



Australian Government
Department of Agriculture,
Fisheries and Forestry

Horticulture export cost recovery arrangement: financial performance 2023–24

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Acknowledgement of Country

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

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Introduction

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 \$82 billion in 2023–24) ([ABARES September 2023 \(PDF 3.1MB\)](#)).

Cost recovery plays a key role in the way the Australian Government charges non-government sectors for some or all the efficient costs for a specific government activity. It is an important funding source to support Australian producers in accessing markets and protecting the reputation of Australian agricultural goods.

Cost recovery can influence the demand for government activity and raise awareness of how much government activities cost. It improves the efficiency, productivity and responsiveness of government activities and accountability for those activities.

Since 2019, the Australian Government has been supporting industry through the [Busting Congestion for Agricultural Exporters \(PDF 211KB\)](#) and [Securing the future of Agriculture trade \(PDF 208KB\)](#) measures. This demonstrates the continued investment in regulatory export trade and commitment to meeting the needs of exporters and the expectations of our trading partners.

The *horticulture export cost recovery arrangement financial performance 2023-24* report describes the horticulture arrangement's financial performance against the department's budget and [Cost Recovery Implementation Statement \(CRIS\)](#).

Summary of financial position

The horticulture exports 2023–24 CRIS forecast a deficit of \$0.4 million for the 2023–24 financial year. The department's actual spend was \$12.0 million with revenue recovered from participants \$12.8 million resulting in a surplus of \$0.8 million (Table 1).

Table 1 Summary of the financial position of the Horticulture export arrangement for 2023–24.

Category	Actual (\$)	Budget (\$)	Variance (\$)	CRIS (\$)	Variance (\$)
Revenue	12,794,297	11,989,618	804,679	11,517,529	1,276,768
Expenses	12,029,771	12,210,035	(180,264)	11,920,905	108,866
Net Surplus / (Deficit)	764,526	(220,416)	984,943	(403,376)	1,167,902
Appropriation	—	220,416	(220,416)	NA	NA
Accumulated result	(8,082,193)	(8,846,719)	764,526	NA	NA

Note: Numbers in brackets are negative. Total revenue figures are inclusive of other revenue that is not recovered through regulatory fees and charges.

Securing the future of agricultural trade

The government announced the [Busting Congestion for Agricultural Exporters \(PDF 211KB\)](#) 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. 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.

In the 2023–24 Mid-Year Economic Fiscal Outlook and the Australian Government committed \$91.8 million over 2 years through the [Securing the future of agricultural trade \(PDF 308KB\)](#) measure to sustain delivery of key department export trade and regulatory functions. A further \$3.7 million was provided over 3 years to enable development of an ongoing sustainable funding model. This will assist to the department to remain appropriately resourced through both cost recovery and appropriation funding to carry out its agricultural trade and export functions into the future. The Sustainable Trade Funding Taskforce (STFT) was established in 2023 to progress the design and implementation of an ongoing sustainable funding model that supports the departments export regulatory and trade activities.

Sustainable funding will provide the availability of a consistent, sufficient funding source that appropriately underpins the delivery of trade and export services and associated enabling activities. This includes strategic prioritisation, and importantly the execution of regulatory export functions and the associated supporting international market access and advocacy activities.

CRIS cost modelling

Key objectives for the departments 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.

We use resources such as people, IT, property and equipment to meet these key objectives and undertake the corresponding business processes (regulatory activities). These activities enable us to provide outputs that meet the department’s policy objectives.

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

The [Australian Government Charging Framework](#) (Charging Framework) allows government agencies to plan, implement and review their charging activities. Our charging is split between regulatory fees and regulatory levies. Fees are imposed when an activity and its costs can be attributed to a specific individual or organisation. A levy is imposed when the activity its costs can be attributed to a group of individuals or organisations as a whole.

The cost base is modelled to reflect the full costs to deliver regulatory services to support the horticulture industry. The department’s [CRIS](#) describes this in further detail.

To provide understanding of what costs are involved in providing our services, Table 4 provides costs across divisional functions. Descriptions for the services provided by these divisions is outlined at [Appendix A](#).

Volume and revenue

The revenue for the horticulture exports arrangement was \$12.8 million in 2023–24, \$0.8 million above budget and 11% higher than forecast in the CRIS.

Manual documents (Calibration Certificates) have mostly contributed to this increase. When forecasting the CRIS these documents were expected to be progressed to the department's New Export Documentation System (NEXDOC) under the export certification modernisation project. This has not yet been realised, resulting in a lower CRIS forecast against a higher actual volume for manual documents.

