

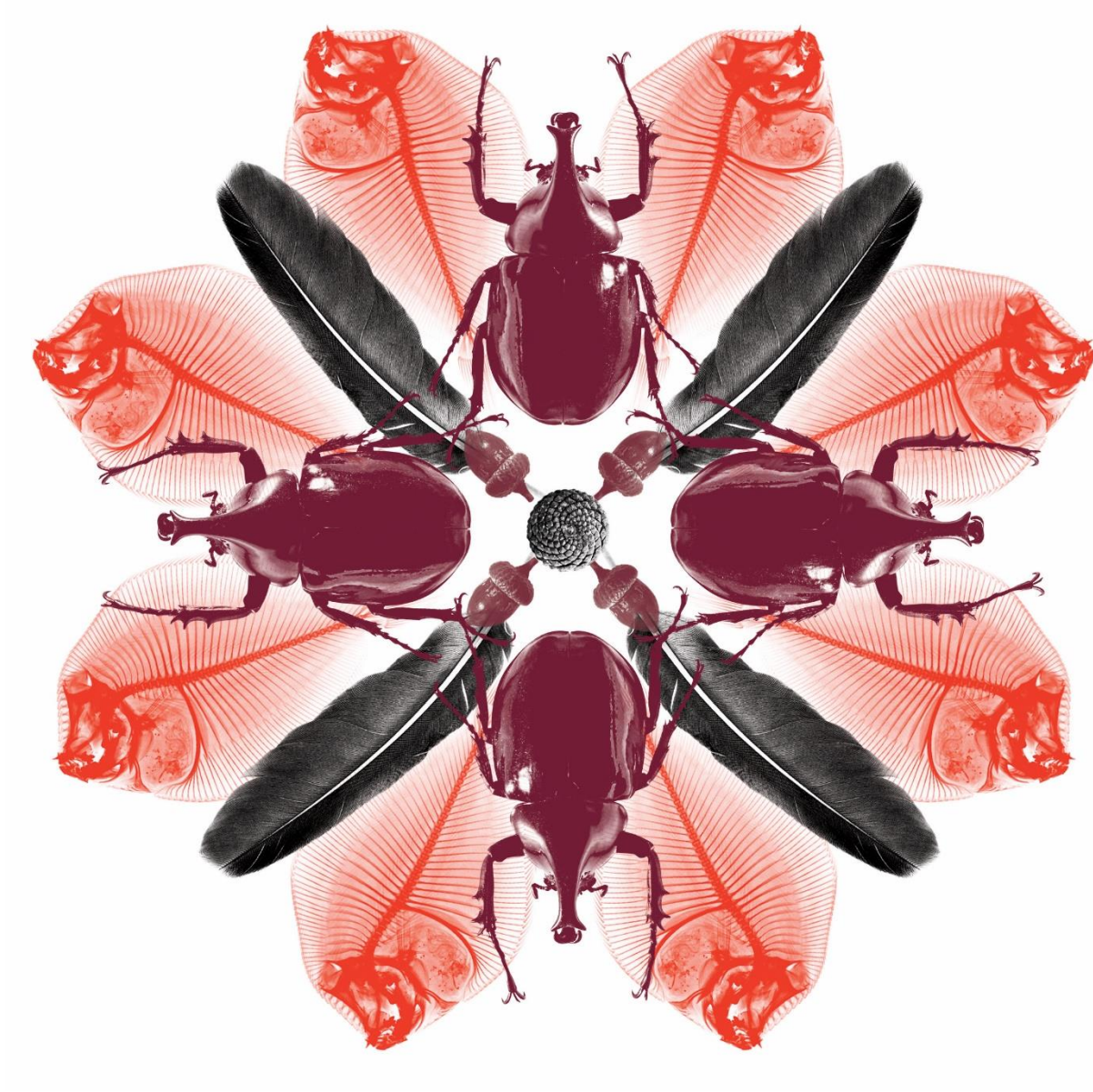


Australian Government

Department of Agriculture and Water Resources

Cost Recovery Implementation Statement

Food exports certification, 2015–16



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Glossary

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

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

Cost recovery arrangement: this describes the management, delivery and the cost recovery of services for a defined group of clients.

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.

