



Australian Government

Department of Agriculture,
Fisheries and Forestry

Cost recovery implementation statement: live animal exports 2024–25



© Commonwealth of Australia 2024

Ownership of intellectual property rights

Unless otherwise noted, copyright (and any other intellectual property rights) in this publication is owned by the Commonwealth of Australia (referred to as the Commonwealth).

Creative Commons licence

All material in this publication is licensed under a [Creative Commons Attribution 4.0 International Licence](https://creativecommons.org/licenses/by/4.0/) except content supplied by third parties, logos and the Commonwealth Coat of Arms.



Cataloguing data

This publication (and any material sourced from it) should be attributed as: DAFF 2024, *Cost recovery implementation statement: live animal exports 2024–25*, Department of Agriculture, Fisheries and Forestry, Canberra, July. CC BY 4.0.

This publication is available at agriculture.gov.au/about/fees/cost-recovery-2024-25

Department of Agriculture, Fisheries and Forestry

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web agriculture.gov.au

Disclaimer

The Australian Government acting through the Department of Agriculture, Fisheries and Forestry has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the department, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this publication to the maximum extent permitted by law.

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

Summary	1
1 Policy and statutory authority to cost recover	2
1.1 About the department.....	2
1.2 Government policy approval to cost recover	2
1.3 Statutory authority to apply fees and charges	2
1.4 Who pays for regulatory services	3
2 Risk assessment	4
3 Stakeholder consultation.....	5
3.1 Stakeholder engagement strategy	5
4 Cost recovery arrangement for live animal exports	7
4.1 Description of the regulatory activity.....	7
4.2 Cost-base assumptions.....	8
4.3 Projected cost base	9
5 Design of regulatory charges	11
5.1 Live animal exports fees and charges.....	11
5.2 Revenue variability	12
6 Financial estimates.....	14
6.1 Financial estimates	14
6.2 Cost recovery reserve	14
7 Financial and non-financial performance	15
7.1 Financial performance.....	15
7.2 Summary financial performance 2022–23	15
7.3 Non-financial performance.....	16
8 Key dates and events	18
9 CRIS approval and change register	19
Appendix A: Additional fees and charges that may apply.....	20
Organics – application and audit	20
Tariff rate quota (TRQ) certificates.....	20
Outside ordinary hours (OOH).....	20
Appendix B: Cost recovery model	22
Outputs and business processes of the regulatory charging activity.....	22
Costs of regulatory charging activity	23
Description of cost model activities	25
Assurance activities	26

Incident management activities	26
Intervention activities.....	26
Appendix C: Summary of stakeholder feedback.....	28
Appendix D: Government approval to cost recover	29

Tables

Table 1 Approach to stakeholder engagement for regulatory charging.....	6
Table 2 Cost base for live animal exports cost recovery arrangement, 2024–25.....	9
Table 3 Cost type breakdown for live animal exports cost recovery arrangement, 2024–25	10
Table 4 Fees, charges and volumes for live animal exports cost recovery arrangement, 2024–25	12
Table 5 Financial estimates for live animal exports cost recovery arrangement.....	14
Table 6 Financial performance for live animal exports cost recovery arrangement, 2019–20 to 2022–23.....	15
Table 7 live animal export arrangement summary of financial position, 2022–23	15
Table 8 Key forward dates and events	18
Table 9 CRIS approval and change register	19
Table A1 Organics fees and charge	20
Table A2 TRQ certificate fees and charge	20
Table A3 Outside ordinary hours.....	21
Table C1 Stakeholder feedback summary.....	28
Table D1 Government approval regulatory charging for agricultural export activities.....	29

Figures

Figure 1 Engagement process	6
Figure B1 Outputs and business processes of the department’s regulatory charging activity.....	22
Figure B2 Categories of activities	24

Key activities

Key activity 1 Support sector productivity, resilience and growth through science, policy and partnership.....	16
Key activity 2 Maintain and expand exports and access to international markets	16
Key activity 3 Streamline export regulations and compliance arrangements	16

Summary

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

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

The department's implementation of cost recovery for live animal exports is structured primarily around fee-for-service and levy charges for export permits and certification.

