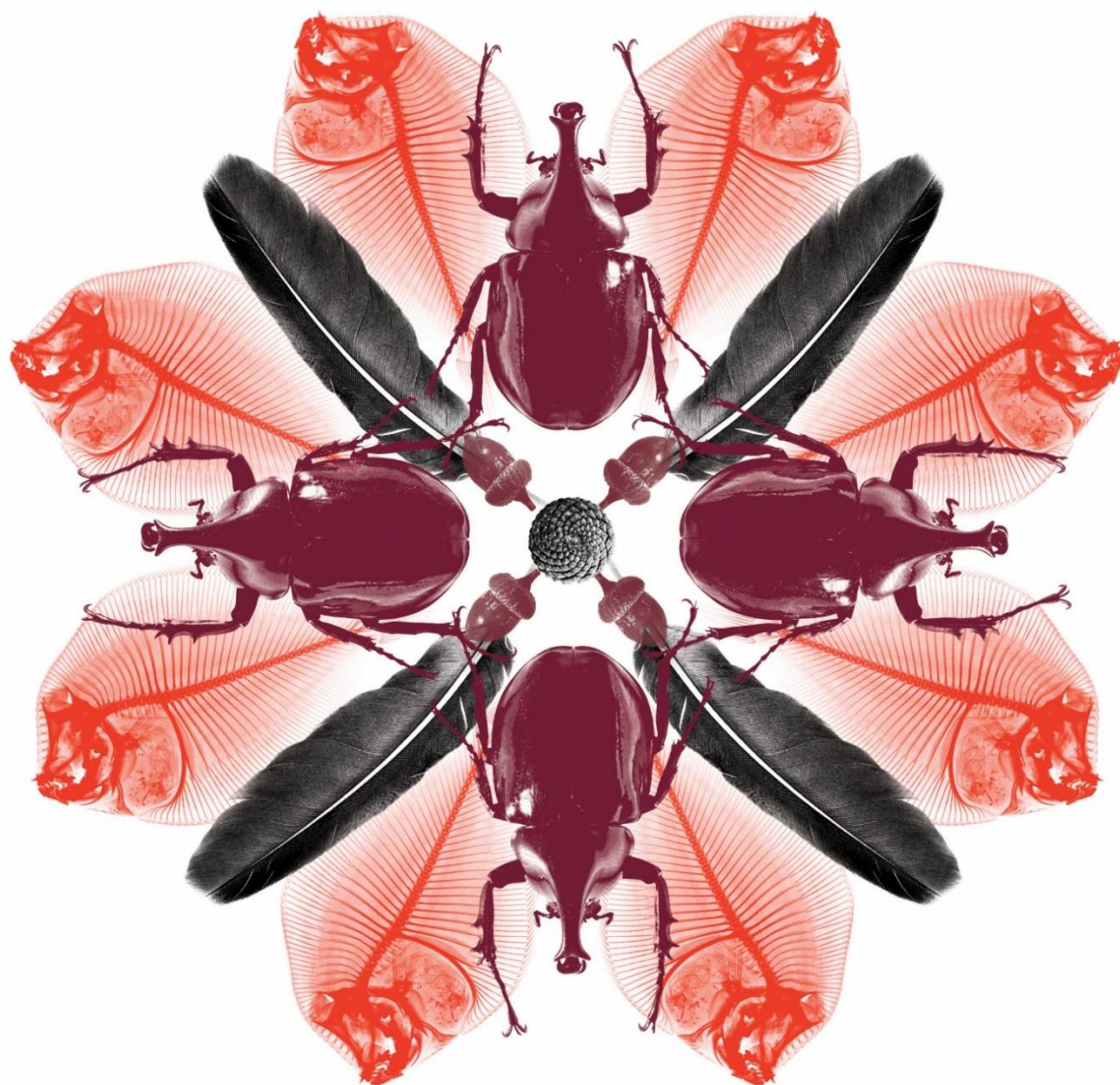




Australian Government

Department of Agriculture and Water Resources

Cost Recovery Implementation Statement Biosecurity 2015–16



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Contents

Glossary.....	v
1 Purpose of the cost recovery implementation statement.....	1
1.1 Biosecurity activities (including imported food activities)	1
1.2 Why is cost recovery appropriate?.....	2
2 Authority to cost recover	3
2.1 Policy approval	3
2.2 Statutory authority.....	3
3 Changes to the biosecurity cost recovery arrangement	5
3.1 Importers.....	5
3.2 Approved arrangement participants.....	8
3.3 Vessel operators.....	10
3.4 Passengers.....	11
4 Changes to services	12
4.1 Improving biosecurity service delivery.....	12
4.2 Expanded surveillance and intelligence	13
4.3 Expanded pre-border compliance and verification.....	13
5 Cost recovery methodology	14
5.1 Determining the cost base	14
5.2 Activity-based cost model	14
5.3 Activities undertaken for the biosecurity cost recovery arrangement	15
5.4 Volumetric forecasts	15
5.5 Cost recovery reserve.....	16
6 Cost base	17
6.1 Projected cost base	17
6.2 Changes to the cost base.....	18
7 Financial estimates.....	20
8 Performance reporting.....	21
8.1 Financial performance.....	21
8.2 Non-financial performance	21
9 Risk management	22
10 Stakeholder engagement	23
11 Key dates and events.....	25
11.1 Consultation	25
11.2 CRIS approval process and change register.....	25
12 Attachment A—Fees and levies	26
Proposed charging structure 1 December 2015 – 30 June 2016.....	26

Proposed charging structure 2016–17	27
Proposed charging structure 2017–18	29
Proposed charging structure 2018–19	30
13 Attachment B—Description of cost model activities	33
Intervention activities.....	33
Incident management activities	33
Assurance activities	34
Programme management and administration activities.....	34

Glossary

Activity: any measurable work undertaken by the department to enable the importation of goods. This includes activities, business processes and outputs as described in the Australian Government Cost Recovery Guidelines (CRGs).

Approved arrangement: Collectively refers to a section 46A approval of a quarantine approved premises and a s66B compliance agreement under the *Quarantine Act 1908*, a section 35A imported food compliance agreement under the *Imported Food Control Act 1992* and an approved arrangement as defined in section 10 of the *Biosecurity Act 2015*.

Charge: a fee or a levy that the department imposes on industry. In the CRGs, charges are referred to as cost recovery charges.

Fee: a charge imposed when activities are provided directly to a specific individual or organisation. In the CRGs, fees are referred to as cost recovery fees.

FID (Full import declaration): information required by the Australian Government to process imported goods with a value exceeding AUD\$1000. All importers lodging a FID must pay a charge to assess biosecurity risk of imported goods.

SAC (Self-assessed clearance): information required by the Australian Government to process imported goods with a value of AUD\$1000 or less.

Levy: a charge imposed when activities are provided to a group of individuals or organisations (e.g. an industry sector) rather than to a specific individual or organisation. A levy is legally a taxation charge and needs to be imposed in a separate taxation Act to comply with constitutional requirements. A levy differs from general taxation, as it is earmarked to fund activities provided to the group being charged. In the CRGs, levies are referred to as cost recovery levies

1 Purpose of the cost recovery implementation statement

This Cost Recovery Implementation Statement (CRIS) provides information on the Department of Agriculture and Water Resources' (the department's) cost recovery arrangement for biosecurity activities (including imported food). It also reports financial and non-financial performance information for the delivery of these activities and contains financial forecasts out to 2018–19.

This CRIS covers activities that have been previously described in the following documents:

- Cost Recovery Impact Statement—Import Clearance 2014–2015
- Cost Recovery Impact Statement—Seaports 2014–2015
- Cost Recovery Impact Statement—Post Entry Animal Quarantine 2014–2015
- Cost Recovery Impact Statement—Horse Imports Program Fees
- CRIS—Portfolio (Airports)
- CRIS—Portfolio (International Mail)
- CRIS—Portfolio (PEQ plant)

1.1 Biosecurity activities (including imported food activities)

Biosecurity activities undertaken by the department involve activity to assess and manage the biosecurity risks arising from people, goods and vessels (sea and aircraft) entering Australia. These activities also include assessing compliance of imported food with relevant food standards and public health and safety requirements.

These essential services which occur onshore, offshore and at the border are a major part of the department's day-to-day business. During 2013–14, the department assessed and cleared more than 17 million international passengers, 180 million international mail articles and 17 000 international vessels and aircraft at international airports and seaports around the country. Around 18 000 import permit applications were received and 6 000 animals were processed at Australian Government post entry quarantine facilities.

This CRIS covers the department's cost recovery of biosecurity activities which are provided to four key groups: importers, vessel operators, approved arrangement participants and passengers.

The key biosecurity activities provided by the department to these clients are:

- Importers —assessment and management of the biosecurity risks associated with imported goods and packaging (including air and sea cargo, international mail, food, live animals and plants). This also includes husbandry activities, undertaken by the department, associated with the post entry quarantine of live animals and plants prior to release into Australia (such as horses, dogs, cats, hatching eggs, birds, ruminants, bees and viable seeds).
- Vessel operators—assessment and management of the biosecurity risks of sea vessels and aircraft entering Australia. This includes assessments and inspections to manage the risks posed by the vessel itself, contaminants on the vessel, human biosecurity risks, ballast water and biofouling on sea vessels and aircraft disinsection.
- Approved arrangement participants—administering arrangements, managing compliance regimes and setting standards for various third party arrangements managed by the

department, such as quarantine approved premises, compliance agreements and imported food compliance agreements.

