve reflects the accumulated results of the arrangement since its inception. Our cost recovery reserve policy requires that a balance of up to 5% of annual program expense be maintained.

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 risk profiles. Demand for commodities, overseas economic factors, and climatic events can all impact regulatory effort, costs and volumes of activities.

Under-recoveries will result in the arrangement not recovering the costs of regulatory activities. This results in the arrangement operating at a loss, and adversely impacts 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 for all regulatory costs.

Once a fee or charge is paid by industry, it becomes government revenue. We will consult with industry on any under-recovery or over-recovery. Subject to agreement between the department and industry, over-recoveries may be managed through remittance or investment initiatives.

## 7 Financial and non-financial performance

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

### 7.1 Financial performance

The financial performance for the dairy cost recovery arrangement is provided in Table 6.

**Table 6 Financial performance for dairy exports cost recovery arrangement, 2019–20 to 2022–23**

Finance element	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)	2022–23 (\$)
Revenue = X	2,828,756	2,835,110	3,688,220	4,408,011
Expenses = Y	3,849,129	3,614,128	4,147,427	4,714,230
<b>Balance = X – Y</b>	<b>(1,020,373)</b>	<b>(779,018)</b>	<b>(459,207)</b>	<b>(306,219)</b>
Remissions, rebates and adjustments = Z	n/a	n/a	n/a	170,034
Net balance = balance + Z	(1,020,373)	(779,018)	(459,207)	(136,186)
<b>Balance</b>	<b>(1,805,781)</b>	<b>(1,805,781)</b>	<b>(1,804,782)</b>	<b>(1,940,967)</b>

### 7.2 Summary financial performance 2022–23

The dairy exports 2022–23 CRIS forecast a deficit of \$516,944. Actual expenditure totalled \$4.7 million offset by revenue of \$4.4 million, resulting in a \$306,219 deficit (Table 7).

**Table 7 Dairy export arrangement summary of financial position, 2022–23**

Category	Actual (\$)	CRIS (\$)	Variance (\$)	Variance (%)
Revenue	4,408,011	4,204,889	203,122	5
Expenses	4,714,230	4,721,833	(7,603)	0
<b>Net surplus/(Deficit)</b>	<b>(306,219)</b>	<b>(516,944)</b>	<b>210,725</b>	<b>(41)</b>
Appropriation	170,034	516,944	(346,910)	(67)
<b>Balance</b>	<b>(1,940,967)</b>	<b>(1,804,782)</b>	<b>(136,185)</b>	<b>0</b>

### Busting congestion measure

The government announced the Busting Congestion for Agricultural Exporters package as part of the 2020–21 Budget. The package froze export certification fees and charges in 2020–21 and increased prices in steps to reach full cost recovery in 2023–24. The package was also to ensure that for the duration of the measure, the arrangement's cost recovery reserve balance would not decrease (see Cost recovery reserve balance in Table 6). However, it did not cover the full shortfall in 2022–23, resulting in a movement in the reserve balance.

## 7.3 Non-financial performance

Our [Annual report 2022–23](#) provides comprehensive information on performance measures and performance results. It is not intended to duplicate this information in this document but rather to draw attention to the key objectives relevant to export cost recovery arrangements. Non-financial performance measures are given as high-level objectives and are not reported at a level specific to each cost recovery arrangement.

### Objective 1 Industry growth

Support industry to grow towards a \$100 billion agriculture, fisheries and forestry industry by 2030 amid changing global market conditions.

#### Key activity 1 Support sector productivity, resilience and growth through science, policy and partnership

<b>Measure IG–01</b>	Greater growth in average agricultural productivity (adjusted for climate and weather effects) for the past 10 years, compared to average annual market sector productivity growth over the same period.
Measure type	Effectiveness.
Target	Greater than or equal to 0% difference over past 10 years.
Result	Not achieved – market sector growth rate was 0.27% higher than the agricultural productivity growth rate.
Tolerances	Achieved: Average annual growth in the agricultural productivity (climate-adjusted) series exceeds average annual market sector productivity growth over the same period. Partially achieved: Not applicable. Not achieved: Average annual growth in the agricultural productivity (climate-adjusted) series is lower than average annual market sector productivity growth over the same period.