- 1) Fees are charged when regulation is provided directly to an individual or organisation for the delivery of regulatory activities such as inspections of goods, audit of registered premises, or assessment of export certification.
- 2) Cost recovery levies or charges are applied when regulation is imposed on an industry sector rather than directly to a specific individual or organisation. These charges recover the costs of maintaining regulatory infrastructure and integrity through program management and administration, assurance and incident management activities.

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

The budget measure [Securing the future of agricultural trade \(PDF 308 KB\)](#), describes the Australian Government's investment to ensure Australia's regulatory export and trade system remains able to meet both the needs of our exporters and the expectations of our trading partners, while supporting industry to achieve its goals now and into the future.

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

1 Policy and statutory authority to cost recover

1.1 About the department

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

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

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

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

1.2 Government policy approval to cost recover

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

A further \$3.7 million under the measure has been provided to enable development of an ongoing sustainable funding model over 3 years. Development of this model will ensure the department is appropriately resourced through both cost recovery and appropriation funding to undertake its export regulatory activities, trade, national coordination, and leadership activities.

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

1.3 Statutory authority to apply fees and charges

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

Cost recovery charges are imposed under the following Acts:

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

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

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

1.4 Who pays for regulatory services

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

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

2 Risk assessment

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

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

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

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

3 Stakeholder consultation

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

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

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

3.1 Stakeholder engagement strategy

Purpose

This stakeholder engagement strategy for the cost recovery of live animal exports regulatory activities outlines the engagement principles, method and approach. The purpose of the strategy is to work with industry to update the CRIS as needed and provide information on the performance of the cost recovery arrangement.

This strategy helps the department to plan, design, undertake and evaluate stakeholder engagement activities.

It has been designed to meet the requirements of the:

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

Principles

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

The department will achieve this by:

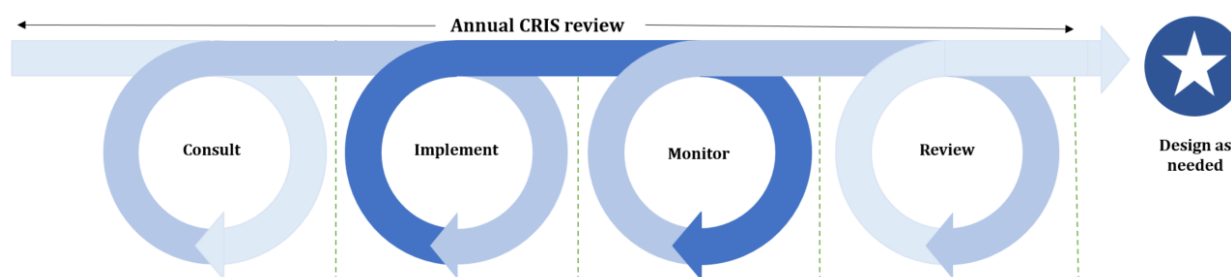
- clearly explaining the objective and context of stakeholder engagement
- communicating what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential to participant's roles is made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

Method

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

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

Figure 1 Engagement process



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

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

Approach

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

Table 1 Approach to stakeholder engagement for regulatory charging

Category	Consult	Implement	Monitor	Review	Design as needed
Objective	Public consultation to seek feedback on annual updates to the proposed cost base, fees and charges in the draft CRIS.	Publish public information to prepare stakeholders for upcoming changes to regulatory charging.	Publish information on prior year financial and non-financial performance of regulatory charging.	Consultation to seek feedback on regulatory charging performance and stakeholder engagement.	Targeted consultation to seek advice and input on behalf of their industries to develop volume, expense and pricing models.
Level of engagement	Consult	Share	Share	Consult	Consult
Timing	Annually in first quarter of the year.	Annually in June.	Annually in October.	As needed or for the Portfolio Charging Review in 2024.	As needed.
Stakeholders	<ul style="list-style-type: none"> • Industry consultative committees (ICCs). • All industry participants. • Peak industry bodies. 	<ul style="list-style-type: none"> • All industry participants. • Peak industry bodies. 	<ul style="list-style-type: none"> • Industry consultative committees (ICCs). • All industry participants. • Peak industry bodies. 	<ul style="list-style-type: none"> • Industry consultative committees (ICCs). • All industry participants. • Peak industry bodies. 	<ul style="list-style-type: none"> • Industry consultative committees (ICCs). • Peak industry bodies
Method	<ul style="list-style-type: none"> • Online – Have Your Say. • Face-to face. 	<ul style="list-style-type: none"> • Industry advice notices (IANs). • Online – department website. 	<ul style="list-style-type: none"> • Online – department website. 	<ul style="list-style-type: none"> • Online – Have Your Say. 	<ul style="list-style-type: none"> • Face-to-face. • Teleconference.