- Passengers—assessment and management of biosecurity risks posed by accompanied passengers baggage. Activities such as inspection and assessment of baggage are only cost recovered where provided outside of designated international airports or seaports.

1.2 Why is cost recovery appropriate?

Cost recovery fees and levies fall within the Australian Government's (the government's) broader charging framework. Other charges in this framework include commercial charges and resource charges. The type of charge is determined by the characteristics of the services.

The use of commercial charging is not appropriate as this approach relies on competitive markets. While the private sector can undertake some biosecurity activities, the government must provide the biosecurity system due to constitutional requirements. Resource charging is not appropriate as biosecurity services are not based on the value of the activity to the recipient.

The only viable alternative to cost recovering biosecurity services is funding this activity through consolidated revenue (general taxation). In most circumstances, general taxation is only appropriate for services that are provided to the wider community. Biosecurity services are provided to a clearly identifiable group—individuals and organisations that participate in the import supply chain. If it were not for the business activities of this group, much of the biosecurity services would not be required.

There are additional benefits to funding biosecurity services through cost recovery. When a business pays for the activities it receives, the government has an obligation to justify the prices it charges. Cost recovery also increases the cost consciousness of clients of how much a government activity actually costs.

For these reasons, the government has determined cost recovery to be the most appropriate mechanism for funding biosecurity services. The department has redesigned cost recovery of biosecurity services to be consistent with the Australian Government Cost Recovery Guidelines (CRGs). These provide the overarching framework under which government entities must design, implement and review cost recovery.

2 Authority to cost recover

Under the CRGs, cost recovery requires both policy approval and statutory authority. The following section provides information on government approval of cost recovery for biosecurity activities and the legislation that enables the department to collect fees and cost recovery levies.

2.1 Policy approval

The department commenced partial cost recovery of selected biosecurity activities in 1979 and implemented full cost recovery from 1 January 1991.

The policy authority for continued cost recovery of biosecurity activities was confirmed in the 2015–16 Budget when the government announced a redesign of all biosecurity and export certification cost recovery arrangements. The redesign ensures the department's cost recovery arrangements are equitable, financially sustainable and support the efficient and effective delivery of biosecurity activities into the future.

The redesign improves the cost recovery of biosecurity activities by:

- recovering the full costs of activities undertaken by the department, where appropriate,
- simplifying the structure of fees and levies where appropriate
- achieving greater equity in client contributions to system costs
- expanding and enhancing activities to strengthen the management of biosecurity risk.

2.2 Statutory authority

Fees and levies for biosecurity activities are recovered under separate statutory authority. The relevant legislative instruments will be amended (where they exist) or developed (where needed) to enable the redesign of biosecurity and imported food fees and levies.

Cost recovery fees

Under Section 86E of the *Quarantine Act 1908*, the Minister for Agriculture and Water Resources has the power to determine fees for biosecurity related activities. The specific amounts were set out in the Quarantine Service Fees Determination 2005.

- The *Quarantine Act 1908* and its subordinate legislation can be obtained at [the Comlaw website](#)

Amendment to the existing fee determination, or a new determination will provide for the fees detailed in this CRIS to be established. These and other delegated instruments will include descriptions of the charging points for quarantine fees.

Under Section 36 of the *Imported Food Control Act 1992*, the Minister for Agriculture and Water Resources has the power to determine fees for activities that ensure imported food complies with Australian food standards. The specific amounts were set out in the Imported Food Control Regulations 1993.

- The *Imported Food Control Act 1992* and its subordinate legislation can be obtained at [the Comlaw website](#)

Amendment to the existing regulation, or new regulations will provide for the fees detailed in this CRIS to be established. These and other delegated instruments will include descriptions of the charging points for imported food fees.

New legislation (the *Biosecurity Act 2015*) will commence on 16 June 2016. This will replace the *Quarantine Act 1908* as the primary piece of biosecurity legislation in Australia. The department will be working with stakeholders to develop subordinate legislation and supporting policies before the legislation comes into effect. This includes regulations affecting the management of ballast water, approved arrangements and import risk analysis.

More information on the [Biosecurity Act 2015](#) can be obtained from the department's website.

Cost recovery levies—biosecurity

The following acts and associated delegated legislation provide powers to impose and collect levies for biosecurity-related activities:

- *Quarantine Charges (Imposition—Customs) Act 2014*
 - Quarantine Charges (Imposition—Customs) Regulations 2014
 - This legislation can be obtained at [the Comlaw website](#).
- *Quarantine Charges (Imposition—Excise) Act 2014*.
 - This legislation can be obtained at [the Comlaw website](#).
- *Quarantine Charges (Imposition—General) Act 2014*
 - This legislation can be obtained at [the Comlaw website](#).
- *Quarantine Charges (Collection) Act 2014*
 - Quarantine Charges (Collection) Regulations 2014
 - This legislation can be obtained at [the Comlaw website](#).

Amendment to the existing regulations, or new regulations will provide for the levies detailed in this CRIS to be established.

Cost recovery levies—imported food

The government has implemented new imported food charging legislation consistent with biosecurity charging arrangements.

The following acts provide powers to impose levies for imported food compliance activities:

- *Imported Food Charges (Imposition—Customs) Act 2015*
 - This legislation can be obtained at [the Comlaw website](#).
- *Imported Food Charges (Imposition—Excise) Act 2015*
 - This legislation can be obtained at [the Comlaw website](#).
- *Imported Food Charges (Imposition—General) Act 2015*
 - This legislation can be obtained at [the Comlaw website](#).

Powers to collect imported food levies are provided under the following legislation:

- *Imported Food Charges (Collection) Act 2015*
 - This legislation can be obtained at [the Comlaw website](#).

New regulations will provide for the levies detailed in this CRIS to be established. These and other delegated instruments will include descriptions of the charging points for levies.

3 Changes to the biosecurity cost recovery arrangement

There were around 170 biosecurity fees and levies, most of which recover very small amounts of revenue. The redesigned structure reduces this to around 60 fees and levies. Under the new arrangement, fees have been streamlined and standardised to ensure that all biosecurity clients are charged consistently for similar activities.

The redesign is intended to address inequities by imposing fees and levies that reflect the actual costs incurred by the department. The cost of addressing biosecurity risk is determined by the type of goods, country of origin, pathway and compliance history; it has no direct correlation to the value of the goods entering Australia. Under the redesign, fees and levies are not varied with respect to the value of a consignment.

The recovery of costs associated with supporting the biosecurity system, such as programme management and administration, will be recovered through levies as these activities are provided to a group of clients. Services provided directly to individuals, such as inspections and audits will be recovered as fees. Detailed information on the cost model and the design of fees and levies is presented in Section 4. The full list of fees and levies are provided at **Attachment A**.

3.1 Importers

Cargo is currently imported through two processes: for goods valued over \$1000, a full import declaration (FID) is required; for goods valued \$1000 or less, a self-assessed clearance (SAC) is required. The following section provides information on changes affecting importers of goods requiring a FID. At this stage, there is no change to the current cost recovery mechanism for SACs as this is still under government consideration.

Key changes affecting FID importers

Prior to 1 December 2015, importers of goods requiring a FID had a number of key costs:

- A levy was applied to all consignments requiring a FID to assess the consignment's biosecurity risk. There were two rates depending on whether goods arrived by sea or air: \$15 and \$16 respectively.
- If the consignment was transported in a shipping container, additional levies applied. For a consignment occupying a full container, a \$30 levy was applied; for consignments only occupying part of a container, an \$8 levy applied.
- If the imported goods were identified as a biosecurity or imported food risk, the consignment was transferred into the agriculture import management system (AIMS). An electronic lodgement fee of \$10 was applied. Once a consignment was transferred to AIMS, a fee was applied for assessing the biosecurity or imported food risk. The initial 30 minutes of assessment was \$40, unless the importer used a department accredited broker, in which case the fee was \$8.
- There was a fee of \$40 for each additional 15 minutes (beyond the initial minimum 30 minutes) required to assess an AIMS entry. If the department required additional information to process a consignment, a \$40 fee also applied.
- There was a standard \$40 per 15 minutes fee for activities performed in-office including inspection, examination, analysis, clearance, fumigation, supervision, or other service, performed in relation to goods. If these activities were performed out-of-office, the standard fee was a minimum \$90 for the first 30 minutes and \$45 per additional 15 minutes.

- Each container bound for a rural destination was to have a tailgate inspection. A standard in-office inspection fee (\$40 per 15 minutes) was applied at locations where departmental officers are permanently stationed. A standard out-of-office fee (\$90 for the first 30 minutes and \$45 for each additional 15 minutes) was applied to tailgate inspections that occurred at a location where departmental officers are not permanently stationed.
- The existing air and sea FID levies have been redesigned to improve the efficiency of recovery and address cross subsidisation from shipping containers and approved arrangements (see also Section 3.2: Approved Arrangement Participants).