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 arrangements provided to exporters of food including meat, dairy, fish and egg, non-prescribed goods, organics and quotas. 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—Meat (2011–12)
- Cost Recovery Impact Statement—Dairy (2009–10)
- Cost Recovery Impact Statement—Seafood (2011–12)
- Cost Recovery Impact Statement - Fees Charged for the Management of Beef, Sheepmeat and Goatmeat Export Quota (2010)
- Elements of the Department of Agriculture, Fisheries and Forestry Portfolio Cost Recovery Impact Statement (2008).

1.1 Food exports

Food export certification activities undertaken by the department involves inspection, audit and certification activities with respect to the export of meat, dairy, fish and egg, non-prescribed goods, organics and quotas.

The export of these foods is regulated in accordance with the export legislative framework (outlined at Section 2.2). In order to certify a product's compliance with these regulations and the importing country requirements, the department undertakes a range of activities, including:

- The development, implementation and monitoring of operational policy and systems that ensure compliance with Australian export controls and any additional importing country requirements. These activities serve to maintain the eligibility of commodities for export from Australia and ensure that market access is maintained.
- The provision of inspection and auditing activities to ensure that the production, storage, handling and transportation of meat, dairy, fish and egg and non-prescribed goods intended for export comply with the conditions of the Australian export controls and any additional requirements imposed by an importing country.
- The issue of permits, health certification and other documentation necessary to confirm compliance with the Export Control Orders and any additional importing country requirements.
- The management of quota allocation and quota certification to enable exporters to access tariff rate concessions offered under trade agreements.

Food export certification occurs across four cost recovery arrangements. These four arrangements are presented in this CRIS. Common information for food export certification, such as the authority to cost recover and the cost recovery methodology is in the body of the CRIS. Four schedules are attached which provide the specific details, cost base, levies and fees for each of the food export certification cost recovery arrangements:

- Meat
- Dairy
- Fish and Egg
- Non-prescribed goods.

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 export certification activities, the government must provide the export certification framework. This is because it relies on negotiated arrangements with other countries. Resource charging is not appropriate as export certification is not based on the value of the activity to the recipient.

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

There are additional benefits to funding export certification 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 export certification. The department has designed cost recovery of export certification 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 the government's approval of cost recovery for food export certification and the legislation that enables the collection of cost recovery fees and levies.

2.1 Policy approval

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

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

The redesign improves the cost recovery of export certification activities by:

- recovering the full cost 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 export certification services.

2.2 Statutory authority

Fees and levies for food export certification are recovered under separate statutory authority.

Cost recovery fees

Section 25 of the *Export Control Act 1982* provides the power to impose fees in relation to a range of export services. The specific amounts are set out in the *Export Control (Fees) Orders 2001*.

- The *Export Control Act 1982* and its subordinate legislation can be obtained at the [Comlaw website](#).

The *Australian Meat and Live-stock Industry Act 1997* and subordinate legislation provides the power to impose fees in relation to an export licence application.

- This legislation can be obtained at the [Comlaw website](#).

The *Australian Meat and Live-stock (Quotas) Act 1990* and the *Dairy Produce Act 1986* and associated subordinate legislation provide the legal basis for recovering the costs associated with administering certain quotas.

- The *Australian Meat and Live-stock (Quotas) Act 1990* and its subordinate legislation can be obtained at the [Comlaw website](#).
- The *Dairy Produce Act 1986* and its subordinate legislation can be obtained at the [Comlaw website](#).

Amendments to, or new subordinate legislation 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 food export fees.

Cost recovery levies

Previously, export certification levies were collected under the following legislation:

- *Export Inspection (Establishment Registration Charges) Act 1985*
 - Export Inspection (Establishment Registration Charges) Regulations 1985
 - This legislation can be obtained at the [Comlaw website](#).
- *Export Inspection (Quantity Charge) Act 1985*
 - Export Inspection (Quantity Charge) Regulations 1985
 - This legislation can be obtained at [the Comlaw website](#).
- *Export Inspection and Meat Charges Collection Act 1985*
 - Export Inspection and Meat Charges Collection Regulations 1985
 - This legislation can be obtained at [the Comlaw website](#).
- *Export Inspection (Services Charges) Act 1985*
 - Export Inspection (Service Charge) Regulations 1985
 - This legislation can be obtained at [the Comlaw website](#).

New regulations made under the following Acts will provide for the levies detailed in this CRIS to be established. This change will allow for redundant legislation and regulations listed above to be repealed. Commencement and transitional arrangement will mean that levies will not be duplicated.