4 Cost recovery arrangement for live animal exports

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

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

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

The department is acting on these issues in 2 ways:

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

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

4.1 Description of the regulatory activity

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

The department delivers a range of regulatory services to support the export of live animals and reproductive materials. These services are described using the categories in the department’s cost model activity framework ([Appendix B](#)).

Independent Observer program

The Independent Observer program was introduced in 2018 to provide assurance and transparency to the government, department, industry and the broader community regarding the health and welfare of live animals on export vessels. Observers are deployed on a sufficient number of voyages to provide this assurance with priority given to voyages with higher risks such as voyage length, expected temperature extremes during the voyage, species, discharge and/or loading ports. Observers may also be deployed in some instances where poor outcomes on previous voyages have been identified. Observers will only be deployed where it is safe and practical to do so.

Independent observers perform both on-water and onshore duties. While on the water, the role of the independent observer incorporates assurance activities including monitoring, reviewing and/or auditing. Independent observers do not take an active role in animal management during the voyage. Their focus is to verify and report on the implementation of individual exporter arrangements and their effectiveness at managing animal health and welfare. When not deployed on voyages, independent observers perform office duties including peer review of observer reports, administrative tasks relating to observer deployments, and point of contact support to other observers while deployed.

Independent observers are supported primarily by the Independent Observer Deployment Team (which they are part of), and members of the Live Animal Export Branch Voyage Management Team. The deployment team responsibilities include observer recruitment and training, preparation and coordination of pre- and post-deployment documentation and activities, domestic and international travel and accommodation, equipment management, and point of contact support for observers during deployment. The Voyage Management Team provides technical support to the observer throughout the voyage and is responsible for the review of independent observer reporting and any necessary regulatory action during and post-voyage. The department paused the deployment of independent observers in March 2020 due to COVID-19 travel restrictions. Deployments recommenced from 1 May 2022 (see [Independent observers](#)).

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

4.2 Cost-base assumptions

The greater part of the department's regulatory activity cost is employee related. External suppliers and operating support for our export IT systems makes up other major direct costs. The key cost driver for permit and assessment-based activities is complexity, which determines the amount of time and effort spent on a regulatory output.

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

Assumptions made in the modelling were:

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

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

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

4.3 Projected cost base

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

Direct costs

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

Indirect costs

Indirect costs are enabling costs that cannot be attributed to a specific activity or output. These include information and communications technology, maintenance, office accommodation, and finance and corporate services costs. The department includes indirect expenses in the cost base to reflect the systems and processes that exist to help with efficient administration, which the cost-recovered arrangements benefit from. Indirect costs are allocated to cost recovered and appropriated activities using cost drivers such as headcount and full-time equivalent (FTE), in line with the department’s cost allocation policy.

Capital costs

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

Table 2 shows the live animal export arrangement cost base for 2024–25.

The cost base of \$22.2 million is made up of:

- \$14.4 million in charge-related activities
- \$7.8 million in fee-related activities.

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

Table 2 Cost base for live animal exports cost recovery arrangement, 2024–25

Charge type	Activity	Expense (\$)	Cost recovery charges
Charge	<ul style="list-style-type: none"> • Program management and administration <ul style="list-style-type: none"> – Workforce and business administration – Business system administration – Stakeholder engagement – Policy and instructional material – Business improvement • Assurance 	14,446,003	Annual registration, export documentation, throughput, application and organic certification