Key changes for FID importers from 1 December 2015 include:

- Both the air and sea FID levies will now fund the systems costs of importing cargo and packaging. The existing container levies will cease. These FIDs will also meet the costs of additional biosecurity systems expenses associated with increased surveillance and pre-border verification activities (as outlined in section 4). These changes will increase the price of a FID—sea to \$42 and the FID—air to \$33. The difference in pricing between sea and air consignments is proportionate to the departmental resources required to manage the biosecurity risk for sea cargo compared to air cargo.
- Historically, the container levies covered the cost of the department examining 100 percent of sea containers. Under the risk-based approach to intervention, the department no longer examines every container and instead targets its efforts towards surveillance on sea containers and other types of cargo (such as bulk and break bulk). Incorporating the container levies in the FID (sea) levy will ensure that importers of other cargo types also contribute to these costs. The department did examine other options to apply a levy to all types of imported cargo, however, there are no other cost effective mechanisms available at this time.
- The electronic lodgement fee funds activities that underpin the department's biosecurity system. All importers use this system, regardless of the contents of their consignment. Therefore, it is appropriate that this system is paid for by all importers, not just those that have a consignment transferred into AIMS. As these activities are provided to all clients, this cost will be funded through the FID air and sea levies.
- If a consignment is transferred to AIMS, a fee is still applied for time taken for assessing the biosecurity or food risk. The assessment fee will be \$30 per 15 minutes (standard in-office fee) for all AIMS entries, which reflects the cost to the department of providing this activity. The department expects most AIMS entries will only require a 15 minute assessment. There is no longer a fee if the department requires additional information to process a consignment, but if an assessment takes longer than 15 minutes, it will be charged at \$30 for each additional 15 minutes.
- Where a broker has entered into an approved arrangement with the department under the Automatic Entry Processing for Commodities (AEP) Scheme, the \$8 per entry fee which previously applied will no longer apply. Instead, for the \$2 900 annual registration levy, each AEP broker will receive an unlimited number of free AEP entries – meaning that if a broker processes more than 363 AEP entries per year they will receive a savings.
- The standard fee for activities performed in-office has been reduced to \$30 per 15 minutes (including inspection, examination, analysis, clearance, fumigation, supervision, or other service, performed in relation to goods). The out-of-office standard fee has been increased to \$50 per 15 minutes. This better reflects the actual cost to the department of providing these services at different locations.
- Each container bound for a rural destination will continue to be subjected to a tailgate inspection. A standard in-office inspection fee of \$30 per 15 minutes will be applied at

locations where departmental officers are permanently stationed. A standard out-of-office fee of \$50 per 15 minutes will be applied where officers are not permanently stationed.

Import permits

Prior to 1 December 2015, those requiring an import permit had a number of key costs:

- All import permit applications required payment of a lodgement fee of \$125. This also applied to applications for varying an import permit.
- Fees for the assessment of import permits (and variations) was dependent on the time needed to assess biosecurity risk: Category 1 (\$60), Category 2 (1 hour at \$120), Category 3 (2 hours at \$240), Category 4 (3 hours at \$360) and Category 5 (4 hours \$480). A permit requiring additional assessment (longer than the standard category time) was charged at \$40 per 15 minutes.

Changes to import permit charges from 1 December 2015 include:

- All import permit applications will now pay a lodgement levy rather than a fee, with the cost decreased to \$120. This levy will recover the cost of activities that support the import permit system (for example, policy development), not activities provided to individual clients. This levy will also apply to applications for varying an import permit.
- The five categories of import permits will be retained as before with no change to the assessment prices for each category. Where an assessment takes longer than expected, the additional time will be charged at \$30 per 15 minutes. The legislation has been made less prescriptive as information about which commodities would fit into each permit category has been removed and will sit in the charging guidelines. This will provide greater flexibility to add new commodities or to move commodities from one category as assessment times are improved.

Post entry quarantine

Prior to 1 December 2015, importers of animals or plants that must enter a quarantine facility had a number of key costs:

- All importers paid fees for time spent in the post entry quarantine facility. These fees were generally charged 'per day' or 'per month'. The daily fee covered all the costs associated with running the Australian Government post entry quarantine (PEQ) stations.
 - Animals were charged depending on the type and number—for example, horses were charged at \$262 per horse per day, whereas cats and dogs were charged at \$149 per animal per day. In some cases (for example, bees) the quarantine stay was charged per consignment.
 - Plants were charged 'per m² occupied, per day'.
- Importers paid for any additional costs—for example, testing for plant diseases. Any additional in-office activities undertaken by departmental staff were charged at \$40 per 15 minutes.
- For some animals, importers were required to pay a booking fee or deposit.

Key changes affecting importers of animals and plants (see **Attachment A** for full list of prices) from 1 December 2015 include:

- Under the new charging structure, a levy will be applied to all plants and animals on arrival to PEQ. This is not an additional cost, it will ensure that a reduced daily fee only covers activities provided directly to individual clients. The levy will cover the cost of activities not provided to individual importers of plants and animals. For example, the department's overheads costs associated with operating the PEQ facility.

- For animals, prices will continue to depend on the type and number of animals (or consignments) imported. The levy will cover the animal's or consignment's scheduled stay in quarantine. If the animal or consignment stays in PEQ longer (because of a health concern or otherwise), the importer will not incur additional levy costs, only daily husbandry fee costs.
- For plants, the levy will be charged each month (or part thereof) per m² of plant material. This is because plants are held in post entry quarantine for varying durations, depending on the species and country of origin.
- Importers will continue to be charged a fee for husbandry activities. The introduction of the PEQ entry levy will result in a lower husbandry fee that aligns with the actual cost to the department of providing these activities. Due to the lower fee, the cost of biosecurity related overstay will be reduced, providing more price certainty for clients.
 - The price of the husbandry fee will depend on the type and number of animals (or consignments) imported.
 - Plants will continue to be charged 'per m²' as a monthly fee.
- Importers will continue to pay for any additional in-office activities undertaken by departmental staff. The fee for in-office activities has decreased to \$30 per 15 minutes. In the case of testing for plant diseases, the price of tests will be established according to the time taken to perform each test (\$30 per 15 minutes, where undertaken in office), plus the cost of any materials used. Basing the fee on time taken better reflects the actual cost of providing testing services.
- Husbandry fees for the minimum stay, as determined by animal or plant type and origin, will be required before an animal or plant enters the quarantine facility. Any additional costs must be paid before an animal or plant is released from the quarantine facility.

International mail

The department partially recovers the costs for biosecurity activities on international mail, brought in by Australia Post, through a biosecurity services fee. Where the department does not cost recover through the service fee, it meets the costs of biosecurity clearance of mail through appropriation funding.

The services fee applied to Australia Post will be progressively increased until full cost recovery is achieved in 2017–18. An extra \$3.5 million will be cost recovered in 2016–17, and an extra \$6.9 million will be cost recovered in 2017–18 to bring the activity to full cost recovery.

3.2 Approved arrangement participants

Approved arrangements include compliance agreements (CAs), food import compliance agreements (FICA) and quarantine approved premises (QAPs). The existing cost recovery charges for the department's approved arrangements (including compliance agreements, quarantine approved premises and imported food compliance agreements) do not recover the full costs of these activities.

Funds for approved arrangements have been sourced in part from cost recovery imposed on importers, including many importers who do not use approved arrangements. This is not equitable, and is not appropriate under the government's cost recovery guidelines.

As a result, charges for approved arrangements will increase.

Prior to 1 December 2015, approved arrangement operators had a number of key costs:

- Operators of FICAs paid a \$1 300 application fee, a \$2 300 annual fee and audit fees of \$45 per 15 minutes.
- Operators of QAPs paid a \$1 200 annual fee and assessment application fees of \$90 for the first 30 minutes and \$45 per additional 15 minutes. Out-of-office audit fees of \$90 for the first 30 minutes and \$45 per additional 15 minutes applied.
- Operators of CAs only paid audit fees of \$90 for the first 30 minutes and \$45 per additional 15 minutes.

Under the new structure, all approved arrangement participants will contribute to the cost of providing the approved arrangements system. All activities undertaken by the department, such as audits, will be charged at a standard rate. The new charging structure will increase costs for some participants, particularly those entering into compliance agreements. However, revenue recovered by the department will not exceed the cost of administering approved arrangements.