New regulations and other delegated instruments will include descriptions of the charging points for the food export levies.

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

3 Cost recovery methodology

The department has applied a consistent methodology to determine the fees and levies in its biosecurity and export 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.

3.1 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 cost.
- 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 technology assets. Effort surveys and the use of department cost drivers provides a consistent approach for allocating expenses into the activity based cost recovery model across all of the department's cost recovery arrangements.

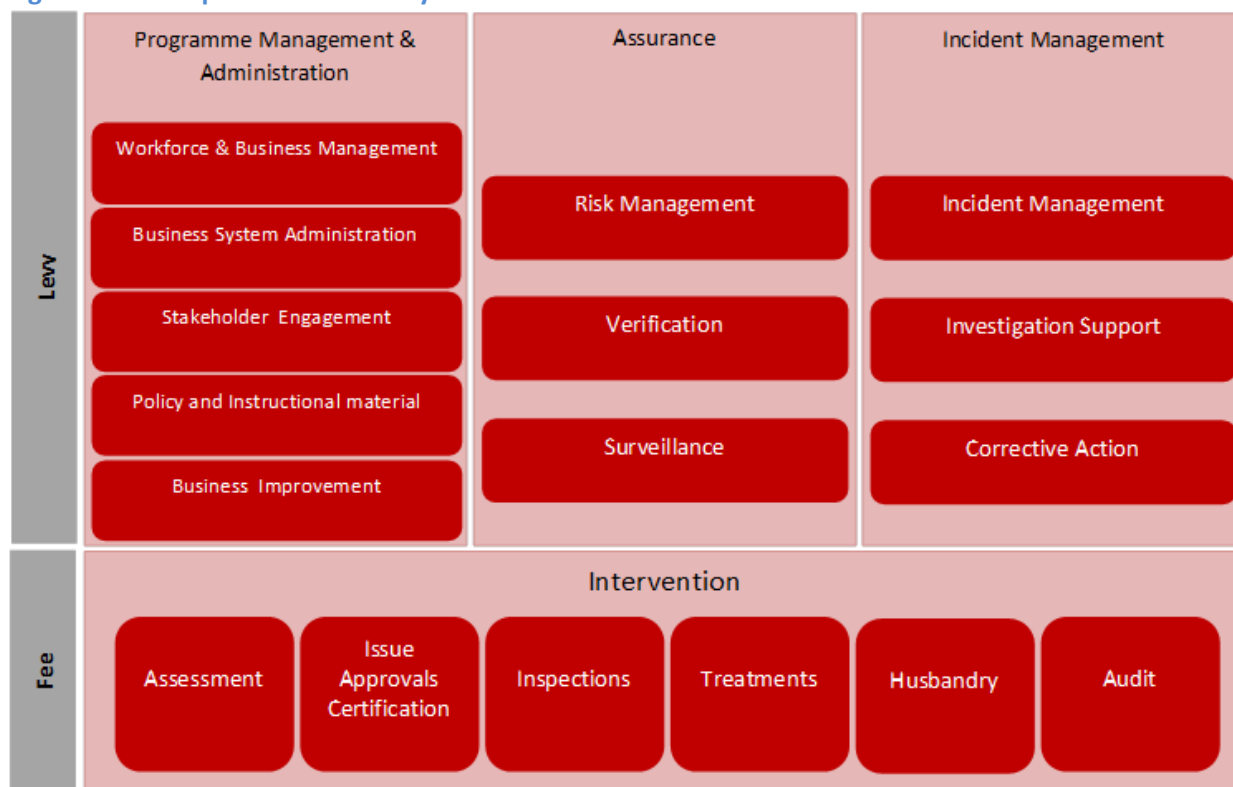
To project the cost base over the next four years, adjustments are applied to capture expected changes to the costs. These are changes that have not yet been captured in the department's FMIS. Reductions in costs will arise from reforms such as service delivery modernisation, while factors such as inflation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

3.2 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 each 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



3.3 Activities undertaken for the food exports cost recovery arrangements

The food exports cost recovery arrangements incur costs in 12 of the 17 activities under the department's cost model. Charges, volumetric forecasts and revenue projections for each food export cost recovery arrangement are provided at **Attachments A – D**. A description of the activities relevant to food export certification is at **Attachment E**.

