



**Australian Government**

**Department of Agriculture,  
Fisheries and Forestry**

# **Cost recovery implementation statement: meat exports 2022–23**



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Department of Agriculture, Fisheries and Forestry

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web [agriculture.gov.au](http://agriculture.gov.au)

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

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# 1 Introduction

## 1.1 Purpose of this CRIS

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

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

The purpose of this CRIS is to:

- update the meat exports cost recovery arrangement cost base
- describe a proposed preferred option for fees and charges for 2022–23 to 2025–26 to gather industry views on the practicalities of implementation.

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

## 1.2 Summary of meat exports regulatory reforms

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

Table 1 shows the impact of the modernisation reforms to expected cost–recovered revenue. A reduction in the cost base of \$16.9 million from 2022–23 has been identified since the 2020–21 CRIS.

**Table 1 Meat export cost recovery arrangement cost base adjustments**

Cost base	Unit	2022–23	2023–24	2024–25	2025–26
2020–21 CRIS starting expense	\$	93,447,346	95,182,874	96,950,006	98,717,755
Cost reductions identified previously	\$	(16,587,561)	(16,893,768)	(17,205,626)	(17,517,486)
2021–22 CRIS expense	\$	76,859,785	78,289,106	79,744,380	81,200,270
Additional cost reductions	\$	(307,053)	(472,559)	(642,533)	(791,272)
2022–23 CRIS expense	\$	76,552,732	77,816,547	79,101,847	80,408,998
Cost recovered revenue	\$	74,464,895	78,129,877	79,637,285	79,637,285
Appropriation funding	\$	2,087,838	n/a	n/a	n/a
<b>Total revenue</b>	<b>\$</b>	<b>76,552,732</b>	<b>78,129,877</b>	<b>79,637,285</b>	<b>79,637,285</b>
Appropriation funding as % of expenses	%	3	n/a	n/a	n/a

n/a Not applicable.

### 1.3 Path to full cost recovery

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

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

### 1.4 Agricultural Trade Reforms

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

The department is also implementing a number of measures to improve our digital agricultural export systems to ensure that Australian exporters remain competitive in the global marketplace. These improvements continue to meet trading partner requirements. This includes modernising the meat export regulatory system to strengthen Australia’s reputation as a provider of high-quality safe meat, underpinned, and verified by, a robust regulatory system.

The modernisation projects will

- keep Australia’s export systems world leading
- reduce the meat processing industry’s regulatory burden
- introduce new regulatory assurance that targets higher risk export processes and or exporters and rewards high levels of compliance
- introduces flexible assurance methods, including through the better use of technology, to reduce cost and help meat exporters to better compete internationally.

The estimated regulatory cost base reduction for the meat exports arrangement is currently estimated at \$16.9 million per annum once fully implemented. The department is working with the

industry consultative committee to further define these savings, which will be influenced by industry uptake of reform measures.



## 2 CRIS updates

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

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

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

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

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

## 3 Policy and statutory authority to cost recover

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

### 3.1 Why cost recovery is appropriate

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

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

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

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

### 3.2 Who will pay for regulatory charges

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

### 3.3 Government policy approval to cost recover the regulatory activity

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

## **3.4 Statutory authority to charge**

### **3.4.1 Cost recovery charges**

Cost recovery charges are imposed under these Acts:

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

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

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

### **3.4.2 Cost recovery fees**

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

# 4 Cost recovery arrangement for meat export

## 4.1 Description of the regulatory activity

Meat exports are regulated in accordance with the export legislative framework (see [section 3.4](#)).

The primary function of the program is to deliver certification in relation to the export of meat and meat products from Australia. Export certification is required by overseas government authorities to verify that exported products have been sourced, prepared and exported consistent with Australia's export legislation, including importing country requirements.

To provide this certification, the program undertakes inspection and assurance activities and conducts regular audits of premises registered to produce and store meat and meat products for export. In addition, the program also undertakes a number of activities to ensure the continued integrity of the export system and supply chain, including licencing, registration approvals and amendments.

The broad range of services are described in [section 4.1.1](#) using the categories in the department's cost model activity framework ([Appendix A](#)).

### 4.1.1 Program management and administration activities

#### Business systems administration

- Administration and maintenance of business systems which, support the program, such as Manual of Importing Country Requirements (MICOR), AMS, Meat Export Data Collection system, Establishment Register and certification systems. This includes assigning access to users and troubleshooting system issues
- Invoicing – managing invoicing for applications and licences
- Workplace capability development, deployment and management.

#### Stakeholder engagement

- Industry engagement – coordinating timing, access, agenda items and minutes for industry teleconferences, and facilitating ad hoc meetings with exporters and industry groups to respond to operational matters. Day to day interactions with peak bodies on regulatory matters
- Day-to-day interactions with establishments, including determination of appropriate on-plant staffing levels consistent with changing operational requirements
- Advisory notices – publishing industry advisory notices to provide advice to regulated entities on how to comply with legislative and importing country requirements.

#### Policy

- Developing, implementing and monitoring of operational policy and systems that ensure compliance with Australian export controls and any importing country requirements. These activities serve to maintain the eligibility of commodities for export from Australia and to

protect and promote Australia’s reputation for premium agricultural goods, while maintaining existing and seeking increased market access opportunities

- Development of work instructions, guidance material and supporting documentation to enable exporters and departmental officers to perform, and adhere to, their regulatory functions and requirements
- Manual of importing country requirements (MICOR) updates – updating (MICOR) when an importing country’s requirements change
- Provision of scientific and technical advice to improve, maintain or restore market access and to demonstrate adherence to export requirements
- Providing advice to ensure that any proposed protocols for the export of meat and meat products are certifiable, consistent with export legislation and standards and operationally practical.