Key changes affecting operators of approved arrangements from 1 December 2015 are as follows:

- There will be a \$180 application lodgement levy for new approved arrangements. This will now be a levy (not a fee) as it will recover the cost of activities that support the approved arrangements system (for example, policy development) which benefits all clients.
- An annual levy of \$2 900 will apply to all entities operating approved arrangements. This levy replaces the existing annual fees to recover the cost of providing the approved arrangements system.
- A standard fee of \$30 per 15 minutes will be applied for all activities performed in-office, for example, assessing applications. A standard fee of \$50 per 15 minutes will be applied to all activities performed out-of-office, for example, audits.
- The new annual approved arrangement charges will apply to each entity holding any number of approved arrangements – so no matter how many arrangements that entity has, they will only pay one charge. For example, if a QAP operator also holds a compliance agreement for fumigation, the proposed annual charge under the current model would be a single cost of \$2 900.
- All participants in the Automatic Entry Processing (AEP) Scheme will be charged an annual approved arrangements charge of \$2 900 – as the AEP Scheme is an approved arrangement.
 - There will be no per entry charges specific to the AEP scheme – the proposed \$2 900 AEP charge will allow the broker to make an unlimited number of AEP entries, with no additional “AEP entry” fees payable.
 - Additional fees will still be payable where a particular entry attracts a requirement for additional departmental activity – such as for document clearance or inspection activity. These extra charges will be applied in the normal way using the charges set out elsewhere in the CRIS.
- Existing QAP operators that are approved and paid up to 30 June 2016 will be impacted by the new fees from July 2016.
 - Where charges are imposed from 1 December during the 2015–2016 financial year, they will be applied pro-rata – so that the costs only apply from 1 December 2015. For example, where an entity operates under a compliance agreement, but does not hold a QAP, the annual approved arrangement charge will apply on a pro-rata basis from 1 December 2015.
 - Where an entity operates a QAP and is also the holder of a compliance agreement, the payment of the 2015–16 QAP approval at the existing rates will mean that no other annual charges will need to be paid by that entity for either a QAP or CA during 2015–16.

- If an operator is seeking a formal variation to their conditions of approval, this work will be cost recovered under the fee for service charges.
- If a new applicant (who does not currently hold an approved arrangement) approaches the department with a new application for a QAP, they will be charged the “new approved arrangement” levy of \$180 (as described above). Once their application is approved, they will also be charged the annual charge of \$2 900.
- Where an entity operates multiple arrangements, compliance will continue to be on an arrangement by arrangement basis. This means that a compliance breach at one facility in the entity will not flow beyond the QAP in breach. If one QAP in the group is found to be non-compliant, the non-compliance will not trigger increased audits for all the other QAPs operated by that entity. Each QAP will continue to be considered separate for compliance monitoring, as is the approach under the current departmental policy.
 - It is important to note that if there are indications that an entity has systemic compliance issues occurring across all of its QAPs or approved arrangements, broader compliance action may be considered by the department. This is consistent with the department’s longstanding compliance approach – and will not change under the new charging arrangements.

3.3 Vessel operators

For vessel operators entering Australia, costs are currently dependent on vessel size: greater than or equal to 25 metres in length, or less than 25 metres in length. For vessels greater than 25 metres in length, costs will also vary depending on whether an inspection is required.

Prior to 1 December 2015 key costs were as follows:

- Vessels less than 25 metres paid a \$380 pratique fee, which included the first 1.5 hours of inspection. If additional inspection was required, the fee was \$45 per 15 minutes.
- Vessels greater than or equal to 25 metres that required an inspection paid a \$1 210 pratique fee, which included the first two hours of inspection. If additional inspection was required, the fee was \$45 per 15 minutes.
- Vessels greater than or equal to 25 metres in length with a good compliance history that were cleared on documents only paid an \$850 pratique fee.

The revised fee and levy structure will encourage compliance in arriving international vessels 25 metres and over in length through greater differentiation of costs between vessels assessed only on documents and those requiring a physical inspection. This promotes a more efficient use of the department’s resources as physical inspections often require significant travel and officer time, and therefore are much more costly for the department to provide.

Key changes for vessel operators from 1 December 2015 are as follows:

- Under the new fee and levy structure, all vessels will pay a levy on arrival to Australia. The levy will recover the cost of activities that support the management of incoming international vessels (for example, risk assessment of pathways), not activities provided to individual clients. However, costs will still be dependent on vessel size reflecting the different biosecurity risks posed:
 - Vessel less than 25 metres: \$100
 - Vessel 25 metres or more: \$720.

- Fees will continue to apply to activities provided to individual clients. A standard fee of \$30 per 15 minutes will be applied for all activities performed in-office, such as document assessment. A standard fee of \$50 per 15 minutes will be applied to all activities performed out-of-office, such as inspections or any other activities required to manage biosecurity risk.

3.4 Passengers

Clearance of passengers and their baggage at major international airports and identified emerging airports will continue to be funded through government appropriation. Clearance of charter aircraft and associated risk material that arrives at non-proclaimed airports will continue to be cost recovered under existing arrangements.

4 Changes to services

The following section provides information on changes to the biosecurity services the department provides and the impact this will have on the cost base. These services are being funded through levies recovered from importers.

4.1 Improving biosecurity service delivery

The department is streamlining and improving biosecurity business processes and client services through better use of our organisational capabilities, modern service delivery arrangements and more effective technology. The department is providing better phone and email services and giving clients greater access to online services. This includes more efficient arrangements for lodging documents, paying invoices and making appointments. These changes will reduce the cost of service delivery for the department and its clients.

Client contact is being handled more efficiently and effectively through national call management. An updated, easier to use website has been launched, and the department has deployed a single 1800 based telephone system for clients.

Improved technology is enabling biosecurity officers to deliver services more effectively in the field. Mobile devices are reducing paperwork and double handling of information for activities such as inspection and audit. These improvements are increasing productivity and reducing time taken to release consignments.

The department is implementing improved invoicing, receipting and payment arrangements for its clients. The proposed initiative will include standardised and consolidated invoices as well as faster electronic receipting. It also includes the introduction of contemporary electronic payment channels (such as BPAY and direct debit). This will make it easier for clients to manage and reconcile their payments.

Greater access to online services includes the cargo online lodgement system, which is replacing the manual processing of documents. The department currently processes up to one million lodgements each year. The new system will allow clients to submit import documentation and check progress of their lodgement online, reducing time and costs for importers and brokers. A similar initiative for air cargo has already achieved an 84 per cent reduction in clearance times.

In addition to cargo lodgement, the department is expanding its online services through improved self-service facilities. This will allow cargo importers and post entry quarantine clients to make bookings, manage existing bookings and receive correspondence online. This will provide greater choice for clients, and will make dealing with the department more convenient and less time consuming for clients.

The department will leverage the capabilities introduced with online systems to improve its workload management across the business. This will be achieved through national processing and automated workflow. Staff will no longer need to manage day-to-day work from email. Instead, based on their role and competencies, they will receive a queue of prioritised transactions. These and other changes will increase the efficiency of service interactions and further reduce costs for the department and its clients.

4.2 Expanded surveillance and intelligence

The department is expanding its border surveillance and intelligence activities. This includes additional general surveillance, enhanced trapping and testing, and the implementation of a nationally consistent regime for collecting, analysing and disseminating biosecurity intelligence.

The growing volume, range and composition of imported goods has increased the biosecurity risks posed to Australia. The department needs new capacity and capability to ensure that surveillance activities continue to be effective. Improved surveillance and intelligence is required to minimise the risk of incursions and prevent harm to Australia's agricultural production or environment. The information gained from these activities also allows the department to continue to effectively target biosecurity activities across the biosecurity continuum.

4.3 Expanded pre-border compliance and verification

The department is increasing assessment and audit activities of the systems that manage biosecurity risk in exporting countries.

The nature and volume of biosecurity risks of imported goods arriving in Australia are continuing to grow to increasing volumes of imports and complexity with global food and agricultural production and manufacturing systems. For example, milk products are used in a range of products and may be sourced from multiple countries, each with different biosecurity risks. The manufacturing, transport and storage of products may also involve multiple countries and exposure to multiple biosecurity risks.

It is essential that biosecurity risk is managed effectively in exporting countries. The systematic management of risk prior to goods arriving into Australia is more effective than doing so through border inspections. By increasing pre-border compliance activities, the department will reduce its reliance on border intervention. This means biosecurity risks are effectively addressed, while at the same time the regulatory burden for importers is minimised and goods are cleared in a timely fashion.

5 Cost recovery methodology

The department has applied a consistent methodology to determine the fees and levies in its biosecurity and export certification cost recovery arrangements. Determining fees and levies for each cost recovery arrangement is a four-step process:

1. Determine the cost base.
2. Incorporate the cost base into a consistent activity based cost model.
3. Establish charges and forecast volumes.
4. Calculate prices for fees and levies using the cost model and volumes.

The department's new cost recovery model used in the redesign is consistent with the principles and processes set out in the CRGs. Although the model is new, it is based on previous activity based costing models. These models have been developed and improved over the time the department has undertaken cost recovery.

5.1 Determining the cost base

The department's 2014–15 budget has been used as the starting point for determining the cost base. It is drawn from the department's Financial Management Information System (FMIS) and is made up of three types of costs:

- Direct expenses—these can be traced to the provision of an activity, for example inspections. Direct expenses include staff salaries and supplier costs.
- Indirect expenses—these are not easily linked to an activity provided by the department. Indirect expenses include corporate employee salaries and overheads such as information technology, finance and human resources costs.
- Capital expenses—this includes plant, property and depreciation.

Indirect expenses are allocated to activities using appropriate drivers in the FMIS costing methodology, such as the number of full time equivalents (FTE) of staff and information technology assets. Effort surveys and the use of the departmental cost drivers provides a consistent approach for allocating expenses into the activity based cost model across all of the department's cost recovery arrangements.