3.4 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 or premises registered, or volumes of exports, 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 exports 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 changing 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 also used to improve and validate the volumetric forecasts.

3.5 Fee and levy structure

The export certificate charge has been restructured from a fees only structure, to comprise a fee and levy component. The fee component recovers all of the costs of approving and issuing certificates. The levy component recovers the costs of managing export certification, assurance and incident management. This change has been made to ensure that all clients make a contribution that is proportional to their use of the export certification system. It also reflects the consistent approach being used across the department's cost recovery arrangements.

Exporters will not be impacted by the restructure of the certificate charge. It will continue to be invoiced as a single charge.

The key changes to fee and levy structures, pricing information and additional financial information are presented in the attached food export cost recovery arrangements:

- Attachment A — Meat
- Attachment B — Dairy
- Attachment C — Fish and Egg
- Attachment D — Non-prescribed goods.

3.6 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.

4 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 also considered a number of risks associated with cost recovering food export activities and the management of these risks.

Table 1: Risks—food exports cost recovery arrangement

Risk	Management
Cost of export certification impacts on industry competitiveness.	The department is implementing a range of reforms to deliver efficiencies in its export certification processes. Analysis by ABARES shows that full recovery of the department's export certification costs has a small impact on the value of agriculture exports—less than 0.8 percent for each of the commodities considered.
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 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.
Importing countries change export certification requirements – the cost of providing certification 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.

5 Stakeholder engagement

Communication with the department's clients has been an integral part of redesigning the fee and levy structure and prices for recovering the costs of the department's biosecurity and export certification activities. From September 2014, the department has consulted with over 400 individuals and organisations including through Industry Consultative Committees.

Many food export industries have expressed concern about making significant change to the food export cost recovery arrangements that were substantially reformed in 2011 as part of the ministerial taskforce on export certification reforms. The department is proposing only minor changes to the food export arrangements as part of standardising its cost model across all arrangements. More significant changes are proposed to other cost recovery arrangements in the department, to harmonise them with the previous reforms to food export cost recovery arrangements.

In addition, there is a general view that the department must remain committed to the export certification reforms and continue to drive down its costs. Committees would also like to see the implementation of operational efficiencies to reduce the department's costs. Under the new cost recovery model, efficiencies have already been found and the department is developing a framework to further drive optimisation of its resources.

In relation to food exports, direct engagement has been undertaken with industry and fee payer representatives through sub-committees of the:

- Red Meat, Non-Red Meat Consultative Committee
- Export Meat Industry Advisory Committee (EMIAC Finance Subcommittee)
- Seafood Export Consultative Committee
- Dairy Export Industry Consultative Committee
- Quota Consultative Committee.

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

Information on the issues raised by industry committee members in consultations with the department can be found in each of the attachments to this CRIS.

Public consultation allowed all stakeholders the opportunity to comment on the proposals. Engagement also continued throughout the implementation process. This was achieved through established industry consultative committees as well as broad consultation processes and information sessions. There was a dedicated inbox linked to the department's website.

On implementation of the new arrangements, quarterly reporting of cost recovery performance will continue to be provided to relevant consultation committees. This provides a mechanism for continual engagement and review of cost recovery arrangements and ensures any unintended consequences or issues are resolved in a timely manner.

6 Key dates and events

6.1 Consultation

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

Key dates in the CRIS consultation process were:

- July 2015—Consultation Draft of 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 on 1 December 2015.

6.2 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 2 will provide a record of future changes and updates to this CRIS.

Table 2: Change register

Date of CRIS change	CRIS change	Approver	Basis for change

Attachment A — Meat exports

This attachment describes the proposed changes to the meat export cost recovery arrangement, the cost base, fees and levies as well as additional financial information associated with meat export inspection and certification activities.

A.1 Design of cost recovered charges

Most meat export cost recovery fees and levies will remain largely as established in the 2011–12 Cost Recovery Impact Statement. Meat exports volumes and associated inspection, audit and certification activities are forecast to be steady over the next four years. Since the last review of fees and charges the arrangement has accumulated reserves that currently exceed the department's cost recovery reserve policy, which is designed to keep the reserve balance between zero and five percent of annual programme expenditure. The reserve balance provides opportunity to reduce the amount that the department collects from fee payers towards its operating costs, with the balance being met by a draw down on the reserve. Subject to government approval, the amount collected for some annual registration charges, certificate charges and some throughput rates can be temporarily reduced, as outlined in Table 3.

