



Australian Government
Department of Agriculture,
Fisheries and Forestry

Cost recovery implementation statement: fish and egg exports 2022–23



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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.

Contents

1	Introduction.....	1
1.1	Purpose of this CRIS.....	1
1.2	Summary of fish and egg exports regulatory reforms	1
1.3	Path to full cost recovery.....	2
1.4	Agricultural Trade Reforms	2
2	CRIS Update	3
3	Policy and statutory authority to cost recover	4
3.1	Why cost recovery is appropriate	4
3.2	Who will pay the regulatory charges.....	4
3.3	Government policy approval to cost recover the regulatory activity	4
3.4	Statutory authority to charge.....	5
4	Cost recovery arrangement for fish and egg exports.....	6
4.1	Description of the regulatory activity.....	6
4.2	Cost base	6
4.3	Changes to the cost base.....	8
5	Design of regulatory charges	10
5.1	Changes to regulatory fees and charges	10
5.2	Fish and egg exports fees and charges.....	10
6	Stakeholder engagement.....	15
6.1	Stakeholder engagement strategy	15
6.2	Industry engagement	17
7	Risk assessment	18
8	Financial estimates.....	20
8.1	Financial estimates.....	20
8.2	Cost recovery reserve.....	20
9	Financial and non-financial performance	21
9.1	Financial performance.....	21
9.2	Non-financial performance	22
10	Key dates and events	23
11	CRIS approval and change register	24
	Appendix A: Cost recovery model	25
	Outputs and business processes of the regulatory charging activity	25
	Costs of regulatory charging activity	26
	Description of cost model activities	28

Assurance activities	29
Incident management activities	29
Intervention activities.....	30
Appendix B: Summary of stakeholder feedback.....	31
Appendix C: Additional fees and charges that may apply	33
Organics – application and audit	33
Outside Ordinary hours (OOH)	33

Tables

Table 1 Fish and egg cost recovery arrangement cost base adjustments	2
Table 2 Cost base for fish and egg exports cost recovery arrangement, 2022–23.....	8
Table 3 Cost type breakdown for fish and egg exports cost recovery arrangement, 2022–23	8
Table 4 Changes to cost base for fish and egg exports, 2022–23	9
Table 5 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2022–23 ...	11
Table 6 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2023–24 ...	12
Table 7 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2024–25 ...	13
Table 8 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2025–26 ...	14
Table 9 Department's approach to stakeholder engagement for regulatory charging	16
Table 10 Risks – fish and egg exports cost recovery arrangement	18
Table 11 Financial estimates for fish and egg exports cost recovery arrangement.....	20
Table 12 Financial performance for fish and egg exports cost recovery arrangement, 2018–19 to 2021–22.....	21
Table 13 Key forward dates and events	23
Table 14 CRIS approval and change register	24
Table B1 Stakeholder feedback summary.....	31
Table C1 Organics fees and charge	33
Table C2 Outside ordinary hours fees for goods other than prescribed livestock, prescribed live animals, prescribed reproductive material and prescribed meat and prescribed meat products	33

Figures

Figure 1 Engagement process	16
Figure A1 Outputs and business processes of the department's regulatory charging activity.....	25
Figure A2 Categories of activities.....	27

1 Introduction

1.1 Purpose of this CRIS

This cost recovery implementation statement (CRIS) provides information on how the Department of Agriculture, Fisheries and Forestry implements cost recovery for the fish and egg cost recovery arrangement. It also reports financial and non-financial performance information, contains financial forecasts for 2022–23 and 3 forward years and details the cost base and pricing structure. It includes updates on the impacts of the department’s reforms to make it easier for agricultural exporters to send their goods to market, while still safeguarding our reputation as a reliable, high-quality exporter.

The government is investing in modernising and reforming export regulatory services which will impact the cost of delivering those services (known as the cost base) over time. While agriculture and food exporters and producers were assisted through the modernisation and reform process with a freeze in fees and charges in 2020–21, stepped increases will occur in 2022–23 and 2023–24. The Australian Government has committed \$71.1 million to improve the financial sustainability of export certification services to support a stepped return to full cost recovery and enabling reforms to be rolled out while maintaining existing systems.

The key purpose of this CRIS is to:

- update the fish and egg cost recovery arrangement cost base
- describe the fees and charges for 2022–23 through to 2025–26.

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

1.2 Summary of fish and egg exports regulatory reforms

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

Table 1 shows the impact to expected cost recovered revenue. A reduction in the cost base of \$121,117 from 2022–23 has been identified since the 2020–21 CRIS.

Table 1 Fish and egg cost recovery arrangement cost base adjustments

Cost base	Unit	2022–23	2023–24	2024–25	2025–26
2020–21 CRIS expense	\$	4,082,972	4,164,607	4,247,491	4,319,698
Cost reductions previously identified	\$	(120,993)	(123,227)	(125,501)	(127,635)
Depreciation adjustment	\$	(1,124)	(1,145)	(1,166)	(31,338)
2021–22 CRIS expense	\$	3,960,855	4,040,235	4,120,824	4,160,725
Inflation adjustment	\$	(17,276)	(23,352)	(29,648)	(30,152)
2022-23 CRIS expense	\$	3,943,579	4,016,883	4,091,176	4,130,573
Cost recovered revenue	\$	3,995,597	4,030,333	4,125,710	4,125,710
Total revenue	\$	3,995,597	4,030,333	4,125,710	4,125,710
Balance = X – Y	\$	52,018	13,450	34,534	(4,863)
Appropriation funding as % of expenses	%	n/a	n/a	n/a	n/a

n/a Not applicable.

