



Australian Government
Department of Agriculture,
Fisheries and Forestry

Live animal 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.

Contents

Introduction	i
Summary of financial position	1
Securing the future of agricultural trade.....	1
CRIS cost modelling	2
Volume and revenue	3
Expenses	7
Non-financial performance	8
Objective 1 Industry growth objective	8
Appendix A: Divisional functions	10

Tables

Table 1 Summary of the financial position of the live animal export arrangement for 2023-24.	1
Table 2 volume by charge point, live animal export arrangement for 2023—24.....	4
Table 3 revenue by charge point, live animal export arrangement for 2023—24.....	5
Table 4 Live animal export arrangement cost base by expense type, 2023—24	6
Table 5 financial performance for live animal exports cost recovery arrangement, 2020—21 to 2023—24	7
Table A1 Additional information on Divisional functions	10

Key activities

Key activity 1.1 Support industry productivity and growth through science, policy and partnerships. .	8
Key activity 1.3 Streamline export regulations and compliance arrangements.	9

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

Summary of financial position

The live animal exports arrangement forecast a deficit of \$6.3 million for the 2023–24 financial year. The department's actual spend was \$21.3 million with revenue recovered from participants \$14.5 million resulting in a deficit of \$6.8 million (Table 1). This was supplemented with \$6.8 million in appropriation as part of the [Securing the future of agricultural trade budget measure \(307KB\)](#).

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

Category	Actual (\$)	Budget (\$)	Variance (\$)	CRIS (\$)	Variance (\$)
Revenue	14,504,319	13,524,426	979,893	15,507,198	(1,002,879)
Expenses	21,258,658	22,808,146	(1,549,489)	21,838,626	(579,968)
Net Surplus / (Deficit)	(6,754,339)	(9,283,721)	2,529,382	(6,331,428)	(422,911)
Appropriation	6,754,339	9,283,721	(2,529,382)	NA	NA
Accumulated result	(33,822,117)	(33,822,117)	(0)	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, the Australian Government committed \$91.8 million over 2 years through the [Securing the future of agricultural trade measure \(PDF 208KB\)](#) to sustain delivery of key department export trade and regulatory functions. A further \$3.7 million was provided over three years to enable development of an ongoing sustainable funding model. This will assist 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 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, including 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), which enable the 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 make up other major direct costs.

The [Australian Government Charging Framework](#) allows government agencies to plan, implement and review their charging activities. Our charging is spilt 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 live animal export industry. The departments [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

Revenue for the Live Animal Exports arrangement was \$14.8 million in 2023–24, \$1.2 million more than budget and \$0.8 million less than CRIS projections.

Throughput volumes for cattle, buffalo and camelids have seen a 10% increase in exports via sea. In comparison, there has been a 52% decrease for the same commodities via air. This is a result of a combination of a higher demand for breeder animals and shipping being the more economical mode of export.

Establishment (premise) registration volumes continued to remain under CRIS projections, decreasing by 30% in 2023–24.

Revenue for independent observer (IO) was 79% less than the CRIS, mostly due to cases where IOs were not able to be deployed. Reasons for this include insufficient space or safety equipment to accommodate an IO on board vessels, inability to allocate IOs due to the Department of Foreign Affairs and Trade travel advice for particular markets, availability of IOs, insufficient time to arrange IO deployment on some voyages and a reduction in deployment on voyages to Israel and the Middle East.

Volumes were higher than forecast for inspections and standard assessment this was offset by lower volumes for specialist assessment.

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

Table 2 volume by charge point, live animal export arrangement for 2023—24

Type of Charge	Cost recovery charges	Actual (Units)	CRIS (Units)	Variance (Units)	Variance (%)	Budget (Units)
Charges	Throughput – full unit (sheep/goat) – sea	618,922	633,366	(14,444)	(2)	386,317
	Throughput – full unit (cattle/buffalo/camelids) – sea	857,321	780,000	77,321	10	530,348
	Throughput – full unit (sheep/goat) – air	44,161	36,514	7,647	21	53,545
	Throughput – full unit (cattle/buffalo/camelids) – air	3,743	7,719	(3,976)	(52)	4,333
	Approved arrangement – air	8	10	—	—	16
	Approved arrangement – sea	24	26	—	—	89
	Establishment (premises) registration	52	74	(22)	(30)	33
	Licence – livestock	32	40	(8)	(20)	45
	Export permit non-livestock	8,980	7,500	1,480	20	8,148
Fees — audit and inspection	Standard audit	1,406	1,461	(55)	(4)	1,512
	Specialist audit	811	445	366	82	853
	Inspection	8,616	3,525	5,091	>100	2,991
Fees — documentation	Specialist assessment	19,376	24,873	(5,497)	(22)	18,385
	Standard assessment	22,648	19,624	3,024	15	19,377
	TRQ certificate	70	0	70	—	0
	Replacement certificate	74	66	8	12	22
Fees — independent observer	Independent observer	196	916	(720)	(79)	229