This provides immediate benefit to small exporters while longer term arrangements are delivered through industry nominated projects under the government's Package Assisting Small Exporters. It is anticipated that projects under this package will deliver ongoing savings that will offset the need to return to collecting the full rate of charge.

The performance of the arrangement will be closely monitored against forecast volumes. If needed, further adjustments will be made in consultation with the meat export industry.

Some revisions are proposed to the current levy and fee structure to reflect the new cost recovery model and improve the consistency of fee and levy arrangements across the department's export certification activities. Table 9 provides a list of levies and fees.

A.1.1 Changes to fee and levy structure

Export certificate

Increases in the volumes of electronic certificates issued by the department since the last review of charges provides an opportunity, subject to government approval, to temporarily adjust the charge for electronic certificates from \$49 to \$12. This adjustment is forecast to be sustainable over the forward estimates, on the basis that costs and volumes are expected to be maintained at their existing levels.

Quota

The department will recover its costs for administering meat export quotas through certificate charges. This will replace the current charging on the allocation of tonnage. The certificate charges more closely align with the clients use of departmental resources at the point of shipment. This change has been made to ensure that all clients make a contribution that is proportional to their use of the quota system. It also reflects the consistent approach being used across the department's cost recovery arrangements.

Meat export quotas will be charged at the same rate as other meat export certificates. The revised model will mean that the department's revenue and expenditure will closely align for quota. To allow consistency of document charges, the quota prices will align with the post remission charges for documents – but the quota costs will not be funded through remissions from accumulated reserves.

While some quotas will be charged per certificate from 1 December 2015, the current charges applied to the tonnage of meat exported will continue for some quotas until the relevant legislation is amended. These quotas include beef to the United States, high quality beef and sheepmeat to the European Union quotas.

Registration charges

Subject to government approval, the prices of charges on some registered meat export establishments, including abattoirs, independent boning rooms and export casings establishments, will be temporarily adjusted down from 2015–16 to 2018–19 as outlined in Table 3.

Throughput Rates

Subject to government approval, charges for some throughput rates for some categories of animals will be temporarily adjusted down from 2015–16 to 2018–19, as outlined in Table 3. These reductions will occur in rates charged at Tier 1 establishments – which are Export-Registered Australian Standard Meat Establishments as set out in Meat Notice 2014-04.

Inspection and audit fees

Subject to government approval, there will be a temporary reduction in inspection prices from \$30 to \$21 for inspections carried out by a Food Safety Assessor and from \$39 to \$26 for inspections carried out by veterinarians. There will not be any change to existing audit fees, however the differential rate of audit fees to reflect the required audit competency will be maintained. Audits conducted by Food Safety Assessors will continue to be charged at \$30 per quarter hour and audits where a veterinarian is required will continue to be charged at \$108 per quarter hour.

Table 3: Remissions —meat export cost recovery arrangement

Charge item	Levy	Fee	Total Charge	Post Remission Levy	Post Remission Fee	Total Charge (post remission)	Total Reduction (post remission)
Electronic certificate	\$46	\$3	\$49	\$9	\$3	\$12	\$37
Establishment– Abattoir	\$840	-	\$840	\$588	-	\$588	\$252
Establishment– Casings	\$840	-	\$840	\$588	-	\$588	\$252
Establishment– Independent boning room	\$1 250	-	\$1 250	\$875	-	\$875	\$375
Through put – full unit (Tier 1 establishment)	\$0.70	-	\$0.70	\$0.35	-	\$0.35	\$0.35
Through put – Sheep/Goat/Lamb (Tier 1 establishment)	\$0.18	-	\$0.18	\$0.09	-	\$0.09	\$0.09
Through put – Calf (Tier 1 establishment)	\$0.07	-	\$0.07	\$0.04	-	\$0.04	\$0.03

Charge item	Levy	Fee	Total Charge	Post Remission Levy	Post Remission Fee	Total Charge (post remission)	Total Reduction (post remission)
Through put – Kangaroo/Wild Boar (Tier 1 establishment)	\$0.05	-	\$0.05	\$0.03	-	\$0.03	\$0.02
Inspection- Food safety meat assessor	-	\$30	\$30	-	\$21	\$21	\$9
Inspection- On-plant veterinarian	-	\$39	\$39	-	\$26	\$26	\$13

Tier 1 establishments are Export-Registered Australian Standard Meat Establishments as set out in Meat Notice 2014-04.