1.3 Path to full cost recovery

The government has committed to returning to full cost recovery with stepped increases. This is in line with the government’s policy that the direct beneficiaries of regulation should bear the related costs rather than the general public.

2020–21 prices were frozen at 2019–20 prices. The prices increased in 2021–22, with stepped increases legislated for 4 years to return all arrangements to full cost recovery in 2023–24.

1.4 Agricultural Trade Reforms

The department is implementing a number of initiatives to improve the way it regulates agricultural exports to make it easier for producers and exporters to get products to export markets faster while still safeguarding our reputation as a reliable, high-quality exporter. The department has already made improvements to arrangements for a number of commodities to find efficiencies.

The department is also implementing a number of measures to improve our digital agricultural export systems to ensure that Australian exporters remain competitive in the global marketplace. These improvements continue to meet trading partner requirements. This includes working with trading partners and international standard setting organisations to embed, where appropriate, alternative regulatory approaches such as technology supported auditing, and to promote wider utilisation of e-certification. It also includes targeted interventions for seafood exports to develop and implement a risk based targeted approach to the regulation of the seafood export industries that support compliant exporters and focuses on non-compliance operators. The initiatives will consider the increased use of new technologies including on-vessel audits.

2 CRIS Update

In accordance with the Australian Government Charging Framework, the fish and egg exports CRIS will be updated annually to report on financial and non-financial performance and revised 4-year forecasts. This annual update will provide an opportunity to measure progress of the reforms as they become quantifiable and to account for any external factors, for example, projected demand for activity.

The department will also report in-year financial performance within the CRIS, periodically reporting performance against the CRIS and explaining any variances. This will provide transparency in reporting for all exporters.

There may be other significant developments warranting a broader review of the cost base or charges. These could include:

- changes to the regulatory settings of the arrangement, for example through a government policy change or the introduction of new systems or infrastructure
- changes to demand for regulatory activity, for example, due to a large part of industry changing its business model or significant change in terms of trade
- significant changes to financial inputs, for example changes to the bond rate impacting departmental leave provisions, changes to the department's Comcare premiums or a change to accounting standards.

Where a CRIS update reveals that the existing fee or charge structure no longer meets the financial or regulatory requirements of the arrangement, the department may propose revised fees and charges. In this circumstance, the CRIS update will be the first step in consultation on changes to prices, followed by opportunities for stakeholder engagement.

3 Policy and statutory authority to cost recover

Under the Australian Government Charging Framework, cost recovery requires both policy approval and statutory authority. This chapter provides information on government approval of regulatory charging for export regulatory activities and the legislation that enables the department to collect fees and charges.

3.1 Why cost recovery is appropriate

Cost recovery (regulatory charging) falls within the Australian Government’s Charging Framework. The type of charge is determined by the characteristics of the activities as described in the charging framework. This provides the overarching framework under which government entities must design, implement and review cost recovery.

Regulatory charging is appropriate because exports regulatory activity is provided to a clearly identifiable group, individuals and organisations that participate in the agriculture, food and fibre export supply chain. If it were not for the business activities of these groups, the regulatory activities would not be required.

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

For these reasons, the government has determined regulatory charging to be the most appropriate mechanism for funding exports regulatory activities. Regulatory charging of export regulatory activities is consistent with the charging framework.

3.2 Who will pay the regulatory charges

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

3.3 Government policy approval to cost recover the regulatory activity

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

3.4 Statutory authority to charge

3.4.1 Cost recovery charges

Cost recovery charges are imposed under these Acts:

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

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

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

3.4.2 Cost recovery fees

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

4 Cost recovery arrangement for fish and egg exports

This section describes the fish and egg exports cost recovery arrangement cost base.

4.1 Description of the regulatory activity

Fish and egg exports are regulated in accordance with *Export Control Act 2020* and associated legislative framework (for more information see [section 3.4](#)).

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. This includes monitoring delivery of state-based audit services. 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, and enforcement activities to ensure that the production, storage, handling and transportation of fish and egg products intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country
- issuing permits, export certification and other documentation necessary to confirm compliance with 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
- enforcing regulation of certified organic goods exported from Australia
- managing the National Residue Survey (NRS) which supports Australia's primary producers and agricultural industries by confirming Australia's status as a producer of clean food and facilitating access to export markets.

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

4.2 Cost base

Table 2 shows the fish and egg arrangement cost base for 2022–23. See Table 3 for an overview by cost type for 2022–23.