Cost recovery implementation statement: live animal exports 2024–25

Charge type	Activity	Expense (\$)	Cost recovery charges
	– Risk management		
	– Verification		
	– Surveillance		
	• Incident management		
	– Incident management		
	– Investigative support		
	– Corrective action		
Fee-for-service	Intervention – assessment	3,755,577	Assessment
	Intervention – inspection	345,526	Inspection
	Intervention – audit	213,085	Audit
	Intervention – Independent Observers	3,449,692	Independent Observers
Total cost base	–	22,209,883	–

Table 3 Cost type breakdown for live animal exports cost recovery arrangement, 2024–25

Category	Expense	Forecast (\$)
Direct	Employee	12,790,905
	Operating	2,752,246
	Other	97,792
	Subtotal	15,640,943
Indirect	Assurance and legal	278,030
	Corporate Strategy and Governance	436,663
	Export support	177,334
	Finance	911,545
	Information services	1,953,200
	People services	841,020
	Property	1,971,148
Subtotal	6,568,940	
Total	–	22,209,883

5 Design of regulatory charges

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

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

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

5.1 Live animal exports fees and charges

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

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

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

Table 4 Fees, charges and volumes for live animal exports cost recovery arrangement, 2024–25

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume	Estimated revenue (\$)
Charges	Throughput – full unit (sheep/goat) – sea	Per animal	1.53	633,366	969,050
	Throughput – full unit (cattle/buffalo/camel) – sea	Per animal	5.96	780,000	4,648,800
	Throughput – full unit (sheep/goat) – air	Per animal	1.3	36,514	47,468
	Throughput – full unit (cattle/buffalo/camel) – air	Per animal	5.08	7,719	39,213
	Approved arrangement – air	Annual	24,868	10	248,680
	Approved arrangement – sea	Annual	49,736	26	1,293,136
	Establishment (premises) registration	Annual	12,434	74	920,116
	Licence – livestock	Annual	9,550	40	382,000
Fees – audit and inspections	Standard audit	Per quarter hour	64	1,461	93,504
	Specialist audit	Per quarter hour	109	445	48,505
	Inspection	Per quarter hour	75	3,525	264,375
Fees – documentation	Export permit non – livestock	Per document	305	7,500	2,287,500
	Document – replacement	Per document	551	66	36,366
	Specialist assessment	Per quarter hour	75	24,873	1,865,475
	Standard assessment	Per quarter hour	49	19,624	961,586
Fees – independent observer	International flight – passthrough	At cost	–	–	–
	Independent observer	Per day	1,847	916	1,691,483
Total	–	–	–	–	15,797,256

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

5.2 Revenue variability

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

The demand for the department’s activities, and therefore our revenue stream, is sensitive to market fluctuations. The applications for new registrations and permits are initiated by industry and are

beyond the department's control. They can vary depending on government policy settings, demand for Australian products overseas and broader economic and climatic conditions.

The department provides industry representatives (livestock, non-livestock and reproductive material export industries) with an opportunity to provide anticipated volumes of exports to contribute to financial year forecasts. Where estimates are provided by industry representatives, the information is considered in light of published data projections, e.g. livestock exports projections published by Meat and Livestock Australia and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES).

6 Financial estimates

6.1 Financial estimates

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

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

Table 5 Financial estimates for live animal exports cost recovery arrangement

Finance element	2022–23 (\$) ^a	2023–24 (\$) ^b	2024–25 (\$) ^b	2025–26 (\$) ^b
Revenue = X	12,151,984	15,507,198	15,797,256	15,797,256
Expenses = Y	19,902,029	21,838,626	21,209,883	22,587,450
Balance = X – Y	(7,750,045)	(6,331,428)	(5,412,627)	(6,790,194)
Appropriation funding	4,303,364	n/a	n/a	n/a
Balance after appropriation	(3,446,681)	(6,331,428)	(5,412,627)	(6,790,194)
Forecast opening balance	(30,375,436)	(33,822,117)	(40,153,545)	(45,566,172)
Transfer	(3,446,681)	(6,331,428)	(5,412,627)	(6,790,194)
Forecast closing balance	(33,822,117)	(40,153,545)	(45,566,172)	(52,356,366)

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

6.2 Cost recovery reserve

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

Regulatory charging is set to recover reasonable costs however, several factors can affect the difference between revenue and expenses. These factors include volume variances and changes in expenses based on risk profiles. Demand for commodities, overseas economic factors, and climatic events can all impact regulatory effort, costs and volumes of activities.