#### **Business improvement**

- Project development and implementation – implementing reform projects to make the meat export regulatory environment more efficient, effective and transparent
- Strategic support – strengthening regulatory practice and performance across the regulatory system.

### **4.1.2 Assurance activities**

#### **Assurance**

- Monitor export supply chain participant key performance indicators as they relate to performance against legislation.

#### **Verification**

- Verifying that the systems in place, are achieving intended legislative outcomes, including animal welfare, importing country requirements, product hygiene or safety and product integrity outcomes. Key activities include providing technical advice and undertaking system audits
- International competent authority audits – engagement and facilitation of overseas authority audits of processes and systems. Administration of audits by overseas central competent authorities for registered establishments.

### **4.1.3 Incident management activities**

#### **Incident management**

- Incident management – managing operational responses to incidents such as domestic disease detections. This also includes support provided by the department’s overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border
- Providing support through the department’s overseas counsellors relating to detained consignments, government certification and other issues which result in goods being held at the border.

### **Corrective action**

- Identification of issues or non-compliances and enacting required corrective actions
- Enforcement activities to ensure that the production, storage, handling and transportation of meat and meat products intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country.

### **4.1.4 Intervention activities**

#### **Assessments**

- Assessing applications and variations for export licences, approved arrangements, registered establishments, accredited properties (EUCAS), manufacturers of official marks
- Assessing applications for exemptions and applications for persons to be authorised officers.

#### **Inspections and issue approvals/certification**

- Providing inspection and assessment activities to ensure that the production, storage, handling and transportation of meat and meat products intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country. This includes the deployment of FSMA and OPV officers
- Managing quota allocation and quota certification to enable exporters to access tariff rate concessions offered under trade agreements
- Issuing permits, export certification and other documentation necessary to confirm compliance with the Australian export controls and any additional importing country requirements
- Issuing and administering of
  - export meat licencing program
  - Australian Authorised officer (Meat Inspection) program
  - Australia Authorised Halal program
  - Official Marks program
  - EUCAS scheme

#### **Audit**

- monitoring performance and compliance of registered establishments with the holders approved arrangement, in addition to initial and ongoing on-site audits. Also includes scheduling audits and notifying occupiers of audit outcomes.

## **4.2 Cost base**

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

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

### **4.2.1 Cost base assumptions**

The cost base has been modelled to reflect the full costs of the delivery of regulatory services to support the meat industry. The 2021–22 departmental budget has been used as the starting point for

determining the cost base in this CRIS. To project the cost base over the next 4 years, adjustments have been applied to capture expected changes to the costs including:

- inflation of 1.65% per annum, in line with the Department of Finance’s inflation estimate
- decreases in 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 (as at 31 March 2021).
  - A new Australian Public Service Workplace Relations Policy was released in November 2020 providing that employee salary increases are to be capped at in line with the year-to-date percentage change in the Wage Price Index (WPI) for the private sector from the most recently released June quarter. Modelling for this CRIS was updated per the August 2020 WPI of 1.7% as advised in the 2021–22 CRIS
  - The former Department of Environment and Energy Enterprise Agreement 2016–19, applies to the department through to late 2022. The last wage increase applied in November 2021
- additional depreciation from new assets anticipated to be recognised over the period
- adjustments for future fee-related activities to reflect expected changes in volume.

#### **4.2.2 Projected cost base**

The cost base for the 2022–23 charging structure for the meat exports cost recovery arrangement is \$76.6 million (Table 2), made up of:

- \$18.3 million in charge-related activities
- \$58.3 million in fee-related activities.

**Table 2 Cost base for proposed meat exports cost recovery arrangement, 2022–23**

Charge type	Activity group	Activity	Expense (\$)	Cost recovery charges
Charges	Program management and administration	Workforce and business administration	18,276,955	Annual registration, export documentation, throughput, application and organic certification
		Business system administration		
		Stakeholder engagement		
		Policy and instructional material		
		Business improvement		
	Assurance	Risk management		
		Verification		
		Surveillance		
	Incident management	Incident management		
		Investigative support		
Corrective action				
Fee for service	Intervention	Assessment	1,415,147	Assessment
		Inspection	53,678,978	Inspection
		Audit	3,181,652	Audit
<b>Total cost base</b>	–	–	<b>76,552,732</b>	–

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

**Table 3 Cost type breakdown for meat exports cost recovery arrangement, 2022–23**

Expenses	Forecast (\$)
<b>Direct</b>	<b>58,880,942</b>
Employee	51,094,879
Operating	7,236,338
Other	549,725
<b>Indirect</b>	<b>17,671,790</b>
Assurance and Legal	1,000,881
Corporate & Business Services	1,549,951
Finance	2,884,357
Information Services	6,588,542
People Services	2,954,002
Property	2,694,058
<b>Total</b>	<b>76,552,732</b>

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



## 4.3 Changes to the cost base

### 4.3.1 Reductions to the cost base since the 2021–22 CRIS

The 2021–22 meat exports CRIS was used as a starting position for the proposed 2022–23 CRIS cost base. Reductions to the cost base have been recognised since 2021–22.

Transition to third-party authorised officers under Meat Modernisation has lowered demand for departmental Food Safety Meat Assessors (FSMA) broadly achieving cost reductions as modelled in the previous CRIS, noting delayed uptake has impacted the timing of this cost base reduction to the regulatory cost base. No changes to fees are proposed beyond the already legislated increase for 2022–23. Costs will be monitored closely in preparation for the 2023–24 CRIS.