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

4.2.1 Cost base assumptions

The cost base has been modelled to reflect the full costs of the delivery of regulatory services to support the fish and egg industry. The 2021–22 CRIS model has been used as the starting point for determining the cost base in this CRIS. To project the cost base over the next 4 years, adjustments have been applied to capture expected changes to the costs including:

- inflation of 1.65% per annum, in line with the Department of Finance’s inflation estimate
- decreasing the wage price index (WPI) applied to employee expenses from 2% to 1.7% per annum, reflecting reasonable estimates of wage increments in line with the Australian Public Service Workplace Bargaining Policy 2020
 - A new Australian Public Service Workplace Relations Policy was released in November 2020 providing that employee salary increases are to be capped in line with the year-to-date percentage change in the WPI for the private sector from the most recently released June quarter. Modelling for this CRIS was updated per the August 2020 WPI of 1.7% as advised in the 2021–22 CRIS
 - The former Department of Environment and Energy Enterprise Agreement 2016–19, applies to the department through to late 2022. The last wage increase applied in November 2021
 - The CRIS will be updated for 2023–24 to reflect either the August 2022 WPI or a revised enterprise agreement, whichever applies at the time
- additional depreciation from new assets anticipated to be recognised over the period
- adjustments for future fee-related activities to reflect expected changes in volume.

4.2.2 Projected cost base

The cost base for 2022–23 for the fish and egg exports cost recovery arrangement is \$3.9 million (Table 2), made up of:

- \$3.4 million in charge-related activities
- \$0.5 million in fee-related activities.

Table 2 Cost base for fish and egg exports cost recovery arrangement, 2022–23

Charge type	Activity group	Activity	Expense (\$)	Cost recovery charges
Charges	Program management and administration	Workforce and business administration	3,440,072	Annual registration, export documentation, throughput, application and organic certification
		Business system administration		
		Stakeholder engagement		
		Policy and instructional material		
		Business improvement		
	Assurance	Risk management		
		Verification		
		Surveillance		
	Incident management	Incident management		
		Investigative support		
Corrective action				
Fee for service	Intervention	Assessment	85,996	Assessment
		Inspection	15,211	Inspection
		Audit	402,300	Audit
Total cost base	–	–	3,943,579	–

Table 3 provides a breakdown of expenses of the fish and egg cost recovery arrangement (2022–23).

Table 3 Cost type breakdown for fish and egg exports cost recovery arrangement, 2022–23

Expense	Forecast (\$)
Direct	2,643,236
Employee	2,045,570
Operating	519,593
Other	78,073
Indirect	1,300,343
Assurance and Legal	78,373
Corporate Strategy and Governance	144,670
Finance and Business Support	259,127
Information Services	525,783
Property	292,390
Total	3,943,579

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

4.3 Changes to the cost base

4.3.1 Wage Price Indexation

In line with the government’s charging framework and the department’s cost allocation policy, inflation and depreciation expenses have been adjusted in the cost base to reflect increased employee and supplier expenses in line with the Australian Public Service Workplace Bargaining

Policy 2020 and government inflation estimates. The reduction from 2.0% in 2021–22 CRIS to 1.7% in the 2022–23 CRIS has resulted in a reduction to the cost base.

Table 4 shows the change to the cost base in 2022–23.

Table 4 Changes to cost base for fish and egg exports, 2022–23

Adjustment to cost base	Impact on cost base	Unit	Forecast
Total baseline expense, 2021–22 CRIS	n/a	\$	3,960,855
Inflation adjustment	Decrease	\$	(17,276)
Adjusted cost base	n/a	\$	3,943,579
Change in expense	Decrease	%	(0.4)

n/a Not applicable.

5 Design of regulatory charges

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

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

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

5.1 Changes to regulatory fees and charges

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

Most fees and charges increase to meet the total expense and is consistent with the government's stepped increases to full cost recovery as outlined in the 2021-22 CRIS.

5.2 Fish and egg exports fees and charges

The amount payable for 2022–23 to 2025–26 is shown in Table 5 to Table 8.

The fees and charges have been legislated in the Exporting Charging Regulations and Export Fee Rules to increase each year until 1 July 2024, which will then remain in operation until amended.

Table 5 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Storage establishment – seafood	Annual	2,024	125	253,000
	Vessel (preparation not direct export)	Annual	1,349	8	10,792
	Vessel (preparation direct export)	Annual	2,698	112	302,176
	Land establishment – live only	Annual	1,349	57	76,893
	Land establishment – processing	Annual	2,698	178	480,244
	Egg establishment	Annual	2,024	57	115,368
	Electronic permit – fish	Per document	30	31,242	937,260
	Electronic health certificate – fish	Per document	30	28,454	853,620
	Electronic permit – egg	Per document	30	360	10,800
	Electronic health certificate – egg	Per document	30	328	9,840
	Registration application	Per application	662	46	30,452
Fees – audit and inspection	Audit	Per quarter hour	55	6,734	370,370
	Inspection	Per quarter hour	55	268	14,740
Fees – documentation	Electronic health certificates	Per document	7	28,782	201,474
	Electronic permit	Per document	7	31,602	221,214
	Manual health certificates	Per document	110	148	16,280
	Manual permit	Per document	110	–	–
	Replacement certificate	Per document	552	150	82,800
Organics a	Organic certifying body	Annual (charged quarterly)	8,274	1	8,274
Total	–	–	–	–	3,995,597

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.