A.2 Cost base

The following information on the meat arrangement cost base is provided as a four-year average from 2015–16 to 2018–19. An overview by cost type is provided in Table 4.

The cost base is based on the efficient utilisation of departmental resources. The Australian Export Meat Inspection System (AEMIS), that was implemented in 2011, provides meat processors with the ability to engage qualified people, called authorised officers, to undertake meat inspection tasks, giving businesses greater flexibility in the deployment of their staff when not undertaking meat inspection work. AEMIS plants that are compliant with export and certification requirements will also be subjected to fewer regulatory audits. This has led to fewer departmental officers required to perform these functions and reduced departmental costs.

A factor that could impact on the projected cost base is users requesting the department to undertake activities that could be completed by non-departmental staff. These instances have not been taken into account when developing the cost base, however the fees that have been built into the model will ensure full recovery of these services.

A detailed description of cost activities and the methodology for attributing costs to these activities is provided in **Section 3**.

A.2.1 Projected cost base

The cost base (as a four year average from 2015-16 to 2018-19) for the meat export cost recovery arrangement is \$77.179 million (Figure 2).

Figure 2: Cost base – meat exports cost recovery arrangement (four year average 2015–16 to 2018–19)

Table 4 provides a breakdown of expenses averaged over the next four financial years. Direct expenses can be traced to the provision of an activity, such as staff salaries and supplier costs. Indirect expenses are not easily linked to an activity, such as corporate employee salaries and overheads, including information technology, finance and human resources costs. Capital expenses include plant, property and depreciation.

Table 4: Cost type breakdown—meat exports cost recovery arrangement (four year average 2015–16 to 2018–19)

Expense	Forecast (\$ millions)
Direct expenses	..
Direct labour	\$54.044
Direct materials	\$8.406
Capital expenses	\$1.121
Other expenses	-
Direct expenses total	\$63.572
Overhead expenses total	\$13.607
Total Expenses	\$77.179

A.2.2 Changes to the cost base

Adjustments to the meat export cost recovery arrangement include the incorporation of meat organic and quota certification into the arrangement, and the addition of the costs of managing detained cargoes. Table 5 outline changes to the cost base.

Table 5: Changes to cost base, meat exports

Adjustment to cost base	Impact on cost base	Forecast (\$ '000s)
1. Detained consignments	Increase	\$1 435
2. Organic export certification	Increase	\$111
3. Depreciation expenses	Increase	\$318
Total expenditure of adjustments to cost base	Increase	\$1 864
Total baseline expenditure	Increase	\$75 315
Adjusted cost recoverable expenditure (cost base)	Increase	\$77 179
Change in expenditure	Increase	2%

The department currently recovers its costs of assessing organic certifying organisations and issuing quota certificates separately from the relevant export commodity. The costs (and associated revenue) associated with these activities are being incorporated into the relevant food commodity to ensure similar prices for similar services.

Detained cargo is cargo that has left Australia and encounters difficulty in transit or at the country of import. Due to the highly reactive, uncertain and expensive nature of managing detained cargo, it is important that there is certainty for funding these activities while ensuring the most effective and efficient cost recovery arrangements are in place. Currently, only limited cost recovery occurs for activities undertaken by the department for detained cargo. Under the redesign, the department will recover costs of managing these incidents through levies imposed on users of the export certification system.

Cost recovery is considered appropriate as industry benefits by having a system in place that allows the department to manage detained cargo situations when they arise. Activities undertaken by the department in cases of detained cargo include: working with foreign governments and agricultural posts; identifying new markets for the detained cargo; and issuing certificates to meet new importing country requirements.

A.3 Financial estimates

A summary of the annual budgeted operating position for the meat export cost recovery arrangement is provided at Table 6. All cost recovered activities are subject to a detailed semi-annual review as part of departmental budgeting processes.