There has been a reduction of activity described as indirect expenses in Table 3. The previous CRIS projected indirect expenses to be 24% of total expense. This has reduced to 23% in 2022–23. This has been achieved due to department corporate functions achieving economies of scale following machinery of government changes to merge departments.

In line with the government’s charging framework and the department’s cost allocation policy, inflation and depreciation expenses have been adjusted in the cost base to reflect increased employee and supplier expenses in line with the Australian Public Service Workplace Bargaining Policy 2020 and government inflation estimates. The reduction from 2.0% in 2021–22 CRIS to 1.7% in the 2022–23 CRIS has resulted in a reduction to the cost base.

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

**Table 4 Changes to cost base for meat exports, 2022–23**

Adjustment to cost base	Impact on cost base	Unit	Forecast
<b>Total baseline expense, 2021–22 CRIS</b>	<b>n/a</b>	<b>\$</b>	<b>76,859,785</b>
Additional cost reduction – revised activity levels:			
Reduction in general enquiry hotline usage	Decrease	\$	(90,000)
Efficiency gains in combining operations management and coordination	Decrease	\$	(365,000)
Efficiency gains from transition to remote audits and assessments	Decrease	\$	(100,000)
Efficiency gains in quota management	Decrease	\$	(62,000)
Reduction in corporate and indirect expenses	Decrease	\$	(129,570)
Total cost reduction due to revised activity levels	Decrease	\$	(746,570)
Depreciation adjustment	Decrease	\$	(848,531)
Total adjustments to cost base inflation adjustment	Decrease	\$	(307,053)
<b>Adjusted cost base</b>	<b>n/a</b>	<b>\$</b>	<b>76,552,732</b>
Change in expense	Decrease	%	(0.4)

**n/a** Not applicable.

## **4.4 Future reforms and impacts on the arrangement**

### **4.4.1 Cost impact from modernisation and reform projects**

Government investment through the busting congestion package and other reforms will lead to changes in the meat export program cost base. Future reforms work can be seen at [Export meat modernisation](#).

## 5 Design of regulatory charges

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

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

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

### 5.1 Structure and allocation of regulatory fees and charges

There are no changes to the structure of fees and charges proposed in this CRIS. Prices include the government's investment to support a gradual return to full cost recovery between 2021–22 and 2023–24 and to account for cost reductions.

Following 2019–20 consultation, the current charging model received strong support from the meat exports industry on the basis that it applies more effective pricing signal than the current cost recovery model. In 2019, the Auditor-General found the department had been under-recovering on fees and over-recovering on charges. This has partially shifted export meat inspection costs to the broader industry rather than to the direct user and disincentivised industry to take up the Australian Government Authorised Officer model, which has also affected the viability of third-party providers.

The 2019 *AEMIS Review Recommendations Report*, which was commissioned by the Australian Meat Processor Corporation and undertaken by Palladium (Palladium Review) also noted the disincentive for the meat exports industry to transition to the Australian Government Authorised Officer model. The Palladium Review recommended:

- rebasing of charge prices
- implementing a harmonised fee-for-service structure
- recovering all corporate overhead expenses associated with FSMAs and OPVs directly from the user.

#### 5.1.1 Allocation of indirect expense

Some indirect expense is allocated to fees for service where there is a clear correlation between the number of employees and the indirect activity – for instance, human resources functions, payroll and ICT.

The full indirect costs associated with FSMAs and OPVs are being allocated directly to the monthly charge points and other fees for these activities. These costs were historically modelled as part of the

registration and throughput charges for abattoirs previously and as a result, the registration and throughput charges will be lower under this charging arrangement.

This charging methodology will support industry’s transition to the Australian Government Authorised Officer model, which sees FSMA’s being provided to export establishments only where importing country requirements specify government inspection services.

Through earlier consultation rounds, and based on feedback received during this consultation round, it is broadly recognised that there is in-principle support in maintaining this model of charging. Industry have noted that this in-principle support for the charging model does not commit the industry to the quantum of fees and charges outlined in any CRIS, which will be informed by the public consultation process.

### 5.1.2 Establishment – abattoir charges

Establishment charges for Tier 1 and Tier 2 Abattoirs were legislated lower than described in the 2021–22 CRIS. The legislated price will be retained for this CRIS as the revenue impact can be borne within the arrangement.

## 5.2 Meat exports fees and charges

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

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

**Table 5 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2022–23**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Document – certificates	Per document	30	244,256	7,327,680
	Document – replacement	Per document	529	469	248,101
	Meat export licence	Annual	326	307	100,082
	Registration application	Per application	822	37	30,414
	Establishment – poultry	Monthly	1,227	362	444,174
	Establishment – further processing	Monthly	1,227	876	1,074,852
	Establishment – independent boning rooms	Monthly	1,227	194	238,038
	Establishment – casings	Monthly	824	96	79,104
	Establishment – storage & transportation	Monthly	824	1,641	1,352,184
	Establishment – abattoir	Monthly	824	880	725,120
	Throughput – full unit (cattle, buffalo, camel) <sup>a</sup>	Per animal	0.43	6,393,188	2,749,071
	Throughput – pig	Per animal	0.15	3,788,152	568,223
	Throughput – goat, lamb, sheep	Per animal	0.11	25,109,356	2,762,029