Under-recoveries will result in the arrangement not recovering the costs of regulatory activities. This results in the arrangement operating at a loss, and adversely impacts the reserve balance for the arrangement at year's end. Ongoing under recovery will lead to the need for further review of the regulatory charging arrangement to ensure its return to sustainable recovery for all regulatory costs.

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

7 Financial and non-financial performance

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

7.1 Financial performance

The financial performance for the live animal export cost recovery arrangement is provided in Table 6.

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

Finance element	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)	2022–23 (\$)
Revenue = X	8,480,976	5,767,529	7,741,005	12,151,984
Expenses = Y	20,674,858	16,265,218	19,797,593	19,902,029
Balance = X – Y	(12,193,882)	(10,497,689)	(12,056,588)	(7,750,045)
Remissions, rebates and adjustments = Z	n/a	n/a	n/a	4,303,364
Net balance = balance + Z	(12,193,882)	(10,497,689)	(12,056,588)	(3,446,681)
Balance	(30,375,437)	(30,375,437)	(30,375,437)	(33,822,117)

7.2 Summary financial performance 2022–23

The live animal exports 2022–23 CRIS forecast a deficit of \$7.7 million. The department's actual spend was \$19.9 million with cost recovery from participants returning \$12.2 million resulting in a deficit of \$7.8 million Table 7.

Table 7 live animal export arrangement summary of financial position, 2022–23

Category	Actual (\$)	CRIS (\$)	Variance (\$)	Variance (%)
Revenue	12,151,984	13,773,310	(1,621,326)	(12)
Expenses	19,902,029	21,473,574	(1,571,545)	(7)
Net surplus/(Deficit)	(7,750,045)	(7,700,264)	(49,781)	(1)
Appropriation	4,303,364	7,700,264	(3,396,900)	(44)
Balance	(33,822,117)	(30,375,436)	(3,446,681)	0

Busting congestion measure

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

7.3 Non-financial performance

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

Objective 1 Industry growth

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

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

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 or equal to 0% difference over past 10 years.
Result	Not achieved – market sector growth rate was 0.27% higher than the agricultural productivity growth rate.
Tolerances	Achieved: Average annual growth in the agricultural productivity (climate-adjusted) series exceeds average annual market sector productivity growth over the same period. Partially achieved: Not applicable. Not achieved: Average annual growth in the agricultural productivity (climate-adjusted) series is lower than average annual market sector productivity growth over the same period.

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

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

Key activity 3 Streamline export regulations and compliance arrangements

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

Cost recovery implementation statement: live animal exports 2024–25

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

Note: For a complete picture of our performance, see Part 1: Annual performance statements – Our performance measures, of the Annual report 2022–23.

8 Key dates and events

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

Table 8 Key forward dates and events

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

9 CRIS approval and change register

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

Table 9 CRIS approval and change register

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

Appendix A: Additional fees and charges that may apply

Organics – application and audit

The prices for application for and audit of organic certifying entity are as indicated in Table A1.

Table A1 Organics fees and charge

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

Tariff rate quota (TRQ) certificates

The prices for TRQ certificates for goods other than prescribed meat, prescribed meat products, prescribed milk and prescribed milk products are as indicated in Table A2.

Table A2 TRQ certificate fees and charge

Type of charge	Cost recovery charges	Unit	Price (\$)		
			2022–23	2023–24	2024–25
Charge	TRQ Certificate	Per document	45	46	47
	TRQ Certificate electronic	Per document	17	17	17
Fee	TRQ Certificate, manual	Per document	41	41	41
	Replacement TRQ Certificate	Per document	563	574	585

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 A3.