While there has been an overall decrease in inspections, this has been offset by an increase in inspections recorded as additional inspections (inspections carried out by departmental officers as opposed to a third party Authorised Officers (AO)).

Establishment registrations – grower or exporters, Establishment registrations – complex and establishment applications (one-off) have been consistently lower than CRIS estimates in previous years. Volumes for phytosanitary certificates, core inspections and electronic documents remain lower than projected in the CRIS.

Table 2 and Table 3 detail the volumes and equivalent revenue generated for each regulatory charge and fee.

Table 2 Volume by charge point, horticulture export arrangement for 2023–24

Type of Charge	Cost recovery charges	Actual (Units)	CRIS (Units)	Variance (Units)	Variance (%)	Budget (Units)
Charges	Establishment registration – grower or exporter	42	71	(29)	(41)	20
	Establishment registration – simple	185	152	33	22	224
	Establishment registration – complex	95	146	(51)	(35)	103
	Authorised officer annual charge	262	215	47	22	219
	Establishment application (one-off)	28	45	(17)	(38)	23
	Phytosanitary certificate	38,459	40,668	(2,209)	(5)	39,978
	Export volume rate – non-protocol rate	427,592	515,066	(87,474)	(17)	420,767
	Export volume rate – protocol rate	275,966	286,247	(10,281)	(4)	266,639
Fees – audit and inspection	Audit	18,092	18,257	(165)	(1)	16,633
	Core inspection	362	4,051	(3,689)	(91)	695
	Additional inspection	626	—	626	—	372
Fees – documentation	Document electronic	91,412	111,705	(20,293)	(18)	93,414
	Document manual	14,714	2,700	12,014	>100	9,744
	Replacement certificate	29	10	19	>100	19
	TRQ Certificate	2,158	—	2,158	—	1,998
Fees – Authorised Officer	Authorised Officer application fee	66	45	21	47	82
	Authorised Officer approval	145	148	(3)	(2)	160
	Authorised Officer learning and assessment	64	45	19	42	41
	Additional Authorised Officer learning and assessment	1	—	1	—	0
Organics ^a	Organic certifying organisation	1	1	—	—	1

a Organic certifiers support a small number of exporters in each export arrangement (excluding Live Animal Exports) with revenue and expense reflected in each arrangement.

Table 3 Revenue by charge point, Horticulture export arrangement for 2023–24

Type of Charge	Cost recovery charges	Actual (\$)	CRIS (\$)	Variance (\$)	Variance (%)	Budget (\$)
Charges	Establishment registration – grower or exporter	46,866	82,147	(35,281)	(43)	23,140
	Establishment registration – simple	1,072,888	879,320	193,568	22	1,281,378
	Establishment registration – complex	1,106,819	1,689,366	(582,547)	(34)	1,191,813
	Authorised officer annual charge	252,568	207,260	45,308	22	211,116
	Establishment application (one-off)	21,515	34,695	(13,180)	(38)	17,409
	Phytosanitary certificate	2,807,577	2,968,764	(161,187)	(5)	2,918,375
	Export volume rate – non-protocol rate	534,490	643,833	(109,343)	(17)	525,959
	Export volume rate – protocol rate	692,675	718,480	(25,805)	(4)	669,264
Total charges	—	6,535,397	7,223,865	(688,468)	(10)	6,838,454
Fees – audit and inspection	Audit	831,252	839,822	(8,570)	(1)	765,132
	Core inspection	16,500	186,346	(169,846)	(91)	31,987
	Additional inspection	60,105	—	60,105	—	35,712
Fees – documentation	Document electronic	2,102,490	2,569,215	(466,725)	(18)	2,148,529
	Document manual	2,837,984	521,100	2,316,884	>100	1,880,598
	Replacement certificate	16,316	5,630	10,686	>100	10,765
	Outside ordinary hours (OOH)	59,055	—	59,055	—	3,135
	TRQ Certificate	92,724	—	92,724	—	85,914
Fees – Authorised Officer	Authorised Officer application fee	21,186	14,445	6,741	47	26,226
	Authorised Officer approval	46,395	47,508	(1,113)	(2)	51,318
	Authorised Officer learning and assessment	143,450	101,160	42,290	42	91,359
	Additional Authorised Officer learning and assessment	2,328	—	2,328	—	0
Organics ^a	Organic certifying organisation	8,439	8,439	—	—	8,439
Total fees	—	6,238,224	4,293,665	1,944,559	45	5,139,113
Total fees and charges	—	12,773,621	11,517,530	1,256,091	11	11,977,567

^a Organic certifiers support a small number of exporters in each export arrangement (excluding Live Animal Exports) with revenue and expense reflected in each arrangement.