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Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.06	1,523	91
	Throughput – calf	Per animal	0.04	282,376	11,295
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	824	200	164,800
	T1 – throughput – full unit (cattle, buffalo, camel) <sup>a</sup>	Per animal	0.39	146,528	57,146
	T1 – throughput – pig	Per animal	0.13	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.10	3,278,076	327,808
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.04	6,721	269
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
<b>Fees – audit and inspection</b>	Standard audit	Per quarter hour	60	9620	577,200
	Specialist audit	Per quarter hour	101	24,991	2,524,091
	FSMA – monthly	Monthly	17,487	1,105	19,323,135
	FSMA – quarter hour planned	Per quarter hour	25	98,600	2,465,000
	FSMA – quarter hour unplanned	Per quarter hour	36	36,040	1,297,440
	OPV – monthly	Monthly	23,332	1,027	23,961,964
	OPV – quarter hour planned	Per quarter hour	34	105,951	3,602,334
	OPV – quarter hour unplanned	Per quarter hour	48	23,993	1,151,664
<b>Fees – documentation</b>	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	40	1,135	45,400
<b>Organics <sup>b</sup></b>	Organic certifying organisation	Annual	8,274	1	8,274
<b>Total</b>	–	–	–	–	<b>74,464,895</b>

a Revenue estimate based on conversion of all animals into full unit basis.

b Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

**Table 6 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2023–24**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Document – certificates	Per document	31	244,256	7,571,936
	Document – replacement	Per document	540	469	253,260
	Meat export licence	Annual	339	307	104,073
	Registration application	Per application	838	37	31,006
	Establishment – poultry	Monthly	1,287	362	465,894
	Establishment – further processing	Monthly	1,287	876	1,127,412
	Establishment – independent boning rooms	Monthly	1,287	194	249,678
	Establishment – casings	Monthly	865	96	83,040
	Establishment – storage & transportation	Monthly	865	1,641	1,419,465
	Establishment – abattoir	Monthly	865	880	761,200
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.45	6,393,188	2,876,935
	Throughput – pig	Per animal	0.15	3,788,152	568,223
	Throughput – goat, lamb, sheep	Per animal	0.12	25,109,356	3,013,123
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.06	1,523	91
	Throughput – calf	Per animal	0.05	282,376	14,119
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	865	200	173,000
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.41	146,528	60,076
	T1 – throughput – pig	Per animal	0.14	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.11	3,278,076	360,588
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	0
	T1 – throughput – calf	Per animal	0.04	6,721	269
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–	

Cost recovery implementation statement: meat exports 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Fees – audit and inspection</b>	Standard audit	Per quarter hour	62	9,620	596,440
	Specialist audit	Per quarter hour	106	24,991	2,649,046
	FSMA – monthly	Monthly	18,375	1,105	20,304,375
	FSMA – quarter hour planned	Per quarter hour	27	98,600	2,662,200
	FSMA – quarter hour unplanned	Per quarter hour	38	36,040	1,369,520
	OPV – monthly	Monthly	24,517	1,027	25,178,959
	OPV – quarter hour planned	Per quarter hour	35	105,951	3,708,285
	OPV – quarter hour unplanned	Per quarter hour	51	23,993	1,223,643
<b>Fees – documentation</b>	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	42	1,135	47,670
<b>Organics b</b>	Organic certifying organisation	Annual	8,439	1	8,439
<b>Total</b>	–	–	–	–	<b>78,129,877</b>

a Revenue estimate based on conversion of all animals into full unit basis.

b Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

**Table 7 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2024–25**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Document – certificates	Per document	32	244,256	7,816,192
	Document – replacement	Per document	551	469	258,419
	Meat export licence	Annual	345	307	105,915
	Registration application	Per application	854	37	31,598
	Establishment – poultry	Monthly	1,309	362	473,858
	Establishment – further processing	Monthly	1,309	876	1,146,684
	Establishment – independent boning rooms	Monthly	1,309	194	253,946
	Establishment – casings	Monthly	880	96	84,480
	Establishment – storage & transportation	Monthly	880	1,641	1,444,080
	Establishment – abattoir	Monthly	880	880	774,400

Cost recovery implementation statement: meat exports 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.46	6,393,188	2,940,866
	Throughput – pig	Per animal	0.16	3,788,152	606,104
	Throughput – goat, lamb, sheep	Per animal	0.12	25,109,356	3,013,123
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.07	1,523	107
	Throughput – calf	Per animal	0.05	282,376	14,119
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	880	200	176,000
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.42	146,528	61,542
	T1 – throughput – pig	Per animal	0.14	–	–
	T1 – throughput – goat, lamb, sheep	Per animal	0.11	3,278,076	360,588
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.05	6,721	336
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
<b>Fees – audit and inspection</b>	Standard audit	Per quarter hour	64	9,620	615,680
	Specialist audit	Per quarter hour	109	24,991	2,724,019
	FSMA – monthly	Monthly	18,715	1,105	20,680,075
	FSMA – quarter hour planned	Per quarter hour	27	98,600	2,662,200
	FSMA – quarter hour unplanned	Per quarter hour	39	36,040	1,405,560
	OPV – monthly	Monthly	24,970	1,027	25,644,190
	OPV – quarter hour planned	Per quarter hour	36	105,951	3,814,236
	OPV – quarter hour unplanned	Per quarter hour	51	23,993	1,223,643
<b>Fees – documentation</b>	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	43	1,135	48,805



Cost recovery implementation statement: meat exports 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Organics b</b>	Organic certifying organisation	Annual (paid monthly)	8,608	1	8,608
<b>Total</b>	–	–	–	–	<b>79,637,285</b>

a Revenue estimate based on conversion of all animals into full unit basis.

b Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

**Table 8 Fees, charges and volumes for proposed meat exports cost recovery arrangement, 2025-26**

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
<b>Charges</b>	Document – certificates	Per document	32	244,256	7,816,192
	Document – replacement	Per document	551	469	258,419
	Meat export licence	Annual	345	307	105,915
	Registration application	Per application	854	37	31,598
	Establishment – poultry	Monthly	1,309	362	473,858
	Establishment – further processing	Monthly	1,309	876	1,146,684
	Establishment – independent boning rooms	Monthly	1,309	194	253,946
	Establishment – casings	Monthly	880	96	84,480
	Establishment – storage & transportation	Monthly	880	1,641	1,444,080
	Establishment – abattoir	Monthly	880	880	774,400
	Throughput – full unit (cattle, buffalo, camel) a	Per animal	0.46	6,393,188	2,940,866
	Throughput – pig	Per animal	0.16	3,788,152	606,104
	Throughput – goat, lamb, sheep	Per animal	0.12	25,109,356	3,013,123
	Throughput – deer, game deer	Per animal	0.09	2,925	263
	Throughput – emu, ostrich	Per animal	0.07	1,523	107
	Throughput – calf	Per animal	0.05	282,376	14,119
	Throughput – kangaroo, wild boar	Per animal	0.03	771,268	23,138
	Throughput – rabbit, possum, hare	Per animal	0.01	–	–
	Establishment – Tier 1	Monthly	880	200	176,000
	T1 – throughput – full unit (cattle, buffalo, camel) a	Per animal	0.42	146,528	61,542
T1 – throughput – pig	Per animal	0.14	–	–	

Cost recovery implementation statement: meat exports 2022–23

Type of charge	Cost recovery charges	Unit	Price (\$)	Estimated volume (units)	Estimated total revenue (\$)
	T1 – throughput – goat, lamb, sheep	Per animal	0.11	3,278,076	360,588
	T1 – throughput – deer, game deer	Per animal	0.08	77	6
	T1 – throughput – emu, ostrich	Per animal	0.06	–	–
	T1 – throughput – calf	Per animal	0.05	6,721	336
	T1 – throughput – kangaroo, wild boar	Per animal	0.03	107,483	3,224
	T1 – throughput – rabbit, possum, hare	Per animal	0.01	–	–
<b>Fees – audit and inspection</b>	Standard audit	Per quarter hour	64	9,620	615,680
	Specialist audit	Per quarter hour	109	24,991	2,724,019
	FSMA – monthly	Monthly	18,715	1,105	20,680,075
	FSMA – quarter hour planned	Per quarter hour	27	98,600	2,662,200
	FSMA – quarter hour unplanned	Per quarter hour	39	36,040	1,405,560
	OPV – monthly	Monthly	24,970	1,027	25,644,190
	OPV – quarter hour planned	Per quarter hour	36	105,951	3,814,236
	OPV – quarter hour unplanned	Per quarter hour	51	23,993	1,223,643
<b>Fees – documentation</b>	Electronic certificates	Per document	5	244,256	1,221,280
	Manual documents	Per document	43	1,135	48,805
<b>Organics b</b>	Organic certifying organisation	Annual (paid monthly)	8,608	1	8,608
<b>Total</b>	–	–	–	–	<b>79,637,285</b>

a Revenue estimate based on conversion of all animals into full unit basis.

b Organic certifiers support a small number of exporters in all of the export arrangements (excluding Live Animal Exports) and therefore the expense has been reflected in each CRIS.

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

## 6 Stakeholder engagement

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

### 6.1 Stakeholder engagement strategy

#### 6.1.1 Purpose

This stakeholder engagement strategy for the cost recovery of meat 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
- APS Framework for Engagement and Participation.

#### 6.1.2 Principles

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

The department will achieve this by:

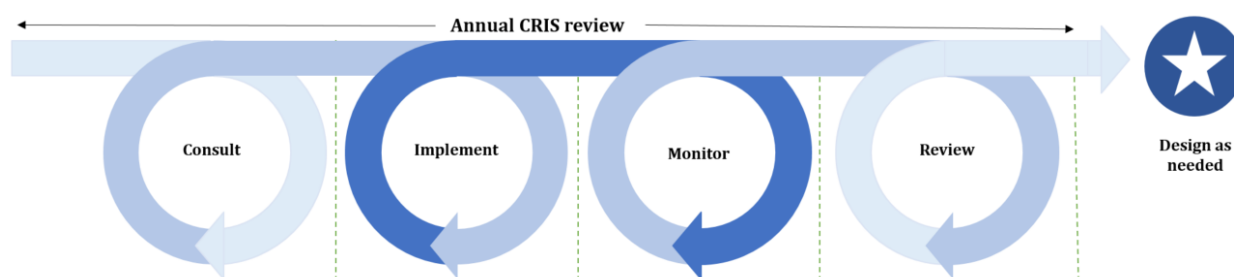
- clearly explaining the objective and context of stakeholder engagement
- being honest about what is on the table that is, what is yet to be decided and what has already been decided
- providing sufficient time for stakeholders to engage in consultation processes
- ensuring information that is essential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

#### 6.1.3 Method

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

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

**Figure 1 Engagement process**



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

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

### 6.1.4 Approach

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

**Table 9 The departments approach to stakeholder engagement for regulatory charging**

Category	Consult annually	Implement annually	Monitor annually	Review annually	Design as needed
<b>Objective</b>	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.
<b>Level of engagement</b>	Consult	Share	Share	Consult	Consult
<b>Timing</b>	Annually in first quarter of the year.	Annually in June.	Annually in October.	As needed or for the Portfolio Charging Review in 2023.	As needed.
<b>Stakeholders</b>	Industry Consultative Committees (ICCs). All industry participants. Peak industry bodies.	All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). All industry participants. Peak industry bodies.	Industry consultative committees (ICCs). Peak industry bodies.
<b>Method</b>	Online – Have Your Say. Face to face.	Industry advice notices (IANs). Online – department website.	Online – department website.	Online – Have Your Say.	Face-to-face. Teleconference.