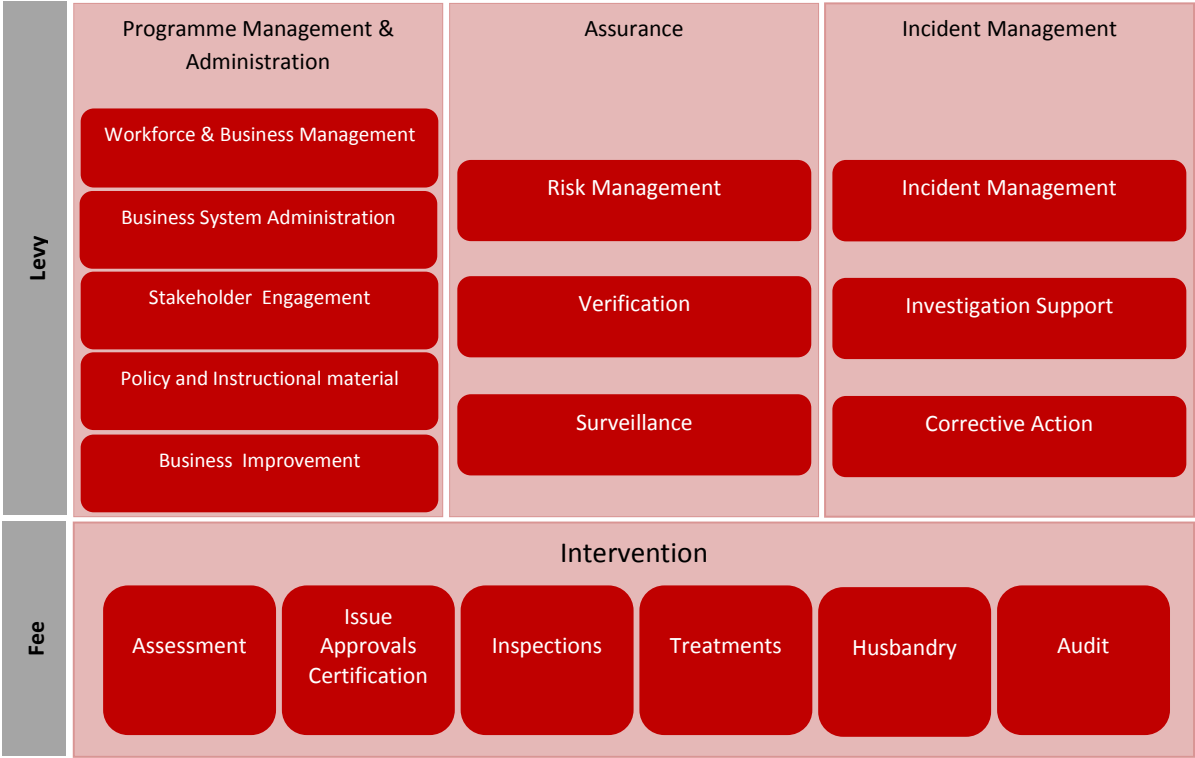
To project the cost base over the next four years, adjustments have been applied to capture expected changes to the costs. These changes have not yet been captured in the department's FMIS. Reductions in cost will arise from reforms such as service delivery modernisation, while factors such as inflation on supplier expenses and new capital items will increase cost.

5.2 Activity-based cost model

The department's cost recovery model consists of 17 activities divided into four groups (as shown in Figure 1). The activities and groups are based on the department's business service catalogue of activities. The business service catalogue provides consistent descriptions of the department's activities and underpins a range of reforms across the department. The cost model ensures that fees or levies collect similar costs consistently across all biosecurity and export cost recovery arrangements.

The four groups of activities in Figure 1 determine how the costs of that activity are recovered. The costs associated with programme management and administration, assurance and incident management activities are recovered through levies. Levies recover costs of activities provided to a group of individuals, businesses or organisations. The costs associated with the intervention activities are recovered through fees. A fee applies to those activities provided directly to an individual, business or organisation. This application of fees and levies aligns with the CRGs.

Figure 1: The department's activity base cost model



5.3 Activities undertaken for the biosecurity cost recovery arrangement

The biosecurity cost recovery arrangement incurs costs in all 17 activities under the department’s cost model. A description of the activities relevant to biosecurity is at **Attachment B**. The estimated amounts that will be collected under each relevant activity in the biosecurity cost recovery arrangement for the four year period beginning 2015–16 are presented in Section 6.

5.4 Volumetric forecasts

The demand for the department’s services drives costs and hence the level of revenue required to recover those costs. The forecast volumes of services, such as certificates issued, premises registered, or volumes of trade are required to calculate the price of fees and levies. To incorporate volume changes into projected prices, the department maintains a volume forecast model. This uses historical volumes of imports and predicts future market conditions and their likely impact on demand for the department’s activities.

The volumetric model:

- uses Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) analysis to forecast the impact of macro-economic drivers on historical volumes

- incorporates industry forecasts and the ABARES commodity forecasts
- projects the effect of changes to business processes on historical trends, such as changes in regulation, service delivery, organisational structure and charging structures.

External business information, which is provided through established industry consultative committees, is used to improve and test the volumetric forecasts.

The volume forecasts as well as fees and levies are presented in **Attachment A**.

5.5 Cost recovery reserve

The department has revised its cost recovery reserve (previously industry reserve) policy to assist with managing the alignment of revenue and expenses. This has meant changing the policy from maintaining a balance of between two and ten percent of annual programme expenditure to a balance of between zero and five percent of annual programme expenditure.

Closer management of the financial performance of arrangements may lead to more frequent adjustments to charges. Subject to government approval, over recoveries may be managed through remittance, or investment initiatives.

A single reserve will be maintained for each cost recovery arrangement.

6 Cost base

The following information on the biosecurity arrangement cost base is provided as a four-year average from 2015–16 to 2018–19.

6.1 Projected cost base

Figure 2 presents costs for the biosecurity arrangement by cost activity, attributed through the cost model presented in Section 5. A detailed description of cost activities is provided in **Attachment B**.

Figure 2: Biosecurity cost base (four year average, 2015–16 to 2018–19)

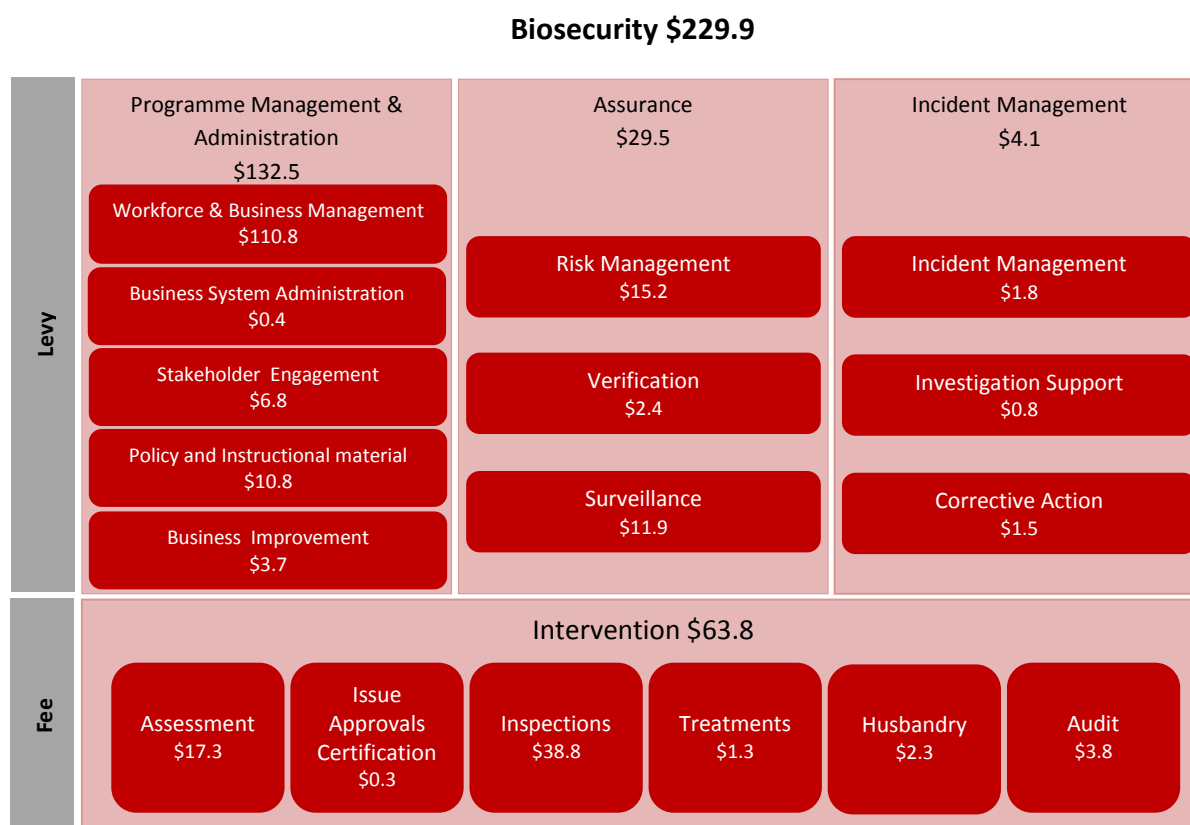


Table 1 breaks down costs for the biosecurity arrangement into direct, indirect and capital expenses.