Expenses

Expenditure in 2023–24 was \$12.0 million, \$0.2 million below budget Table 4. The underspend is primarily driven by:

- Underspends relating to challenges to increase the number of staff from recruitment activities.
- Underspending on contractors relating to the delivery of our financial management information system upgrade.
- These are offset by higher depreciation expenses due to writing off a sublet portion of Agriculture House, the department's Canberra office.

Table 4 Horticulture export arrangement cost base by expense type, 2023–24

Expenses	Division	Actual (\$)	Budget (\$)	Variance (\$)	Variance (%)
Direct	Export & Veterinary Services	420,521	477,728	(57,207)	(12)
	Plant & LAE Animal Welfare & Regulation	4,693,416	5,5059,609	(366,193)	(7)
	Digital Business	353,774	340,487	13,288	4
	Compliance & Enforcement	1,929,674	1,855,606	74,068	4
	Trade and International	106,008	103,093	2,914	3
	Biosecurity Operations	97,619	77,304	20,314	26
	Biosecurity Plant and Science Services	755,478	689,016	66,462	10
	Plant Protection & Environmental Biosecurity	48,904	51,096	(2,193)	(4)
Total direct expenses	—	8,405,392	8,653,940	(248,547)	(3)
Indirect	Finance and Investment	630,411	675,475	(45,064)	(7)
	Enterprise Strategy and Governance	78,774	98,030	(19,256)	(20)
	Digital Services	1,022,064	1,028,326	(6,262)	(1)
	Legal	156,621	170,453	(13,832)	(8)
	Transformation Taskforce	13,377	15,646	(2,270)	(15)
	People, Property & Security	867,403	921,745	(54,342)	(6)
Total Indirect Expenses	—	2,768,649	2,909,675	(141,026)	(5)
Depreciation and amortisation	—	855,729	646,420	209,309	32
Total Expense	—	12,029,771	12,210,035	(180,264)	(1)

Totals are rounded.

Table 5 Financial performance for Horticulture exports cost recovery arrangement, 2020–21 to 2023–24.

Finance element	2020–21 (\$)	2021–22 (\$)	2022–23 (\$)	2023–24 (\$)
Revenue = X	6,493,766	9,494,735	11,274,927	12,794,297
Expenses = Y	10,527,403	10,916,857	11,456,216	12,029,771
Balance = X – Y	(4,033,636)	(1,422,122)	(181,288)	764,526
Remissions, rebates and adjustments = Z	4,033,636	1,422,122	104,387	—
Net balance = balance + Z	(0)	0	(76,901)	764,526
Accumulated result	(8,766,095)	(8,766,095)	(8,846,719)	(8,082,193)

Non-financial performance

[The Annual report 2023–24](#) provides comprehensive information on performance measures and performance results. 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 objective

Support industry to grow towards a \$100 billion agriculture, fisheries and forestry industry by 2030.

Key activity 1.1 Support industry productivity and growth through science, policy and partnerships.

Measure IG-01

Measure IG-01	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 0% difference over past 10 years.
Sources	<i>Corporate Plan 2023–24.</i> <i>Portfolio Budget Statements 2023–24.</i> Programs: 1.1, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12.
Result	Achieved – agricultural productivity growth was 0.11 percentage points higher than the market sector 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.

Measure IG-02

Measure IG-02	Equal or reduced cost of levies administration compared with levies disbursed.
Measure type	Effectiveness and regulatory.
Target	Cost is less than or equal to 1.2% of levies disbursed.
Sources	<i>Corporate Plan 2023–24.</i> <i>Portfolio Budget Statements 2023–24.</i> Programs: 1.1, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12.
Results	Achieved – cost was \$4.65 million or 0.77% of levies disbursed.
Tolerances	Achieved: Levies administration cost is less than 1.2% of levies disbursed. Partially achieved: Not applicable. Not achieved: Levies administration cost is more than 1.2% of levies disbursed.

Key activity 2.3 Streamline export regulations and compliance arrangements.

Measure IG-07

Measure IG-07	Increase in the number of electronic certificates for export issued (moving to paperless trade).
Measure type	Effectiveness and regulatory.
Target	Plus 2.5% of the final 2022–23 eCert number (61,237).
Sources	<i>Corporate Plan 2023–24.</i> <i>Portfolio Budget Statements 2023–24.</i> Programs: 1.13
Result	Achieved – 21.9% increase in the number of electronic certificates issued for export (74,661 in 2023–24 compared with 61,237 in 2022–23).
Tolerances	Achieved: 100%. Partially achieved: 50% to 99%. Not achieved: 0% to 49%.