Note: Prices have been rounded. The annual charge will be rounded upwards to the nearest dollar.

Table 6 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2023–24

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Storage establishment – seafood	Annual	2,065	125	258,125
	Vessel (preparation not direct export)	Annual	1,376	8	11,008
	Vessel (preparation direct export)	Annual	2,752	112	308,224
	Land establishment – live only	Annual	1,376	57	78,432
	Land establishment – processing	Annual	2,752	178	489,856
	Egg establishment	Annual	2,065	57	117,705
	Electronic permit – fish	Per document	30	31,242	937,260
	Electronic health certificate – fish	Per document	30	28,454	853,620
	Electronic permit – egg	Per document	30	360	10,800
	Electronic health certificate – egg	Per document	30	328	9,840
	Registration application	Per application	675	46	31,050
Fees – audit and inspection	Audit	Per quarter hour	56	6,734	377,104
	Inspection	Per quarter hour	56	268	15,008
Fees – documentation	Electronic health certificates	Per document	7	28,782	201,474
	Electronic permit	Per document	7	31,602	221,214
	Manual health certificates	Per document	113	148	16,724
	Manual permit	Per document	113	–	–
	Replacement certificate	Per document	563	150	84,450
Organics a	Organic certifying body	Annual (charged quarterly)	8,439	1	8,439
Total	–	–	–	–	4,030,333

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.

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

Table 7 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2024–25

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Storage establishment – seafood	Annual	2,106	125	263,250
	Vessel (preparation not direct export)	Annual	1,404	8	11,232
	Vessel (preparation direct export)	Annual	2,807	112	314,384
	Land establishment – live only	Annual	1,404	57	80,028
	Land establishment – processing	Annual	2,807	178	499,646
	Egg establishment	Annual	2,106	57	120,042
	Electronic permit – fish	Per document	31	31,242	968,502
	Electronic health certificate – fish	Per document	31	28,454	882,074
	Electronic permit – egg	Per document	31	360	11,160
	Electronic health certificate – egg	Per document	31	328	10,168
	Registration application	Per application	689	46	31,694
Fees – audit and inspection	Audit	Per quarter hour	57	6,734	383,838
	Inspection	Per quarter hour	57	268	15,276
Fees – documentation	Electronic health certificates	Per document	7	28,782	201,474
	Electronic permit	Per document	7	31,602	221,214
	Manual health certificates	Per document	115	148	17,020
	Manual permit	Per document	115	–	–
	Replacement certificate	Per document	574	150	86,100
Organics a	Organic certifying body	Annual (charged quarterly)	8,608	1	8,608
Total	–	–	–	–	4,125,710

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.

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

Table 8 Fees, charges and volumes for fish and egg exports cost recovery arrangement, 2025–26

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
Charges	Storage establishment – seafood	Annual	2,106	125	263,250
	Vessel (preparation not direct export)	Annual	1,404	8	11,232
	Vessel (preparation direct export)	Annual	2,807	112	314,384
	Land establishment – live only	Annual	1,404	57	80,028
	Land establishment – processing	Annual	2,807	178	499,646
	Egg establishment	Annual	2,106	57	120,042
	Electronic permit – fish	Per document	31	31,242	968,502
	Electronic health certificate – fish	Per document	31	28,454	882,074
	Electronic permit – egg	Per document	31	360	11,160
	Electronic health certificate – egg	Per document	31	328	10,168
	Registration application	Per application	689	46	31,694
Fees – audit and inspection	Audit	Per quarter hour	57	6,734	383,838
	Inspection	Per quarter hour	57	268	15,276
Fees – documentation	Electronic health certificates	Per document	7	28,782	201,474
	Electronic permit	Per document	7	31,602	221,214
	Manual health certificates	Per document	115	148	17,020
	Manual permit	Per document	115	–	–
	Replacement certificate	Per document	574	150	86,100
Organics a	Organic certifying body	Annual (charged quarterly)	8,608	1	8,608
Total	–	–	–	–	4,125,710

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.

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

6 Stakeholder engagement

Stakeholder engagement plays an important role in the development and management of cost recovery arrangements. The department's stakeholders have a unique insight into how the department's regulatory activities impact on their business and help us design efficient cost recovery frameworks for these activities.

6.1 Stakeholder engagement strategy

6.1.1 Purpose

This stakeholder engagement strategy for the cost recovery of fish and egg 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.