## **6.2 Industry engagement**

The department engages with industry on charging arrangements through regular engagement with the Export Meat Industry Advisory Committee (EMIAC) and through public communications. This CRIS will be updated with a summary of submissions before being finalised.

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

## 7 Risk assessment

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

The CRA has identified one implementation category considered high risk:

- the total annual cost recovery revenue is greater than \$20 million

The remaining implementation categories are considered low to medium risk:

- the percentage change in annual cost recovery revenue is greater than 5% but less than 10%
- the types of charges used include fees and charges
- the imposition of the cost recovery charges involving an act of parliament
- no involvement of other Commonwealth, state or local government entities
- no new cost recoverable activities introduced
- the expected impact of cost recovery on payers
- stakeholder sensitivity about the proposed changes.

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

**Table 10 Risks – meat exports cost recovery arrangement**

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

Cost recovery implementation statement: meat exports 2022–23

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<b>Risk</b>	<b>Management</b>
Changing events impact actual revenue versus forecast revenue.	We will update the CRIS annually to monitor changes in activity and effort and assess the need for consequential changes in the cost and price.

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## 8 Financial estimates

### 8.1 Financial estimates

The financial estimates of the meat exports cost recovery arrangement are provided at Table 11. There will be no change to the cost recovery reserve and the reserve deficit is intended to be carried forward until a government decision is taken to address it.

Based on current legislated prices, 2023–24 and 2024–25 estimates indicate surpluses, with a deficit for 2025–26. This will be addressed in the 2023–24 CRIS, with revised prices to be proposed in advance of the relevant financial year and annual reviews providing further opportunity to update when necessary.

**Table 11 Financial estimates for meat exports cost recovery arrangement – proposed model**

Finance element	2022–23 (\$)	2023–24 (\$)	2024–25 (\$)	2025–26 (\$)
Revenue = X	74,464,895	78,129,877	79,637,285	79,637,285
Expenses = Y	76,552,732	77,816,547	79,101,847	80,408,998
<b>Balance = X – Y</b>	(2,087,838)	313,330	535,438	(771,713)
Appropriation funding	2,087,838	n/a	n/a	n/a
Balance after Appropriation	–	313,330	535,438	(771,713)
Forecast opening cost recovery reserve balance	(2,359,619)	(2,359,619)	<b>(1,910,147)</b>	<b>(1,176,155)</b>
Transfer	–	313,330	535,438	(771,713)
<b>Forecast closing cost recovery reserve balance</b>	<b>(2,359,619)</b>	<b>(2,046,289)</b>	<b>(1,510,852)</b>	<b>(2,282,564)</b>

n/a Not applicable.

### 8.2 Cost recovery reserve

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

At the time of CRIS release, the meat exports reserve is in deficit. Fees and charges have not been modelled to recover this deficit. The More Efficient and Sustainable Export Regulation measure provides investment of \$71.1 million over 3 years from 2020–21 to 2022–23 to maintain essential export regulatory services across all export cost recovery arrangements while prices are gradually increased. This is intended to maintain the deficit at its current level until the government makes a decision to address the deficit.



## 9 Financial and non-financial performance

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

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

This section presents information on the financial and non-financial performance of the meat export cost recovery arrangement. This is intended to provide an overview of our performance in recovering forecasted costs and meeting regulatory objectives.

### 9.1 Financial performance

The financial performance for the meat exports cost recovery arrangement is provided in Table 12.

**Table 12 Financial performance for meat exports cost recovery arrangement, 2018–19 to 2021–22**

Finance element	2018–19 (\$)	2019–20 (\$)	2020–21 (\$)	2021–22(\$)
Revenue = X	84,120,174	82,776,354	70,167,633	71,000,823
Expenses = Y	86,873,814	84,984,891	78,803,645	71,789,805
<b>Balance = X – Y</b>	<b>(2,753,640)</b>	<b>(2,208,537)</b>	<b>(8,636,012)</b>	<b>(788,982)</b>
Remissions, rebates and adjustments = Z	(437,866)	(320,588)	n/a	n/a
Net balance = balance + Z	(3,191,506)	(2,529,125)	(8,636,012)	(788,982)
<b>Cost recovery reserve balance</b>	<b>169,506</b>	<b>(2,359,619)</b>	<b>(2,359,619)</b>	<b>(2,359,619)</b>

n/a Not applicable.

Note: The major movements previously were due to changes in staffing levels to meet demand for food safety meat assessors (FSMAs) and on-plant veterinarians (OPVs); industry driven shift in the consumption of FSMA and OPV activities from planned (4-week notice period) to unplanned (less than one week); extended vacancies in the meat program being filled; and increases to various corporate costs such as employee and supplier expenses, information services costs and depreciation from additional capital investments. From 1 July 2019, \$1.948 million for regulatory activities for enforcement, scientific and technical advice and detained consignments was added to the arrangement indexed and ongoing.