Table 3 revenue by charge point, live animal export arrangement for 2023—24

Type of Charge	Cost recovery charges	Actual (\$)	CRIS (\$)	Variance (\$)	Variance (%)	Budget (\$)
Charges	Throughput – full unit (sheep/goat) – sea	894,731	950,049	(55,318)	(6)	579,476
	Throughput – full unit (cattle/buffalo/camel) – sea	4,896,184	4,563,000	333,184	7	3,102,538
	Throughput – full unit (sheep/goat) – air	53,983	46,738	7,245	16	68,537
	Throughput – full unit (cattle/buffalo/camel) – air	18,283	38,518	(20,235)	(53)	21,619
	Approved arrangement – air	195,304	244,130	(48,826)	(20)	390,608
	Approved arrangement – sea	1,171,848	1,269,502	(97,654)	(8)	2,807,553
	Establishment (premises) registration	634,764	903,318	(268,554)	(30)	402,831
	Licence – livestock	311,042	375,040	(63,998)	(17)	421,920
	Export permit non-livestock	2,681,320	2,242,500	438,820	20	2,436,384
Total charges	—	10,857,459	10,632,795	\$224,664	2	10,231,465
Fees – audit and inspection	Standard audit	86,056	90,582	(4,526)	(5)	93,773
	Specialist audit	85,761	47,170	38,591	82	90,367
	Inspection	611,337	260,850	350,487	>100	221,353
	Outside ordinary hours (OOH)	162,871	0	162,871	—	5,787
Fees – documentation	Specialist assessment	1,428,845	1,840,602	(411,757)	(22)	1,360,473
	Standard assessment	1,062,968	941,962	121,006	13	930,083
	TRQ certificate	3,010	0	3,010	—	0
	Replacement certificate	39,465	35,640	3,825	11	11,729
Fees – independent observer	Independent observer - miscellaneous	66,049	—	66,049	—	155,710
	Independent observer	351,540	1,657,598	(1,306,058)	(79)	414,418
Total fees	—	3,897,902	4,874,404	(976,502)	(20)	3,283,691
Total fees and charges	—	14,755,361	15,507,199	(751,838)	(5)	13,515,156

Table 4 Live animal export arrangement cost base by expense type, 2023—24

Expenses	Division	Actual (\$)	Budget (\$)	Variance (\$)	Variance (%)
Direct	Export & Veterinary Services	4,897,964	5,029,007	(131,043)	(3)
	Plant & LAE Animal Welfare & Regulation	8,976,025	10,362,331	(1,386,307)	(13)
	Digital Business	407,623	392,313	15,310	4
	Compliance & Enforcement	378,258	398,742	(20,484)	(5)
	Trade and International	70,672	68,729	1,943	3
	Biosecurity Operations	21,951	26,875	(4,924)	(18)
	Biosecurity Animal	398,177	391,302	6,874	2
Total direct expenses	—	15,150,669	16,669,299	(1,518,630)	(9)
Indirect	Finance and Investment	818,651	957,622	(138,970)	(15)
	Enterprise Strategy and Governance	128,748	160,678	(31,930)	(20)
	Digital Services	1,779,532	1,798,869	(19,336)	(1)
	Legal	256,971	280,173	(23,202)	(8)
	Transformation Taskforce	20,828	24,489	(3,661)	(15)
	People, Property & Security	1,502,811	1,586,463	(83,652)	(5)
Total indirect expenses	—	4,507,540	4,808,293	(300,753)	(6)
Depreciation and amortisation	—	1,600,449	1,330,555	269,894	20
Total expenses	—	21,258,658	22,808,146	(1,549,489)	(7)

Totals are rounded.

Expenses

Expenditure in 2023-24 was \$21.3 million, \$1.5 million lower than budget (Table 4). The underspend is primarily driven by an underspend in the Plant and LAE Animal Welfare and Regulation division due to:

- Underspends relating to challenges to increase the number of staff from recruitment activities.
- Lower than expected international travel expenses as a result of decreased deployments to Israel and the Middle East.
- This is offset with higher than budgeted depreciation expenses are due to writing off a sublet portion of Agriculture House, the department's Canberra office.

Table 5 financial performance for live animal exports cost recovery arrangement, 2020—21 to 2023—24

Finance element	2020—21 (\$)	2021—22 (\$)	2022—23 (\$)	2023—24 (\$)
Revenue = X	5,767,529	7,741,005	12,151,984	14,504,319
Expenses = Y	16,265,218	19,797,593	19,902,029	21,258,658
Balance = X – Y	(10,497,689)	(12,056,588)	(7,750,045)	(6,754,339)
Remissions, rebates and adjustments = Z	10,497,689	12,056,588	4,303,364	6,754,339
Net balance = balance + Z	0	(0)	(3,446,681)	(0)
Accumulated result	(30,375,436)	(30,375,436)	(33,822,117)	(33,822,117)

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 dispersed.
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

Department of Agriculture, Fisheries and Forestry

Live animal export cost recovery arrangement: 2023–24 financial results

Group	Division	Description of Activities
Strategy, Enterprise, and Engagement Group		technical expertise is called upon for a range of national and international purposes including international capability building and standard setting.
	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.
	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.
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