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

Table A3 Outside ordinary hours

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

Appendix B: Cost recovery model

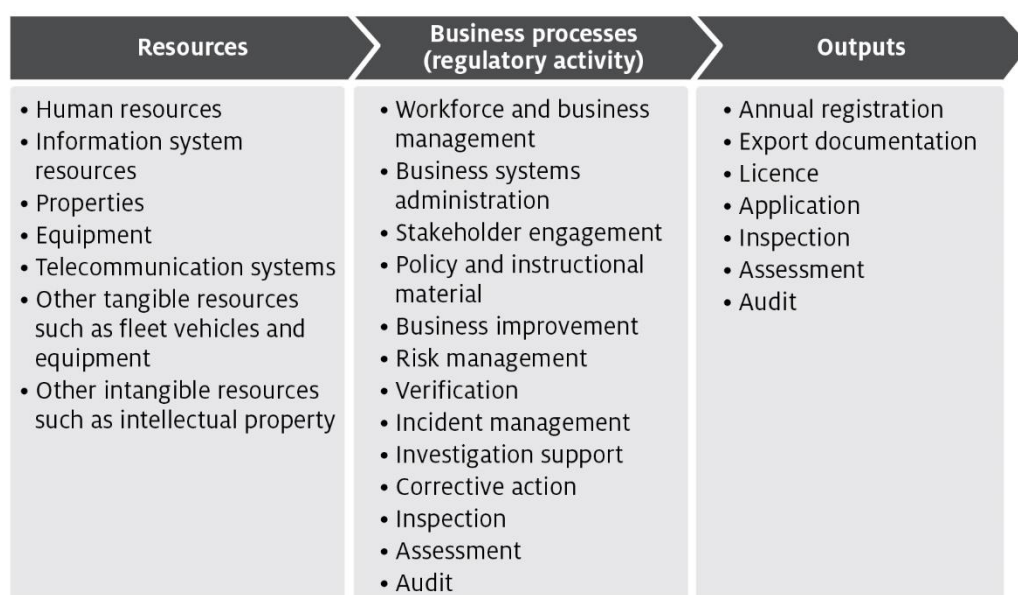
Outputs and business processes of the regulatory charging activity

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

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

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

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



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

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

- 4) Intervention – activities provided directly to an individual, business or organisation to meet export regulatory activity requirements.

Costs of regulatory charging activity

Cost allocation process

To determine the cost of regulatory activities, the department uses an activity-based costing (ABC) system. The ABC system allows for complex cost allocation calculations while also being efficient and effective to administer.

The 2 expense categories are:

- 1) Direct expenses – these can be directly attributed to the provision of an activity (e.g. inspections). They comprise of staff salaries and supplier costs including direct capital expenses.
- 2) Indirect expenses – these are not directly linked to an activity provided by us. Indirect expenses include corporate employee salaries and overheads such as information technology, finance, human resources costs, and indirect capital expenses.

The cost allocation process apportions the costs of support functions (indirect expense) and direct expense to the processes/activities defined in [Description of cost model activities](#). The department includes indirect expenses in the cost base to reflect the systems and processes that exist to help with efficient administration, which the cost-recovered arrangements benefit from. This is the same methodology employed for allocation of indirect costs to appropriated activities, in line with the department's cost allocation policy.

The ABC system allocates costs in a staged approach.

Stage 1

Indirect costs such as property, finance, information technology, human resources and divisional executives are allocated to direct cost centres using a cost driver that estimates the relative usage of each of the corporate services. Cost drivers for corporate services include:

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

Stage 2

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

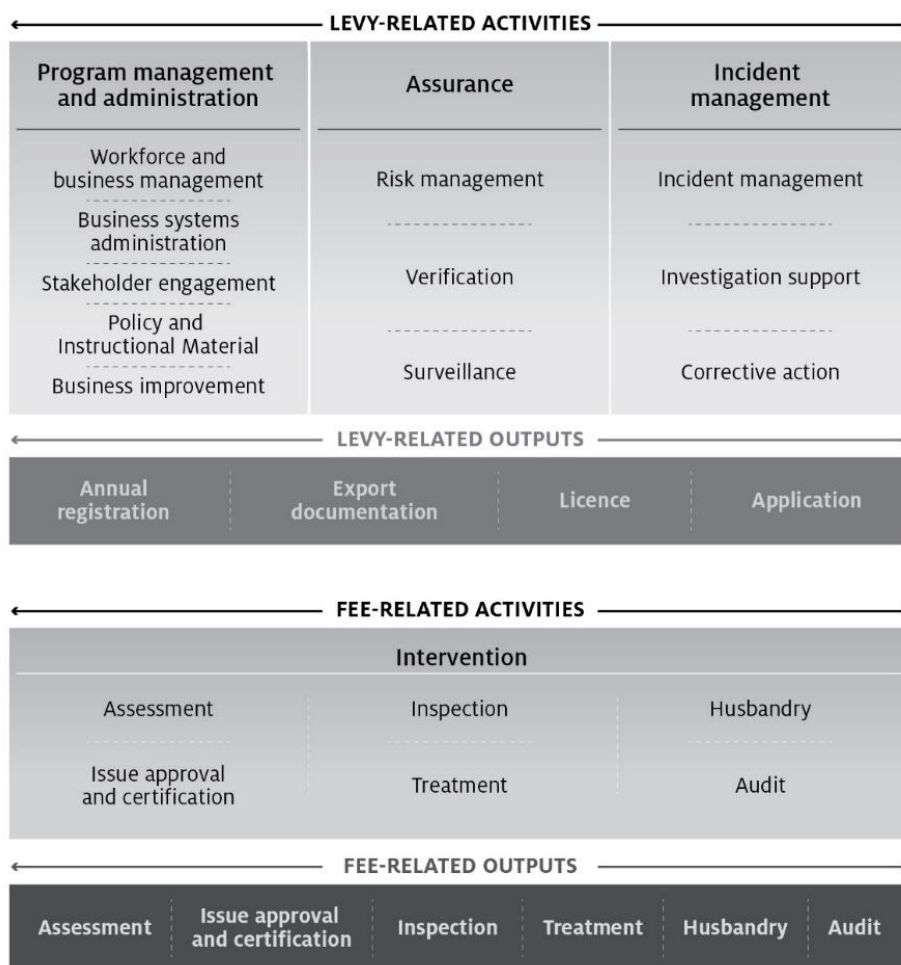
The primary variable used in the allocation of costs to activities is effort. As a result, cost estimates vary with changes in activity. If actual activity levels change during a financial year, the costs allocated to arrangements would require adjustment to align with that effort. The department monitors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

For example, food safety auditors undertake audits across multiple arrangements. The department forecasts the number of audits and average time for an audit for each arrangement. The associated costs are allocated to the arrangements and audit function based on total audit hours.

Stage 3

Activity/arrangement costs (from stage 2) are allocated to charge points which identifies the cost associated with that charge. The department uses a combination of cost recovery fees and charges. Figure B2 shows how the department categorises cost-recovered charge and fee activities and outputs.

Figure B2 Categories of activities



Description of cost model activities

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

Program management and administration activities

Workforce and business management

This activity has 4 categories:

- 1) Workforce management activities include staff supervision, allocating workforce resources, managing employee performance, leave, training and other conditions, managing work, health and safety requirements, recruitment and termination.
- 3) 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.
- 4) Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- 5) Information management activities include data management, information and records management, and information sharing and collaboration.

Business systems administration

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

Stakeholder engagement

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

Policy and instructional material

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

Business improvement

Includes assessment, monitoring and management of business performance. Examples include adjustments to improve regulatory activity, against business performance reports against Key Performance Indicators (KPI) and similar activities.

Assurance activities

Risk management

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

Verification

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

Surveillance

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

Incident management activities

Incident management

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

Investigation support

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

Corrective action

Includes actions taken in response to non-compliance or contravention of legislation or procedures that are managed without a formal investigation by an enforcement officer. Corrective action activities include all pre and post work, travel and regulated entity assistance in relation to the enforcement process.

Intervention activities

Assessments

Involves assessing information to determine if it meets the department and the importing country requirements. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation) travel and regulated entity

assistance in relation to the assessment. Examples include assessments of licences, permits, registrations, accreditations, and exemptions.

Issue approvals and certification

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

Inspections

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

Treatments

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

Husbandry

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

Audit

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

Appendix C: Summary of stakeholder feedback

Table C1 Stakeholder feedback summary

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

Appendix D: Government approval to cost recover

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

Table D1 Government approval for regulatory charging for agricultural export activities

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

Cost recovery implementation statement: live animal exports 2024–25

Date	Government decision	Details
		the department's fees and charges. Outcomes of the review were implemented 1 December 2015.