Direct expenses can be traced to the provision of an activity, for example inspections or audit. These include, but are not limited to, staff salaries and supplier costs.

Indirect expenses (overhead expenses) are not easily linked to an activity provided by the department. These include corporate employee salaries and overheads such as information technology, finance and human resources costs.

Capital expenses include plant, property and depreciation.

Table 1: Cost type breakdown (four year average, 2015–16 to 2018–19), biosecurity cost recovery arrangement

Expense	Forecast (\$ millions)
Direct expenses	
Direct labour expenses	\$121.02
Direct materials expenses	\$18.90
Capital expenses	\$16.55
Other expenses	\$0.12
Direct expenses total	\$156.59
Indirect expenses total	\$73.33
Total Expenses	\$229.92

Note: revenue and expenditure for appropriation funded biosecurity activities for passenger and mail clearance are not included in these totals because they are not cost recovered.

6.2 Changes to the cost base

Table 2 provides a list of adjustments to the cost base and their impact on revenue. These include the removal of some costs as well as additional costs such as the expanded activities described in Section 4, adjustments that reflect ongoing cost pressures and new costs previously not cost recovered.

Table 2: Changes to biosecurity arrangement cost base (four year average, 2015–16 to 2018–19)

Adjustment to cost base	Impact on cost base	Forecast (\$ '000s)
1. Direct materials inflation adjustments	Increase	\$759
2. Service delivery resource utilisation improvements	Decrease	\$-1 718
3. Investment in capital, systems and technologies	Increase	\$10 143
4. Removal of indirect senior SES expenses	Decrease	\$-506
5. Enhanced people and workforce capabilities	Increase	\$2 613
6. Strengthened biosecurity systems and verification activities	Increase	\$8 528
Total expenditure of adjustments to cost base	Increase	\$19 819
Total baseline expenditure	Increase	\$210 100
Adjusted cost recoverable expenditure (cost base)	Increase	\$229 919
Change in expenditure	Increase	8.6%

Note: expenditure for appropriation funded biosecurity activities for passenger and mail clearance are not included in these totals because they are not cost recovered.

Removal of costs

The department is making savings in two key areas, which are more effective and efficient use of resources (2) and removing some indirect departmental SES costs (4).

Greater centralisation of service delivery and the redesign of cost recovery arrangements have created an opportunity for the department to reduce costs in some functional areas. A consistent approach to costing similar activities will promote the establishment of benchmarks for efficient resource use. Implementation of uniform standards will give clients more confidence in the costing of the services received.

Costs for the department's secretary and deputy secretaries will be removed (4). Previously, a proportion of the costs associated with these positions were allocated to cost recovered arrangements. These positions will now be funded through departmental appropriation.

Improving services

Improving and expanding biosecurity services will have an impact on the cost base (6). These include additional costs associated with expanded pre-border compliance and verification, expanded

surveillance and intelligence, new approved arrangements, capital investments, and implementation costs for service delivery improvements.

Expanded border surveillance and intelligence activities and expanded pre-border compliance and verification will add to the cost base. The department has undertaken some necessary capital expenditure that supports biosecurity activities (3). For example, many improvements to service delivery are underpinned by investment in enabling systems. Enhancing information and communication technology systems may drive efficiencies over the long term.

Additional adjustments

There are a number of ongoing cost pressures which increase the cost base. These include inflation adjustments for direct materials (1) and the costs of continuing to improve the capabilities of our people, including established wage increases (5).

An example of the sorts of investments being made in this area is the department's creation of a Work, Health and Safety (WHS) Taskforce. A long-term goal of this taskforce will be to reduce Comcare (insurance) premium costs, which may provide ongoing savings for the delivery of biosecurity activities.

7 Financial estimates

A summary of the annual budgeted operating position for the biosecurity cost recovery arrangement is provided at Table 3. All cost recovered activities are subject to a detailed semi-annual review as part of departmental budgeting processes.

Table 3: Financial estimates—biosecurity cost recovery arrangement

Finance element	A 2014–15	B 2015–16	C 2016–17	D 2017–18	E 2018–19
Expenses = X	\$208 543 960	\$226 903 641	\$226 149 129	\$231 023 861	\$228 586 575
Revenue = Y	\$225 600 827	\$230 720 852	\$229 085 937	\$233 432 687	\$230 136 187
Balance = Y – X	\$17 056 867	\$3 817 211	\$2 936 807	\$2 408 825	\$1 549 612
Forecast opening cost recovery reserve balance	N/A	0	\$3 817 211	\$6 754 018	\$9 162 843
Transfer	\$17 056 867 ^A	\$3 817 211	\$2 936 807	\$2 408 825	\$1 549 612
Forecast closing cost recovery reserve balance	0	\$3 817 211	\$6 754 018	\$9 162 843	\$10 712 455

A—Previous over recoveries held in the industry reserve will be drawn down through remitting specific charges and funding for the development of ICT assets used by importers and arriving international vessels.

Materiality is applied in accordance with Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 Part 2 - 7 (2), AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 101 Presentation of Financial Statements as defined by AASB108.

In line with existing cost recovery reserves policy, the cumulative balance will remain consistent with the target range of zero to five percent of annual programme expenditure.

8 Performance reporting

The following section presents information on the financial and non-financial performance of the biosecurity cost recovery arrangement. This is intended to provide stakeholders with an overview of the department's performance in recovering forecasted revenue and meeting service delivery objectives.

8.1 Financial performance

The financial performance for the biosecurity cost recovery arrangement from 2011–12 to 2014–15 is provided at Table 4. The 2015–16 financial year and three forward years will be updated each year as financial information becomes available.

Table 4: Financial performance—biosecurity cost recovery arrangement

Finance element	2011–12	2012–13	2013–14	2014–15	2015–16 Updated in 2016	2016–17 Updated in 2017	2017–18 Updated in 2018	2018–19 Updated in 2019
Expenses = X	\$205 524 816	\$216 723 099	\$208 863 649	\$207 759 137	-	-	-	-
Revenue = Y	\$201 636 087	\$197 317 503	\$200 718 649	\$226 343 179	-	-	-	-
Balance = Y – X	-\$3 888 729	-\$19 405 596	-\$8 145 000	\$18 584 042	-	-	-	-

Note: revenue and expenditure for appropriation funded biosecurity activities for passenger and mail clearance are not included in these totals because they are not cost recovered.

8.2 Non-financial performance

Key non-financial performance measures are made available in the department's annual report.

Table 5: Non-financial performance measures—biosecurity cost recovery arrangement

Key Performance Indicator	2015–16 Target	2016–17 Target	2017–18 Target	2018–19 Target
Improvement in third party rate of compliance with biosecurity arrangements	5 percent improvement annually	5 percent improvement annually	5 percent improvement annually	5 percent improvement annually
Sea cargo consignment clearance times median arrival-to-release time (in days)	<2 days	<2 days	<2 days	<2 days
Air cargo consignment clearance times median arrival-to-release time (in hours)	<2 hours	<2 hours	<2 hours	<2 hours

9 Risk management

The department completed a Cost Recovery Risk Assessment (CCRA) for the redesign of its biosecurity and export certification cost recovery arrangements. The CCRA's overall risk rating for the redesign is medium. Under the CCRA methodology, an overall rating is high if three or more predetermined criteria are categorised as high across the CCRA's seven implementation risks.

Only two implementation risks fall into the high category: over \$330 million in annual costs are to be recovered; and some activities that had not been previously cost recovered will now be cost recovered. Four implementation risks are in the medium category: the types of charges used are fees and levies, acts of Parliament enable the changes; there is a medium level of impact on payers; and that stakeholders have been consulted and have raised issues, but these issues can be addressed. One implementation risk, that the change in annual cost recovery revenue is less than 5 per cent from the current arrangements, falls in the low risk category.

In addition to the CCRA, the department has considered a number of risks (Table 6) associated with cost recovering biosecurity activities.

Table 6: Risks—biosecurity cost recovery arrangement

Risk	Management
The redesigned fee and levy structure doesn't support future regulatory reforms	The fee and levy structure has been designed taking into consideration future reforms. The structure has been developed to enable it to be adapted to the proposed reforms.
Government policy changes and activities described are no longer undertaken	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Pest or disease outbreak in exporting country reducing or ceasing importation into Australia—the cost of providing biosecurity services no longer reflects associated effort	Regular assessments of the arrangement will inform whether a cost recovery review is required.
Over recovery occurs	Subject to government approval, over recoveries may be managed through remittance, or investment initiatives.

10 Stakeholder engagement

Communication with the department's clients was an integral part of developing the redesigned fee and levy structure and prices for biosecurity activities. From September 2014, the department has consulted with over 400 individuals and organisations including through Industry Consultative Committees (ICCs) and broader industry meetings. During these consultations, the department and clients discussed the restructuring of fees and levies for individual charges.