#### Key activity 2 Maintain and expend exports and access to international markets

<b>Measure IG–04</b>	Decrease in the number of point-of-entry failures of agricultural exports where the department’s actions have caused the failure. Measured via meat and meat products commodity as a proxy for all agricultural trade.
Measure type	Efficiency and regulatory.
Target	Decrease from the previous year in the number of point-of-entry failures from agricultural exports. Measured via meat and meat products commodity as a proxy for all agricultural trade.
Result	Achieved – 0 instances of point-of-entry failures as a result of departmental action.
Tolerances	Achieved: Reduction in number of point-of-entry failures where the department is responsible compared with 2021–22. Partially achieved: No change in number of point-of-entry failures where the department is responsible compared with 2021–22. Not achieved: Increase in number of point-of-entry failures where the department is responsible compared with 2021–22.

#### Key activity 3 Streamline export regulations and compliance arrangements

<b>Measure IG–05</b>	Increase in the number of electronic certificates for export issued (moving to paperless trade).
Measure type	Effectiveness and regulatory.
Target	Establish a baseline.

Cost recovery implementation statement: dairy exports 2024–25

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Result	Baseline established (61,237 electronic certificates issued).
Tolerances	Achieved: 100%. Partially achieved: 50% to 99%. Not achieved: 0% to 49%.

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**Note:** For a complete picture of our performance, see Part 1: Annual performance statements – Our performance measures, of the [Annual report 2022–23](#).

## 8 Key dates and events

Regular reviews of financial performance are undertaken, and regular stakeholder engagement activities are conducted throughout the CRIS cycle in line with the stakeholder engagement strategy documented in [section 3.1](#). Key forward dates for regulatory charging for the dairy exports regulatory activities are documented in Table 8.

**Table 8 Key forward dates and events**

<b>Key forward events schedule</b>	<b>Next scheduled update</b>
Stakeholder engagement	April 2024
Updated fees and charges implemented	1 July 2024
Annual CRIS updates to financial and non-financial performance for 2023–24	November 2024
Annual CRIS update to forward estimates	February 2025
Updated fees and charges implemented	1 July 2025
Annual CRIS updates to financial and non-financial performance for 2024–25	October 2025
Annual CRIS update to forward estimates	February 2026
Updated fees and charges implemented	July 2026

## 9 CRIS approval and change register

Table 9 tracks the changes to the CRIS as a result of changes to the regulatory charging activity.

**Table 9 CRIS approval and change register**

<b>Date of CRIS Change</b>	<b>CRIS Change</b>	<b>Approver</b>	<b>Basis for change</b>
TBA	Certification of the CRIS	Secretary, Department of Agriculture, Fisheries and Forestry	New regulatory charging activity and revalidation of cost model
TBA	Approval of CRIS	Minister of Agriculture, Fisheries and Forestry	Communication and distribution of the new regulatory charging activity and revalidation of cost model

# Appendix A: 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 A1.

**Table A1 Organics fees and charge**

Type of charge	Cost recovery charges	Unit	Price (\$)		
			2023–24	2024–25	2025–26
Charge	Application charge for organic goods certification operations	Per application	675	689	704
Fees	Assessment of applications or approvals	Per quarter hour	38	39	40
	Audit fee for organic good certification operations	Per quarter hour	38	39	40

## 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 A2.

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

**Table A2 Outside ordinary hours fees**

Type of charge	Time of service	Unit	Price (\$)		
			2023–24	2024–25	2025–26
Fee – OOH	On a weekday, immediately before or after a fee-bearing activity	Per quarter hour	15	15	15
	On a weekday, in any other case	Any period up to 30 minutes	30	30	30
		Per quarter hour after first 30 minutes	15	15	15
	Saturday, Sunday or a departmental holiday	Any period up to 30 minutes	40	40	40
		Per quarter hour after first 30 minutes	20	20	20