6.1.2 Principles

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

The department will achieve this by:

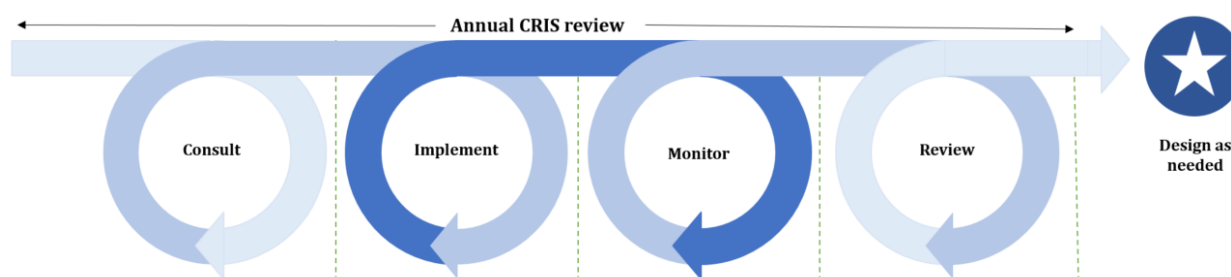
- clearly explaining the objective and context of stakeholder engagement
- being honest about what is on the table, that is, what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential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

6.1.3 Method

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

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

Figure 1 Engagement process



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

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

6.1.4 Approach

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

Table 9 Department's approach to stakeholder engagement for regulatory charging

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

6.2 Industry engagement

The department engage with seafood and egg industry representatives on charging arrangements through the relevant Industry Consultative Committees and annual public communications. This CRIS will be updated with a summary of submissions before being finalised.

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

7 Risk assessment

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

The CRA has considers all implementation categories to be low to medium risk:

- the percentage change in annual cost recovery revenue is lower than 10%
- the total annual cost recovery revenue is less than \$10 million
- no new cost recoverable activities are being introduced
- the types of charges used include fees and charges
- the imposition of the cost recovery charges involving an act of parliament
- the proposal including no involvement with other Commonwealth, state or local government entities
- the expected impact of cost recovery on payers
- stakeholder sensitivity about the proposed changes.

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

Table 10 Risks – fish and egg exports cost recovery arrangement

Risk	Management
The cost of export certification affects industry competitiveness.	The department is implementing a range of reforms to deliver efficiencies in export certification processes.
The fee and charge structure does not support future regulatory reforms.	The CRIS will be reviewed annually which will provide an assessment as to whether fees and charges should be revised.
Changes to government policy and activities.	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Importing countries change export certification requirements – the cost of providing certification no longer reflects forecast effort.	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Deficit occurs. For example, unfavourable farming conditions.	The department will engage with industry to discuss options to reduce expenses through adjustments to services or service standards. This will not include a reduction in regulatory standards.
Significant surplus occurs. For example, entry to a new market or favourable farming conditions.	Subject to approval, collection of revenue in surplus of expense may be managed through remittance, or investment initiatives directly benefiting activities within the arrangement. An alternative approach may be agreed with industry within policy guidelines.

Cost recovery implementation statement: fish and egg exports 2022–23

Risk	Management
Changing events impact actual revenue versus forecast revenue.	The department will update the CRIS annually to reflect changes in activity and effort and describe any consequential changes in the cost and price.

8 Financial estimates

8.1 Financial estimates

The financial estimates of the fish and egg exports cost recovery arrangement is provided at Table 11.

Table 11 Financial estimates for fish and egg exports cost recovery arrangement

Finance element	2022–23 (\$)	2023–24 (\$)	2024–25 (\$)	2025–26 (\$)
Revenue = X	3,995,597	4,030,333	4,125,710	4,125,710
Expenses = Y	3,943,578	4,016,883	4,091,176	4,130,573
Balance = X – Y	(52,018)	13,450	34,534	(4,863)
Forecast opening cost recovery reserve balance	374,926	322,908	336,358	370,893
Transfer	(52,018)	13,450	34,535	(4,863)
Forecast closing cost recovery reserve balance	322,908	336,358	370,893	366,030

8.2 Cost recovery reserve

A cost recovery reserve is maintained for each of the agriculture and food exports charging arrangements. The department's policy is to maintain a balance of between 0% and 5% percent of annual program expenditure in the reserve for each arrangement. Close management of the financial performance of arrangements may lead to more frequent adjustments to charges, including to reduce a reserve surplus.

At the time of CRIS release, the fish and egg exports reserve is in surplus. Fees and charges have not been modelled to recover this deficit. Government has invested in maintaining essential export regulatory services across all export cost recovery arrangements over 3 years from 2020–21 to 2022–23 while prices are gradually increased.

9 Financial and non-financial performance

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

The department is committed to consulting with industry stakeholders on performance indicators to assist in evaluating the performance of the department's regulatory arrangements.

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

9.1 Financial performance

The financial performance for the fish and egg cost recovery arrangement is provided in Table 12.

Table 12 Financial performance for fish and egg exports cost recovery arrangement, 2018–19 to 2021–22

Finance element	2018–19 (\$)	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)
Revenue = X	3,895,790	3,698,001	3,460,073	3,563,906
Expenses = Y	3,565,374	3,698,227	3,467,543	3,818,425
Balance = X – Y	330,416	(226)	(7,470)	(254,519)
Remissions, rebates and adjustments = Z	(135)	n/a	n/a	n/a
Net balance = balance + Z	330,281	(226)	(7,470)	(254,519)
Cost recovery reserve balance	815,022	814,796	814,796	814,796

n/a Not applicable.