In addition, there is a general view that the department must better demonstrate that it delivers activities efficiently. Under the new cost recovery model, efficiencies have already been identified and the department is also developing a framework to further drive ongoing optimisation of its resources.

A wide range of views have been provided to the department on cost recovery and charging arrangements for biosecurity. While many of the reforms have broad support from the industry participants that have been engaged to date, there are some areas where the views of industry differ. For example, rolling up the costs associated with the sea container levies into the cost associated with the sea FID levy has been supported by some participants, but others have suggested charges could be imposed on break bulk and bulk cargo in addition to the container levies.

The increase in charges for quarantine approved premises (QAPs) and compliance agreements (CAs) has also generated differing views. These clients are currently subsidised by importers of goods valued over \$1 000. Addressing this issue has resulted in increased costs for some operators of these arrangements.

QAPs currently pay \$1 200 per premises and CA holders do not contribute to the system costs of providing the scheme. A \$2 900 annual charge will be imposed per entity, no matter how many QAPs or CAs an entity may have, ensuring all contribute to the biosecurity system. This will see many QAP holders receive considerable savings (not having to pay \$1 200 per QAP), but will most significantly impact those entities that only hold CAs. The position of those operators who hold only a single compliance agreement, and no QAPs, is that having CAs lessens the administrative burden for the department and any increase in charges will drive them out of business.

Some ICC members also raised concerns that the costs of clearing low-value imports (more commonly known as Self Assessed Clearances or SACs) were being cross-subsidised by importers of other cargo. Industry members sought the introduction of a specific SAC charge that would directly recover the costs of low value import clearance.

The proposal to introduce a specific SAC charge was also raised at public consultation sessions – with the primary concern being the potential for the current charges to lead to cross-subsidy of low value clearance costs. It was noted that a SAC charge is still under consideration by government.

In relation to biosecurity, direct engagement has been undertaken with industry and fee payer representatives through the:

- Import Industry Finance Consultative Committee
- Biological Consultative Group
- Imported Food Consultative Committee
- Horse Industry Consultative Committee
- Post Entry Plant Consultative Committee
- Avian, Cats and Dogs representatives

Throughout this process, industry were consulted on the harmonising of fee and levy structures across all arrangements; standardising charging for travel; standardising operating hours; the proposed charging structure; the cost base and proposed charges.

Consultation has resulted in the users of biosecurity activities being aware of the reasons for the redesign of fees and levies and provided an avenue for users to provide comment to the department to inform the development of this CRIS.

The department also consulted with the relevant ICC on the proposal for drawing down the industry reserve. The ICC accepted the proposal to fund the development of ICT assets and remit specific charges which have contributed to the over recovery.

Once the new arrangements begin, quarterly reporting of cost recovery performance will continue to be provided to relevant ICCs. This will provide a mechanism for regular engagement and review of cost recovery arrangements. It also ensures any unintended consequences or issues can be identified and resolved in a timely manner.

11 Key dates and events

11.1 Consultation

This CRIS built on consultation that had occurred with stakeholders since mid-2014.

Key dates in the CRIS consultation process were:

- 20 July 2015—consultation draft of biosecurity CRIS released.
- July 2015 to August 2015—consultation with industry consultative committees, industry and public forums.
- 14 August 2015—deadline to provide submissions to the department on the proposed changes.

It is expected that the new charging arrangements will commence from 1 December 2015.

11.2 CRIS approval process and change register

The department considered stakeholder feedback when preparing this final CRIS. This CRIS was certified by the secretary of the department before being presented to the Minister for Agriculture and Water Resources for approval and the Minister for Finance for agreement. This CRIS was published on the department's website in late 2015. The CRIS will be reviewed annually as recommended by the Department of Finance.

Table 7 will provide a record of future changes and updates to this CRIS.

Table 7: Change register

Date of CRIS change	CRIS change	Approver	Basis for change

12 Attachment A—Fees and levies

Proposed charging structure 1 December 2015 – 30 June 2016

Table 8: Fees, levies and volumes—biosecurity cost recovery arrangement (1 December 2015 – 30 June 2016)

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
Importer levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Full Import Declaration charge—air	Levy	\$33	Per import declaration	1 843 684	\$60 841 572
Full Import Declaration charge—sea	Levy	\$42	Per import declaration	1 724 458	\$72 427 236
Permit application charge	Levy	\$120	Per application	18 670	\$2 240 400
PEQ importation charge—horses or ruminants or animal > 25 kgs	Levy	\$3000	Per animal	400	\$1 200 00
PEQ importation charge—cats or dogs or animals ≤ 25 kgs	Levy	\$1 200	Per animal	5 254	\$6 304 800
PEQ importation charge—bees	Levy	\$2 500	Per bees consignment	10	\$25 000
PEQ importation charge—avians (fertile eggs)	Levy	\$39 130	Per hatching egg consignment	3	\$117 390
PEQ importation charge—avians (live bird)	Levy	\$14 050	Per live bird consignment	5	\$70 250
PEQ importation charge—plants	Levy	\$110	Per m ²	14 940	\$1 643 400
Approved arrangement levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Approved arrangement application charge	Levy	\$180	Per new application	75	\$13 500
Approved arrangement annual charge	Levy	\$2 900	Per entity	2 499	\$7 247 100
Vessel operator levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Vessel (≥25m) arrival charge	Levy	\$720	Per vessel	18 332	\$13 199 040
Vessel (<25m) arrival charge	Levy	\$100	Per vessel	484	\$48 400
Biosecurity Arrangement fees—assessment, approval, inspection, treatment and audit	Type	Rate	Unit	Estimated volume	Estimated total revenue

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
In-office fee	Fee	\$30	Per 15 minutes (or part thereof)	960 998	\$28 829 940
Out-of-office fee	Fee	\$50	Per 15 minutes (or part thereof)	675 160	\$33 758 000
Biosecurity Arrangement fees—husbandry	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ husbandry fee—horses or ruminants or animals > 25 kgs	Fee	\$60	Per animal per day (or part thereof)	5 600	\$336 000
PEQ husbandry fee—cats or dogs or animals ≤ 25 kgs	Fee	\$29	Per animal per day (or part thereof)	52 542	\$1 523 718
PEQ husbandry fee—bees	Fee	\$280	Per bee consignment monthly (or part thereof)	20	\$5 600
PEQ husbandry fee—avians (fertile eggs)	Fee	\$200	Per egg consignment per day (or part thereof)	293	\$58 600
PEQ husbandry fee—avians (live birds)	Fee	\$150	Per live bird consignment per day (or part thereof)	160	\$24 000
PEQ husbandry fee—plants	Fee	\$20	Per m ² monthly (or part thereof)	14 940	\$298 800

Proposed charging structure 2016–17

Table 9: Fees, levies and volumes—biosecurity cost recovery arrangement (2016–17)

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
Importer levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Full Import Declaration charge—air	Levy	\$31	Per import declaration	1 910 798	\$59 234 738
Full Import Declaration charge—sea	Levy	\$41	Per import declaration	1 783 992	\$73 143 672
Permit application charge	Levy	\$120	Per application	18 873	\$2 264 760
PEQ importation charge—horses or ruminants or animals > 25 kgs	Levy	\$2 900	Per animal	415	\$1 203 500
PEQ importation charge—cats or dogs or animals ≤ 25 kgs	Levy	\$1 200	Per animal	5 200	\$6 240 000
PEQ importation charge—bees	Levy	\$2 480	Per bees consignment	10	\$24 800

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ importation charge—avians (fertile eggs)	Levy	\$37 950	Per hatching egg consignment	3	\$113 850
PEQ importation charge—avians (live bird)	Levy	\$13 630	Per live bird consignment	5	\$68 150
PEQ importation charge—plants	Levy	\$105	Per m ²	15 389	\$1 615 845
Approved arrangement levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Approved arrangement application charge	Levy	\$180	Per new application	75	\$13 500
Approved arrangement annual charge	Levy	\$2 900	Per entity	2 499	\$7 247 100
Vessel operator levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Vessel (≥25m) arrival charge	Levy	\$675	Per vessel	19 353	\$13 063 275
Vessel (<25m) arrival charge	Levy	\$100	Per vessel	496	\$49 600
Biosecurity Arrangement fees—assessment, approval, inspection, treatment and audit	Type	Rate	Unit	Estimated volume	Estimated total revenue
In-office fee	Fee	\$30	Per 15 minutes (or part thereof)	962 841	\$28 885 230
Out-of-office fee	Fee	\$50	Per 15 minutes (or part thereof)	667 807	\$33 390 350
Biosecurity Arrangement fees—husbandry	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ husbandry fee—horses or ruminants or animals > 25 kgs	Fee	\$60	Per animal per day (or part thereof)	5 810	\$348 600
PEQ husbandry fee—cats or dogs or animals ≤ 25 kgs	Fee	\$29	Per animal per day (or part thereof)	51 997	\$1 507 913
PEQ husbandry fee—bees	Fee	\$280	Per bee consignment monthly (or part thereof)	20	\$5 600
PEQ husbandry fee—avians (fertile eggs)	Fee	\$200	Per egg consignment per day (or part thereof)	293	\$58 600
PEQ husbandry fee—avians (live birds)	Fee	\$150	Per live bird consignment per day (or part thereof)	160	\$24 000