# Appendix B: Cost recovery model

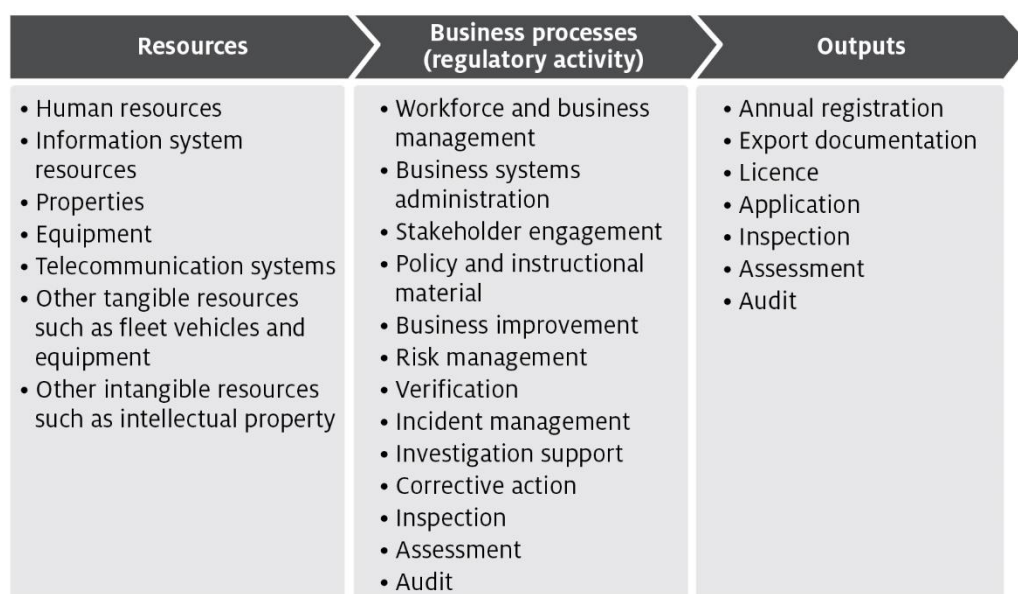
## Outputs and business processes of the regulatory charging activity

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

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

The department’s cost recovery arrangements describe how the department uses resources (such as people, IT, property and equipment) to undertake business processes (regulatory activities), which enable the department to provide outputs that meet the department’s policy objectives (Figure B1).

**Figure B1 Outputs and business processes of the department’s regulatory charging activity**



The processes listed in Figure B2 are grouped into 4 categories of activities:

- 1) Program management and administration – administrative activities that support and deliver the department’s export regulatory activity commitments.
- 2) Assurance – activities that mitigate risks to collective user groups by assessing departmental controls of systems and processes to ensure they operate in accordance with their intended design.
- 3) Incident management – activities that respond to incidents concerning alleged breaches of Australian regulation or international import conditions.



- 4) Intervention – activities provided directly to an individual, business or organisation to meet export regulatory activity 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 system allows for complex cost allocation calculations 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 (e.g. 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 in [Description of cost model activities](#). The department includes indirect expenses in the cost base to reflect the systems and processes that exist to help with efficient administration, which the cost-recovered arrangements benefit from. This is the same methodology employed for allocation of indirect costs to appropriated activities, in line with the department's cost allocation policy.

The ABC system allocates costs in a staged approach.

#### Stage 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 usage of each of the corporate services. Cost drivers for corporate services include:

- 1) Work points – distributes costs based on space occupied, with the work point count reflecting the space where a person may be able to work.
- 2) FTE – distributes costs based on each program's full-time equivalent staff numbers.
- 3) PC count/IT assets – distributes costs based on the number of IT assets in a program.
- 4) 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.
- 5) 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.
- 6) Custom drivers – allocate costs to specific cost centres, primarily based on usage for shared program resources
- 7) Cost drivers are reviewed on an annual basis, or as required. Changes to cost drivers are substantiated through effort or other data.