For a complete picture of our performance, see page 14 of the [Annual report 2023–24](#).

Appendix A: Divisional functions

Table A1 Additional information on Divisional functions

Group	Division	Description of Activities
Agricultural Trade Group	Trade and International Division	The Trade and International Division (TID) engages in bilateral, regional and multilateral opportunities to advance Australia's agriculture trade and international diplomatic interests. Pursue agricultural trade and market access through multilateral negotiations, high-level bilateral meetings and counsellor network engagement and negotiations with trading partners. Invest in the department's culture and capability to deliver policies and initiatives reflecting international interest.
	Exports and Veterinary Services	Manage export inspection, audit and certification services for food, non-food commodities and live animal operations. Negotiate technical markets access for food and non-food commodities. Manage agricultural quotas negotiated under Free trade agreements and lead Australia's positions at the Codex Alimentarius Commission for international food standards
	Digital Business	The Digital Business Division is leading the digital transformation of Australia's agricultural export systems to help get produce to the market faster and cheaper while maintaining the levels of quality that makes Australia's exports world class. Working closely with business teams across the Agriculture Trade Group and across government, they are delivering digital reform by streamlining, improving and overhauling the export experience and internal agency processes. These enhancements will allow digital interaction with the agency and reduce regulatory and cost burden for Australian agricultural exporters.
	Plant and Live Animal Exports, Welfare and Regulation	supports Australian agriculture industries and the government through export regulatory integrity assurance, export assessment services, food market access, certification management group, development of animal welfare policy for export and domestic issues; management of policy, operations and certification for the export of live animals, animal reproductive material, plants, and plant products; management of the government priority to phase out live sheep exports; and fostering regulatory stewardship across the export related functions.
Biosecurity, Operations and Compliance Group	Biosecurity Plant and Science Services	Safeguarding Australia's plant health stats to achieve, maintain and expand access to overseas markets, while protecting the economy and environment from biosecurity risks on imports. The Division provides scientific analysis and technical advice, regulates the safe imports of plants and plant products, conducts surveillance, diagnostics and response activities, and provides quarantine services at the world class Post Entry Quarantine facility at Mickleham. Our technical expertise is called upon for a range of national and international purposes including international capability building and standard setting.

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Group	Division	Description of Activities
	Compliance and Enforcement	Delivers regulatory outcomes that protect Australia from risks to our biosecurity and trade systems. Informed by both science and intelligence we set controls and deliver assurance activities to increase compliance with legislation; and respond appropriately and proportionately to any breaches. We work with internal and external stakeholders across the regulatory continuum responding to known and emerging risks to safeguard Australia's agriculture, economy, trade and way of life.
	Biosecurity Operations	Deliver nationally integrated biosecurity and imported food regulatory activities to ensure goods, conveyances and travellers meet Australia's import requirements. Manage operational policy and front-line regulatory control setting to manage biosecurity and imported food risk. Deliver assessment, inspection, post entry quarantine, stakeholder engagement and client contact centre services. Improve the delivery of those regulatory functions.
Strategy, Enterprise, and Engagement Group	Legal	Responsible for the provision of all legal services and advice required by the department to develop its legislation and deliver its functions.
	Digital Services	Deliver high values, sustainable digital services, reduce complexity and provide secure, reusable, innovative digital services, and solutions to meet business and customer needs.
	People, Property and Security	Support our people and leaders across the employment life cycle by enabling the effective management of people-related risk and building future ready leaders, people, and culture.
	Finance and Investment	The Finance and Investment Division manages all financial activities for the department, including budgeting and reporting, policy and governance, cost recovery, spending and receiving money, debt management, grants, procurement and contract management policy advice, treasury and assets, ensuring financial compliance, payroll, credit cards and travel, the division provides financial systems administration and delivers training to uplift financial acumen across the department, and ensures our people receive strategic financial advice through finance business partners. We build value and relationships through trusted engagements and provide considered financial advice for successful management of our resourcing.
	Enterprise Strategy and Governance	Responsible for enterprise and budget strategy, communication and media, and governance and corporate support including parliamentary and ministerial services.
	Transformation Taskforce	Deliver the integrated transformation program and its 4 pillars, the Transformation Action Plan, Statement of Strategic Intent, Organisation Design and Culture as a response to the department's Capability Review findings.