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ husbandry fee—plants	Fee	\$18	Per m ² monthly (or part thereof)	15 389	\$277 002

Proposed charging structure 2017–18

Table 10: Fees, levies and volumes—biosecurity cost recovery arrangements (2017–18)

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
Importer levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Full Import Declaration charge—air	Levy	\$31	Per import declaration	1 977 699	\$61 308 669
Full Import Declaration charge—sea	Levy	\$41	Per import declaration	1 836 585	\$75 299 985
Permit application charge	Levy	\$120	Per application	18 982	\$2 277 840
PEQ importation charge—horses or ruminants or animal > 25 kgs	Levy	\$2 800	Per animal	430	\$1 204 000
PEQ importation charge—cats or dogs or animals ≤ 25 kgs	Levy	\$1 200	Per animal	5 147	\$6 176 400
PEQ importation charge—bees	Levy	\$2 480	Per bees consignment	10	\$24 800
PEQ importation charge—avians (fertile eggs)	Levy	\$38 120	Per hatching egg consignment	3	\$114 360
PEQ importation charge—avians (live bird)	Levy	\$13 690	Per live bird consignment	5	\$68 450
PEQ importation charge—plants	Levy	\$100	Per m ²	15 850	\$1 585 000
Approved arrangement levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Approved arrangement application charge	Levy	\$180	Per new application	75	\$13 500
Approved arrangement annual charge	Levy	\$2 900	Per entity	2 499	\$7 247 100
Vessel operator levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Vessel (≥25m) arrival charge	Levy	\$650	Per vessel	20 410	\$13 266 500
Vessel (<25m) arrival charge	Levy	\$100	Per vessel	508	\$50 800

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
Biosecurity Arrangement fees—assessment, approval, inspection, treatment and audit	Type	Rate	Unit	Estimated volume	Estimated total revenue
In-office fee	Fee	\$30	Per 15 minutes (or part thereof)	961 646	\$28 849 380
Out-of-office fee	Fee	\$50	Per 15 minutes (or part thereof)	663 903	\$33 195 150
Biosecurity Arrangement fees—husbandry	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ husbandry fee—horses or ruminants or animals > 25 kgs	Fee	\$60	Per animal per day (or part thereof)	6 020	\$361 200
PEQ husbandry fee—cats or dogs or animals ≤ 25 kgs	Fee	\$29	Per animal per day (or part thereof)	51 474	\$1 492 746
PEQ husbandry fee—bees	Fee	\$280	Per bee consignment monthly (or part thereof)	20	\$5 600
PEQ husbandry fee—avians (fertile eggs)	Fee	\$200	Per egg consignment per day (or part thereof)	293	\$58 600
PEQ husbandry fee—avians (live birds)	Fee	\$150	Per live bird consignment per day (or part thereof)	160	\$24 000
PEQ husbandry fee—plants	Fee	\$16	Per m ² monthly (or part thereof)	15 850	\$253 600

Proposed charging structure 2018–19

Table 11: fees, levies and volumes—biosecurity cost recovery arrangements (2018–19)

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
Importer levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Full Import Declaration charge—air	Levy	\$29	Per import declaration	2 048 900	\$59 418 100
Full Import Declaration charge—sea	Levy	\$39	Per import declaration	1 899 745	\$74 090 055
Permit application charge	Levy	\$120	Per application	19 198	\$2 303 760
PEQ importation charge—horses or ruminants or animal > 25 kgs	Levy	\$2 700	Per animal	450	\$1 215 000
PEQ importation charge—cats or dogs or animals ≤ 25 kgs	Levy	\$1 200	Per animal	5 097	\$6 116 400

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ importation charge—bees	Levy	\$2 460	Per bees consignment	10	\$24 600
PEQ importation charge—avians (fertile eggs)	Levy	\$36 990	Per hatching egg consignment	3	\$110 970
PEQ importation charge—avians (live bird)	Levy	\$13 280	Per live bird consignment	5	\$66 400
PEQ importation charge—plants	Levy	\$100	Per m ²	16 326	\$1 632 600
Approved arrangement levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Approved arrangement application charge	Levy	\$180	Per new application	75	\$13 500
Approved arrangement annual charge	Levy	\$2 900	Per entity	2 499	\$7 247 100
Vessel operator levies	Type	Rate	Unit	Estimated volume	Estimated total revenue
Vessel (≥25m) arrival charge	Levy	\$625	Per vessel	21 410	\$13 381 250
Vessel (<25m) arrival charge	Levy	\$100	Per vessel	521	\$52 100
Biosecurity Arrangement fees—assessment, approval, inspection, treatment and audit	Type	Rate	Unit	Estimated volume	Estimated total revenue
In-office fee	Fee	\$30	Per 15 minutes (or part thereof)	962 021	\$28 860 630
Out-of-office fee	Fee	\$50	Per 15 minutes (or part thereof)	657 255	\$32 862 750
Biosecurity Arrangement fees—husbandry	Type	Rate	Unit	Estimated volume	Estimated total revenue
PEQ husbandry fee—horses or ruminants or animals > 25 kgs	Fee	\$60	Per animal per day (or part thereof)	6 300	\$378 000
PEQ husbandry fee—cats or dogs or animals ≤ 25 kgs	Fee	\$29	Per animal per day (or part thereof)	50 972	\$1 478 188
PEQ husbandry fee—bees	Fee	\$280	Per bee consignment monthly (or part thereof)	20	\$5 600
PEQ husbandry fee—avians (fertile eggs)	Fee	\$200	Per egg consignment per day (or part thereof)	293	\$58 600
PEQ husbandry fee—avians (live birds)	Fee	\$150	Per live bird consignment per	160	\$24 000

Cost Recovery Implementation Statement: Biosecurity

Charge title	Type	Rate	Unit	Estimated volume	Estimated total revenue
			day (or part thereof)		
PEQ husbandry fee—plants	Fee	\$15	Per m ² monthly (or part thereof)	16 326	\$244 890

13 Attachment B—Description of cost model activities

Four broad categories of activities are undertaken in the cost model for the biosecurity cost recovery arrangements.

Intervention activities

Assessment—involves assessing information to determine if it meets the department's requirements. This includes the assessment of import related documentation for cargo, vessels, plants, animals, food, biological and genetic material, including administration of applications.

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.

Inspections—includes the physical examination (and supervision of a physical examination) of cargo, vessels, plants, animals, food, biological and genetic material to determine compliance with biosecurity and food safety requirements. Inspections also include activities related to post-quarantine detections of biosecurity risk goods.

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.

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 client assistance.

Audit—includes the systematic and functionally independent examination of industry systems and processes to determine whether activities and related results comply with legislative or documented requirements. This includes desktop audits, site audits (including travel), reviews of standard operating procedures for new and existing quarantine approved premises, overseas manufacturing facilities and pre-export quarantine facilities and their procedures.

Incident management activities

Incident management—includes the coordination and management of any incident including post border detections and biosecurity and imported food incidents. This includes all associated pre and post work, travel and client assistance in relation to an incident. It excludes cost sharing for emergency responses under the formal national disease and pest response arrangements.

Investigation support—involves providing support for enforcement activities relating to an alleged breach of portfolio legislation, including any related client assistance and travel. It does not include the work of the enforcement officers. Examples of investigation support include data extraction and analysis to support an investigation.

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 includes advice and support to operational staff and clients on the management of non-compliance and the development of options to effectively manage the risk.

Assurance activities

Risk management—involves assessing and managing the risks posed to Australia’s biosecurity and imported food systems. This includes communicating results of risk analysis, modelling and forecasting to operational areas and the collection, receipt and use of data, information and intelligence to meet the department’s compliance objectives. This work also includes any associated travel and client assistance work. This includes assessment of risks associated with cargo, vessels, plants, animals, food, biological and genetic material.

Verification—includes activities that provide departmental executive and stakeholders with confidence that the department’s systems and processes are operating in accordance with their intended design and associated documentation. For example, internal quality assurance systems and verification activities to ensure officers are following procedures, processes or instructional material and are making appropriate decisions.

Surveillance—includes formal and informal monitoring to detect changes in Australia’s pest or disease status, or the presence of food safety concerns which may affect imports and onshore production. Surveillance differs from an inspection as it is not done for a specific client.

It includes all pre and post work, travel and client assistance in relation to surveillance. Examples include deploying detector dogs, wharf surveillance, vector monitoring at proclaimed ports, new car surveillance, break bulk surveillance, monitoring the entry of exotic pests, weeds and disease across passenger and cargo pathways, monitoring of animal welfare issues and monitoring for microbiological or chemical hazards in food.

Programme management and administration activities

Workforce and business management— this activity has four categories:

- *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.
- *Business management activities* include business planning and continuity; requesting legal advice; procurement and contracts; programme and project administration, design and management; management of fixtures, facilities, equipment, supplies and logistics.
- *Financial management* activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- *Information management* activities such as 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.

Business improvement—includes assessment, monitoring and management of business performance and business improvement activities. Examples include adjustments to improve programme and service delivery, business performance reports against KPIs and similar activities.