### Stage 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.

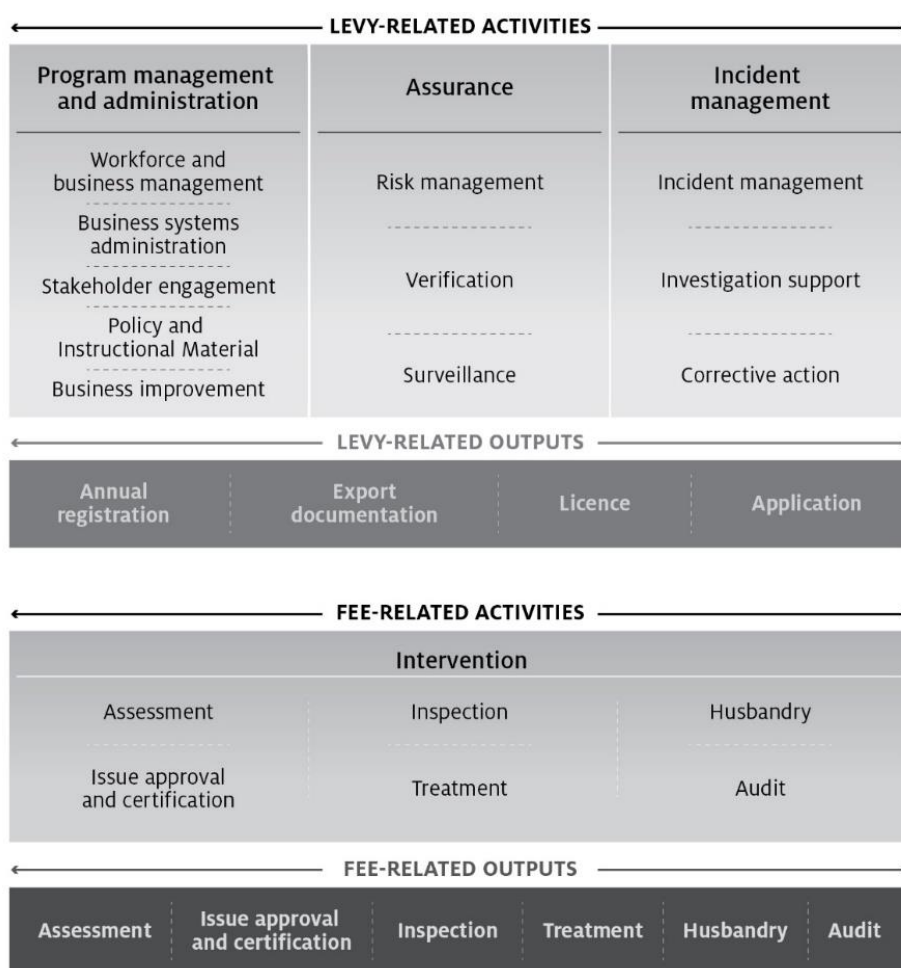
The primary variable used in the allocation of costs to activities is effort. As a result, cost estimates vary with changes in activity. If actual activity levels change during a financial year, the costs allocated to arrangements would require adjustment to align with that effort. The department monitors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

### Stage 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 B2 shows how the department categorises cost-recovered charge and fee activities and outputs.

**Figure B2 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 (KPI) 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 departments 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 include 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 the department 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 and certification**