Note: The major movements previously were due to the addition of the National Residue Survey (NRS) seafood testing function into the arrangement in 2018–19; increase in expense for assessment and audit activity; new expense for the client contact group for the provision of services for the departments' enquiries email and phone lines. From 1 July 2019, \$0.404 million for regulatory activities for enforcement, scientific and technical advice and detained consignments was added to the arrangement indexed and ongoing.

9.1.1 Summary Financial Performance 2020–21

Expense was \$3.5 million in 2020–21, 12% lower than the \$3.9 million projected in the 2020–21 CRIS. The key reasons for the lower expense in the arrangement included: delays in recruitment and resourcing and lower staff development costs during the pandemic.

Revenue of \$3.5 million was 4% lower than \$3.6 million projected in the 2020–21 CRIS. The most significant contributor to this was lower than projected documentation and certification. Electronic certificate and permit levies were lower than the CRIS as COVID–19 restrictions made it more difficult to get export consignments out of the country.

9.2 Non-financial performance

The department will consult with industry stakeholders on non-financial performance indicators to assist in evaluating performance of the cost recovery arrangement. This CRIS will be updated as performance indicators are refined and further developed.

10 Key dates and events

Regular reviews of financial performance are undertaken and regular stakeholder engagement activities are conducted throughout the CRIS cycle in line with the stakeholder engagement strategy documented in [Section 6](#). Key forward dates for regulatory charging for the fish and egg exports regulatory activities are documented in Table 13.

Table 13 Key forward dates and events

Key forward events schedule	Next scheduled update
Updated fees and charges implemented	1 July 2022
Annual CRIS updates to financial and non-financial performance for 2021–22	October 2022
Portfolio charging review to be undertaken	2023
Annual CRIS update to forward estimates	February 2023
Updated fees and charges implemented	1 July 2023
Annual CRIS updates to financial and non-financial performance for 2022–23	October 2023
Annual CRIS update to forward estimates	February 2024
Portfolio charging review outcomes to be brought forward in Budget	2024–25
Updated fees and charges implemented	1 July 2024
Annual CRIS updates to financial and non-financial performance for 2021–22	October 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 2022–23	October 2025
Annual CRIS update to forward estimates	February 2026
Updated fees and charges implemented	1 July 2026

11 CRIS approval and change register

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

Table 14 CRIS approval and change register

Date of CRIS change	CRIS change	Approver	Basis for change
3 February 2023	Certification of the CRIS	A/g Secretary, Department of Agriculture, Fisheries and Forestry	New regulatory charging activity and revalidation of cost model
17 February 2023	Publication of CRIS	Secretary, Department of Agriculture, Fisheries and Forestry	Communication and distribution of the new regulatory charging activity and revalidation of cost model

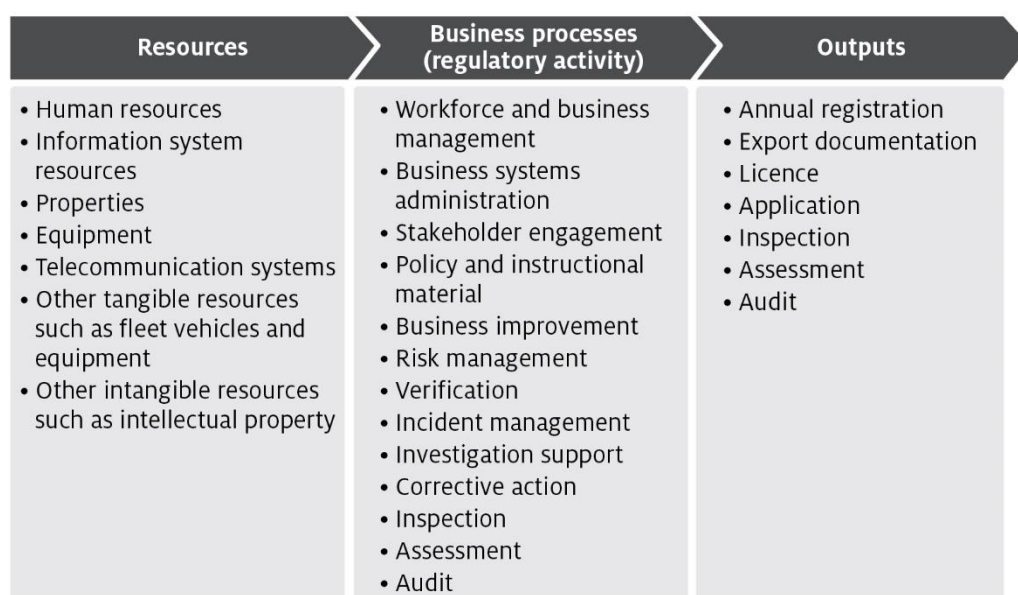
Appendix A: Cost recovery model

Outputs and business processes of the regulatory charging activity

The key policy 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 us to provide outputs that meet the departments policy objectives (Figure A1).

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



The processes listed in Figure A2 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.
- 3) 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.

- 4) Incident management – activities that respond to incidents concerning alleged breaches of Australian regulation or international import conditions.
- 5) 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 cost allocation methodology reflects costs incurred through usage of regulatory activities, providing a transparent allocation of costs while also being efficient and effective to administer.