#### 9.1.1 Summary of financial performance 2020–21

Expense was \$78.8 million in 2020–21, 11% lower than the \$88.7 million projected in the 2020–21 CRIS. Key reasons for the cost reductions included faster than anticipated reduction of expense associated with transition to third party meat inspection services under the Meat Modernisation agenda. Unplanned meat inspection services from the department were also lower than historically provided reducing overtime costs, largely due limited livestock available for slaughter. The pandemic also led to lower consultancy/contract, travel and staff training costs due to the restrictions relating to the pandemic.

Revenue of \$70.2 million was 7% lower than \$75.1 million projected in the 2020–21 CRIS. Revenue followed expense with reduction in meat inspection services under Meat modernisation. Lower throughput overall, due in large part to herd restocking following drought years, led to lower exports and therefore reduced throughput, documentation and inspection charges.

While there was a net deficit of \$8.6 million in 2020–21, the cost recovery reserve balance will not change for the duration of the More Efficient and Sustainable Export Regulation measure.

## **9.2 Non-financial performance**

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

## 10 Key dates and events

Regular reviews of the department’s financial performance are undertaken and regular stakeholder engagement activities are conducted throughout the CRIS cycle in line with the stakeholder engagement strategy documented in [section 6](#). Key forward dates for regulatory charging for meat export certification activities are documented in Table 13.

**Table 13 Key forward dates and events**

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

# 11 CRIS approval and change register

Table 13 tracks the changes to the CRIS as a result of changes to the regulatory charging activity.

**Table 14 CRIS approval and change register**

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

# Appendix A: Cost recovery model

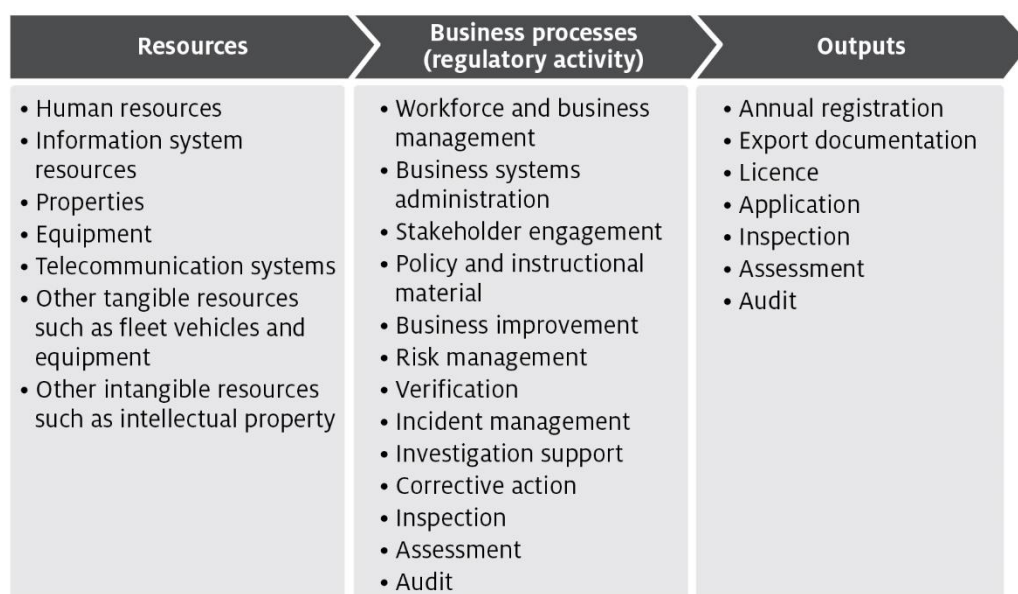
## Outputs and business processes of the regulatory charging activity

The key policy objective for the department’s export cost recovery arrangements is 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. This will be achieved 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.

Our cost recovery arrangements describe how the department uses resources (such as people, IT, property and equipment) to undertake business processes (regulatory activities), which enables the department to provide outputs that meets the department’s policy objectives (Figure A1).

**Figure A1 Outputs and business processes of the departments regulatory charging activity**



The processes listed in Figure A2 are grouped into 4 categories of activities:

- 1) Program management and administration – administrative activities that support the department to deliver the department’s export regulatory activities.
- 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 requirements.

## Costs of regulatory charging activity

### Cost allocation process

To determine the cost of regulatory activities the department uses an activity-based costing (ABC) system. The ABC cost allocation methodology reflects costs incurred through usage of regulatory activities, providing a transparent allocation of costs while also being efficient and effective to administer.

The 2 expense categories are:

- 1) Direct expenses – these can be directly attributed to the provision of an activity, for example, inspections. They comprise of staff salaries and supplier costs including direct capital expenses.
- 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 the allocation of indirect costs to appropriated activities, in line with the department's cost allocation policy.

The ABC system allocates costs in a staged approach:

- 1) Indirect costs such as property, finance, information technology, human resources and divisional executives are allocated to direct cost centres using a cost driver that estimates the relative usage of each of the corporate services. Cost drivers for corporate services include:
  - a) Work points – distributes costs based on space occupied, with the work point count reflecting the space where a person may be able to work.
  - b) Full-time equivalent (FTE) – distributes costs based on each program's FTE staff numbers.
  - c) PC count/IT assets – distributes costs based on the number of IT assets in a program.
  - d) 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.
  - e) 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.
  - f) 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.