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

### **Inspections**

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

### **Treatments**

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

### **Husbandry**

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

### **Audit**

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

# Appendix C: Summary of stakeholder feedback

**Table C1 stakeholder feedback for the 2024–25 CRIS**

Key theme	Department response
<p>1) Concern with Establishment Registrations for small exporters forcing some exporters to close their facilities and use other establishments for packing and exporting goods. All establishment registration fees should be looked at and changes made to ensure Australia’s competitiveness in a global market.</p>	<p>This response has been passed to the Sustainable Trade Funding Taskforce for consideration in the development of CRIS for 2025–26</p>
<p>2) Industry continues to experience delays in accessing certificates in a timely manner. Industry would like to see increased effort to have e-certificates issued and cost minimised.</p>	<p>This response has been passed to the Sustainable Trade Funding Taskforce for consideration in the development of CRIS for 2025–26</p>
<p>3) Industry considers it is critically important to consider the effectiveness and the application of the DAFF cost recovery model and the impact it has on the agricultural industry’s efficiency.</p>	<p>This response has been passed to the Sustainable Trade Funding Taskforce for consideration in the development of CRIS for 2025–26</p>
<p>4) Industry supports cost recovery as a mechanism to provide key services not covered through Government consolidated revenue, this is based on being provided with access to information and engagement with DAFF that provides satisfaction the cost is balanced by the provision of an effective and efficient service.</p>	<p>This response has been passed to the Sustainable Trade Funding Taskforce for consideration in the development of CRIS for 2025–26</p>
<p>5) Understanding the value proposition of the DAFF fees and services is important to Industry and it is proposed DAFF as part of the sustainable export funding model consider processes to monitor and measure DAFF’s services remain efficient and cost effective.</p>	<p>This response has been passed to the Sustainable Trade Funding Taskforce for consideration in the development of CRIS for 2025–26</p>

# Appendix D: Government approval to cost recover

Table D1 describes key government approvals for continued and expanded regulatory charging for agricultural exports since 2015.

**Table D1 Government approval for regulatory charging for activities**

Date	Government decision	Details
2023–24	Securing the future of agricultural trade	<p>In the 2023–24 Mid-Year Economic and Fiscal Outlook, the Australian Government committed \$91.8 million over 2 years to ensure Australia’s regulatory export and trade system remains able to meet the needs of both our exporters and the expectations of our trading partners, while supporting industry to achieve its goals now and into the future.</p> <p>\$3.7 million over 3 years was also provided for the development of an ongoing sustainable funding model to support the department’s export regulatory and trade activities.</p>
2020–21	Busting Congestion For Agricultural Exporters	<p>Policy authority for export regulatory charging was reaffirmed in the 2020–21 Budget when the then government announced the Busting Congestion for Agricultural Exporters package.</p> <p>The package consisted of reforms for the Australian agricultural sector as part of the Economic Recovery Plan to rebuild the economy and recover from the COVID-19 recession. This included \$71.1 million to improve the financial sustainability of export certification services, supporting a stepped return to full cost recovery, and enabling reforms to be rolled out while maintaining existing systems.</p>
2020	Introduction of the <i>Export Control Act 2020</i>	<p>The <i>Export Control Act 2020</i> and related rules and charging regulations for exported commodities, set out the overarching legislative framework for the regulation of exported goods, including food and agricultural products, from Australian territory. A fundamental aspect of this framework is the recovery of costs from exporters for regulatory activities carried out by the department.</p>
2018–19	Expanded Cost Recovery	<p>In the May 2018 Budget, the government confirmed continuing cost recovery from industry through the Expanded Cost Recovery Measure, commencing 1 July 2019, and included:</p> <ul style="list-style-type: none"> <li>• Enforcement activities that ensure compliance with Australian regulation and international import conditions. Activities that will be cost recovered include investigations and engagement with clients about compliance but will not include the costs of infringement notice schemes or undertaking litigation.</li> <li>• Provision of scientific and technical advice to improve or maintain existing export markets. Examples include the provision of scientific or technical advice to re-open or maintain market access following a pest or disease incursion or change in import conditions; and improving existing market access by seeking to reduce import requirements or simplify certification processes.</li> <li>• Services provided by overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border.</li> </ul>
2015	Department of Agriculture and Water Resources – Comprehensive Review of Cost Recovery	<p>Over the period 2014–15, the department redesigned its cost recovery arrangements as part of a funding strategy for its biosecurity and export certification activities. The review sought to streamline existing frameworks to address inequities, ensure all costs are recovered and reduce the complexity of the department’s fees and charges. Outcomes of the review were implemented 1 December 2015.</p>