The 2 expense categories are:

- 1) Direct expenses – these can be directly attributed to the provision of an activity, for example, inspections. They comprise of staff salaries and supplier costs including direct capital expenses.
- 6) 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:

- 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:
 - a) Work points – distributes costs based on space occupied, with the work point count reflecting the space where a person may be able to work.
 - a) FTE – distributes costs based on each program's full-time equivalent staff numbers.
 - b) PC count/IT assets – distributes costs based on the number of IT assets in a program.
 - c) 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.
 - d) 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.
 - e) 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.

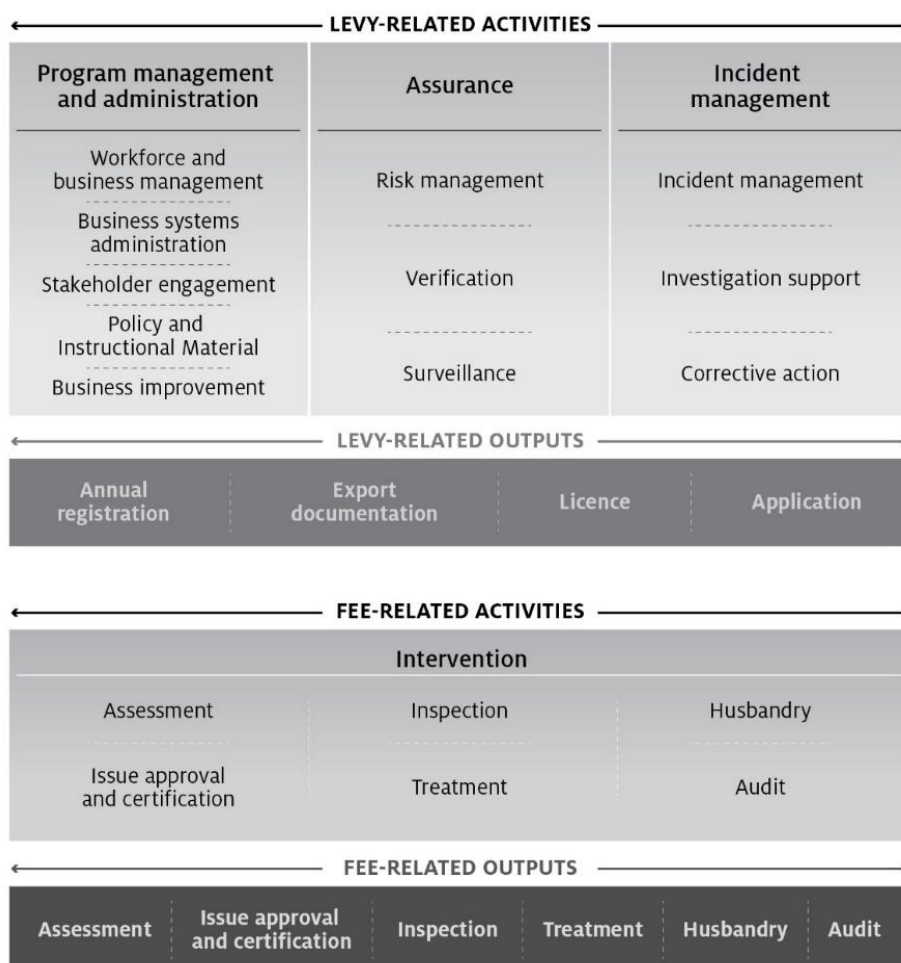
- 7) Direct costs (including the indirect costs allocated in step 1) are allocated to the activity and cost-recovered arrangements that best reflects the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly to intervention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

- 8) Activity/arrangement costs (from step 2) are allocated to charge points which identifies the cost associated with that charge. The department uses a combination of cost recovery fees and charges. Figure A2 shows how the department categorises cost-recovered charge and fee activities and outputs.

Figure A2 Categories of activities



Description of cost model activities

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

Program management and administration activities

Workforce and business management

This activity has 4 categories:

- 1) Workforce management activities include staff supervision, allocating workforce resources, managing employee performance, leave, training and other conditions, managing Work, Health and Safety requirements, recruitment and termination.
- 2) Business management activities include business planning and continuity; requesting legal advice; procurement and contracts; program and project administration, assurance, design and management; management of fixtures, facilities, equipment, supplies and logistics.
- 3) Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- 4) Information management activities include data management, information and records management, and information sharing and collaboration.

Business systems administration

Includes developing, acquiring, testing, implementing and supporting applications and business systems. This includes technical support and maintenance of all business systems including information and communications technology.

Stakeholder engagement

Involves proactive engagement with any person, business, or organisation including any associated travel. This includes, engaging with peak industry bodies, secretariat support and attendance at industry consultative committee meetings, consultation on new standards and requirements, publishing website content and other information.

Policy and instructional material

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

Business improvement

Includes assessment, monitoring and management of business performance. Examples include adjustments to improve regulatory activity, against business performance reports against key performance indicators and similar activities.