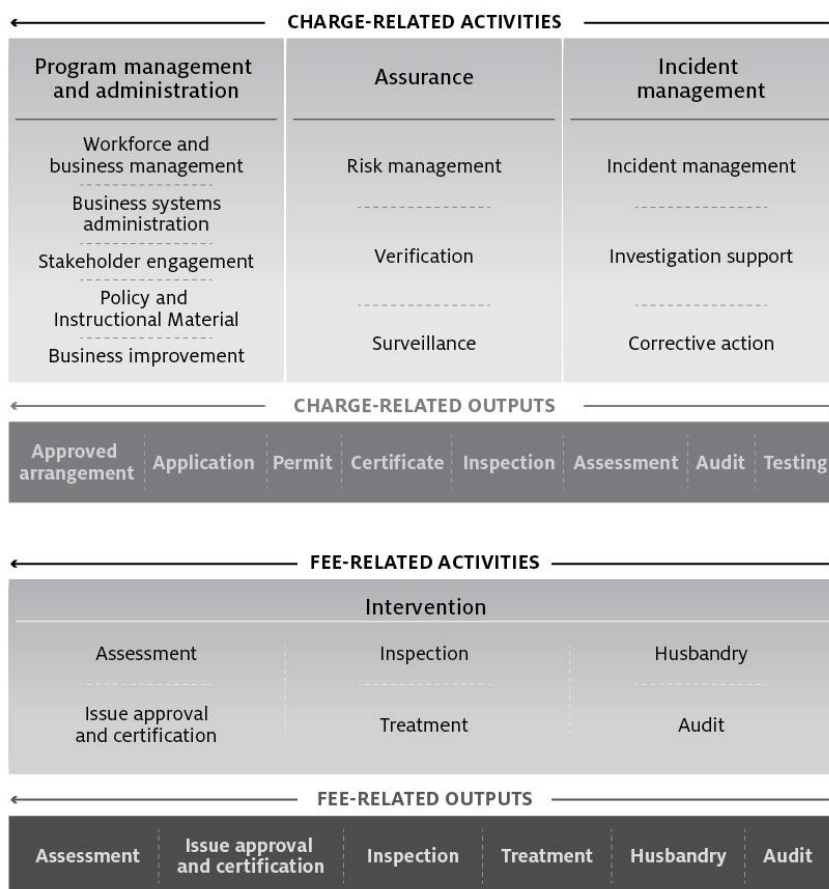
- 3) Direct costs (including the indirect costs allocated in stage 1) are allocated to the activity and cost-recovered arrangements that best reflects the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly to intervention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

- 4) 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 A2 shows how the department categorises cost-recovered fee and charge activities and outputs.

**Figure A2 Categories of activities**



## Description of cost model activities

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

### Program management and administration activities

#### Workforce and business management

This activity has 4 categories:

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

#### Business systems administration

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

#### Stakeholder engagement

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

#### Policy and instructional material

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

#### Business improvement

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



## **Assurance activities**

### **Risk management**

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

### **Verification**

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

### **Surveillance**

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

## **Incident management activities**

### **Incident management**

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

### **Investigation support**

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

### **Corrective action**

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

## **Intervention activities**

### **Assessments**

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

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

### **Issue approvals/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.

Note: this is a nil for the meat arrangement.

### **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.

Note: this is a nil for the meat arrangement.

### **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 audits to verify compliance with an export registered establishment's AA.

# Appendix B: Summary of stakeholder feedback

The key themes are covered in Table B1.

**Table B1 Stakeholder feedback summary**

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

# Appendix C: Additional fees and charges that may apply

## Organics – application and audit

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

**Table C1 Organics fees and charge**

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

## Tariff rate quota 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 C2.

**Table C2 TRQ certificate fees and charge**

Type of charge	Cost recovery charges	Unit	Price (\$)			
			2022–23	2023–24	2024–25	2025–26
Charge	TRQ Certificate	Per document	30	31	32	32
Fee	TRQ Certificate electronic	Per document	5	5	5	5

## Outside ordinary hours (OOH)

Fees in relation to fee-bearing activities carried out in relation to prescribed meat or prescribed meat products by Commonwealth authorised officer during period for which overtime is payable in Table C3.

**Table C3 Outside ordinary hours fees**

Type of charge	Activity	Time of service	Unit	Price (\$)				
				2022–23	2023–24	2024–25	2025–26	
Fee – OOH	Authorised officer who is not a veterinarian during a period of 4 or more hours	If the overtime rate is single time	Per quarter hour or part of a quarter hour	10.43	10.43	10.43	10.43	
		If the overtime rate is time and a half	Per quarter hour or part of a quarter hour	15.64	15.64	15.64	15.64	
		If the overtime rate is double time	Per quarter hour or part of a quarter hour	20.86	20.86	20.86	20.86	
		If the overtime rate is double time and a half	Per quarter hour or part of a quarter hour	26.07	26.07	26.07	26.07	
	Authorised officer who is not a veterinarian during a period of less than 4 hours	If the overtime rate is single time	–		166.88	166.88	166.88	166.88
		If the overtime rate is time and a half	–		250.24	250.24	250.24	250.24
		If the overtime rate is double time	–		333.76	333.76	333.76	333.76
		If the overtime rate is double time and a half	–		417.12	417.12	417.12	417.12
	Authorised officer who is a veterinarian during a period of 3 or more hours	If the overtime rate is time and a half	Per quarter hour or part of a quarter hour		24.26	24.26	24.26	24.26
		If the overtime rate is double time	Per quarter hour or part of a quarter hour		32.34	32.34	32.34	32.34
		If the overtime rate is double time and a half	Per quarter hour or part of a quarter hour		40.43	40.43	40.43	40.43
	Authorised officer who is a veterinarian during a period of less than 3 hours	If the overtime rate is time and a half	–		291.12	291.12	291.12	291.12
If the overtime rate is double time		–		388.08	388.08	388.08	388.08	
If the overtime rate is double time and a half		–		485.16	485.16	485.16	485.16	