Assurance activities

Risk management

Involves assessing and managing the risks posed to Australia's ability to maintain market access. This includes communicating results of risk analysis, modelling and forecasting to operational areas and the collection, receipt and use of reliable compliance data to meet the department's compliance objectives. This work also includes any associated travel and regulated entity assistance work. For example, organising, involvement in and responding to overseas government's systems-based audits.

Verification

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

Surveillance

Includes formal and informal monitoring to detect issues that may affect onshore production for export, such as changes in Australia's pest or disease status or food safety concerns. Surveillance differs from an inspection because it is not done for a specific client.

Incident management activities

Incident management

The coordination and management of any incident including post border detection and export incidents. This includes all associated pre and post-work, travel and regulated entity assistance in relation to an incident, government certification and other issues which result in goods being held at the border. For example, this includes managing and responding to food safety incidents where food may have been exported.

Investigation support

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

Corrective action

Includes actions taken in response to non-compliance or contravention of legislation or procedures that are managed without a formal investigation by an enforcement officer. Corrective action activities 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 ours and the importing country requirements. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation) travel and regulated entity assistance in relation to the assessment. Examples include assessments of licences, permits, registrations, accreditations, and exemptions.

Issue approvals 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 B: Summary of stakeholder feedback

The key themes are covered in Table B1.

Table B1 Stakeholder feedback summary

Key theme	Department response
<p>Fish Industry are concerned about the potential increase in fees.</p> <p>Industry raised concerns regarding how the increase in fees may negatively impact profitability and suggested to leave prices as is.</p>	<p>The fish and egg cost recovery arrangement is 93% cost recovered in 2021–22 and only requires a nominal increase to fully meet expenses.</p> <p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the discussion papers released alongside the CRIS and the annual CRIS review cycle, including possibility of using the reserves to lower prices.</p>
<p>It may be difficult to recover increased costs if trade slowed down.</p> <p>Increases in licence and approved arrangement fees will impact the ability to trade sporadically when market is good and potentially lead to less competition for Australian farmers livestock and lower prices to farmers.</p> <p>Industry raised concerns if there was a trade slowdown or suspension due to market, political or biosecurity factors it would be difficult to recover the increased cost, especially on small or new operators.</p> <p>Industry suggests licence and approved arrangement fees should be payable once and valid for 5 years (or indefinitely), and to maintain one set of approved documents provided to all license holders for consistency. If regulatory changes are required, they are made once and distributed to each licensee.</p>	<p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p>
<p>Cost recovery should be equitable to manage poor adverse seasonal conditions and above average seasonal conditions.</p> <p>Government and industry need to ensure cost recovery is used in an equitable arrangement that manages poor adverse seasonal condition (and also the current above average seasonal conditions). Industry acknowledges the work performed through the joint approach to Storage Asset & Management Standard and other projects are creating value which will assist long term goals of DAFF being a modern and efficient partner for industry.</p>	<p>A cost recovery reserve is maintained for each of the agriculture and food exports charging arrangements. The department’s policy is to maintain a balance of between 0 and 5% of annual program expenditure in the reserve for each arrangement.</p> <p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p>
<p>Impact on smaller exporters</p> <p>Stakeholders raised concerns about the impact of price increases on smaller operators, being concerned that they are bearing a disproportionate proportion of the cost increases compared to larger operators with higher throughput.</p>	<p>The cost to regulate small versus large operators is not directly related to the size of the entity as the regulatory support activities are developed and implemented to support both, regardless of size.</p> <p>Most CRIS already have a mix of annual and throughput-base charges where appropriate, including by providing price differentiation on annual charges for different types or sizes of operators, per consignment charges or charging by volume of exports (e.g. tonnage or per head).</p>

Key theme	Department response
<p>Price increases may limit profitability</p> <p>Feedback from multiple industries note price increases may limit profitability of some exporter groups and prices should either be held at current levels or that these exporters should be supported by further government investment.</p>	<p>The department will continue to engage with industry on the best approach to pricing over the next few years, through the annual CRIS review cycle, incorporating reforms and further cost reductions as they are identified.</p> <p>Individual industries groups should reach out to organise a meeting with the department if they have genuine concerns.</p>

Appendix C: Additional fees and charges that may apply

Organics – application and audit

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

Table C1 Organics fees and charge

Type of charge	Cost recovery charges	Unit	Price (\$)			
			2022–23	2023–24	2024–25	2025–26
Charge	Application charge for organic goods certification operations	Per application	662	675	689	704
Fees	Assessment of applications or approvals	Per quarter hour	37	38	39	40
	Audit fee for organic good certification operations	Per quarter hour	37	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 C2.

Table C2 Outside ordinary hours fees for goods other than prescribed livestock, prescribed live animals, prescribed reproductive material and prescribed meat and prescribed meat products

Type of charge	Time of service	Unit	Price (\$)			
			2022–23	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	15
	On a weekday, in any other case	Any period up to 30 minutes	30	30	30	30
		Per quarter hour after first 30 minutes	15	15	15	15
	Saturday, Sunday or a departmental holiday	Any period up to 30 minutes	40	40	40	40
		Per quarter hour after first 30 minutes	20	20	20	20