Table 6: Financial estimates—meat exports cost recovery arrangement

Finance element	A 2014–15	B 2015–16	C 2016–17	D 2017–18	E 2018–19
Expenses = X	\$77 704 631	\$77 179 153	\$77 179 153	\$77 179 153	\$77 179 153
Revenue = Y	\$82 701 171	\$75 776 254	\$75 776 254	\$75 776 254	\$75 776 254
Balance = Y – X	\$4 996 540	\$-1 402 899	\$-1 402 899	\$-1 402 899	\$-1 402 899
Forecast opening cost recovery reserve balance	\$8 312 460	\$13 309 000	\$11 906 101	\$10 503 202	\$9 100 303
Transfer	\$4 996 540	\$-1 402 899	\$-1 402 899	\$-1 402 899	\$-1 402 899
Forecast closing cost recovery reserve balance	\$13 309 000	\$11 906 101	\$10 503 202	\$9 100 303	\$7 697 404

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 industry reserves policy, the cumulative balance will remain consistent with the target range of zero to five percent of annual programme expenditure.

A.4 Performance reporting

The following section presents information on the financial and non-financial performance of the meat exports 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.

A.4.1 Financial performance

Financial performance for the meat export cost recovery arrangement is provided at Table 7. The 2015–16 financial year and three forward years will be updated each year as financial information becomes available.

Table 7: Financial performance—meat exports cost recovery arrangement

Finance element	2011–12	2012–13	2013–14	2014–15
Expenses = X	\$71 612 084	\$72 316 264	\$75 772 439	\$77 704 631
Revenue = Y	\$65 470 589	\$75 608 393	\$80 623 361	\$82 701 171
Balance = Y – X	-\$6 141 495	\$3 292 129	\$4 850 922	\$4 996 540
Finance element	2015–16	2016–17	2017–18	2018–19
Expenses = X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Revenue = Y	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Balance = Y – X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>

A.4.2 Non-financial performance

Table 8 provides key non-financial performance indicators for the meat exports cost recovery arrangement. Additional key non-financial performance measures are made available in the department's annual report.

Table 8: Non-financial performance measures—meat exports cost recovery arrangement

KPI	2014–15 Performance	2015–16 Target	2016–17 Target	2017–18 Target	2018–19 Target
Markets lost as a result of failed departmental certification services	Nil	Nil	Nil	Nil	Nil
Export consignments rejected because of failure to meet export certificate requirements.	Less than 1%	Less than 1%	Less than 1%	Less than 1%	Less than 1%

A.5 Meat export stakeholder engagement

The meat industry representatives agreed with the new cost structure for health certificates and staff based charges (including fees for inspections, audits and related activities).

Meat industry committee members also supported the proposals to use remittances to avoid over-recovery in future years. However, some members were concerned that the approach set out in the consultation CRIS, using the existing reserve balance to reduce registration prices, would result in exporters who had not contributed to the current accumulated reserve receiving an advantage, because their levies for future exports would be reduced. This concern was particularly in relation to the 30 percent remission proposed for registered establishments. Some industry representatives have also stated that the reserve must be remitted to the industry sectors that contributed to the surplus, in the same ratio as they paid.

The Department provided further information to explain how the accumulated reserves and remissions would operate in an equitable and appropriate manner, and consistent with whole of government cost recovery guidelines.

The department has been able to demonstrate to meat industry stakeholders that the remissions result from over recovery in document assessment which all exporters have contributed to.

Following industry consultation, the Department has proposed revised remissions to address the continuing accumulation of cost recovery reserves and to provide relief for small exporters ahead of sustainable relief arising from initiatives under the Package Assisting Small Exporters. Subject to government approval, the remissions are proposed in two discrete streams:

1. A temporary discount on the price of electronic certificates to avoid further accumulation of funds in the industry reserves. The department has experienced sustained over-recoveries against its assessment (certification) services costs in the previous three/four financial years. These over-recoveries have resulted in significant accumulation of funds in the industry reserve. Volumes of electronic certificates are expected to remain at high levels into the forward estimates and would continue to generate over-recoveries if left unchecked. A discount on electronic certificate charges to a total price of \$12 per certificate will mitigate future over-recoveries and will serve to avoid a further accumulation of funds in the industry reserve.
2. A temporary discount on the annual registration charge for some classes of establishments. The department is proposing to discount the annual registration charge for Abattoirs, Independent Boning Rooms and Casings Processors. While significant relief is afforded through the reduction in electronic certificate charges, some classes of establishments will not directly benefit from this

reduction, and have little opportunity to pass their costs along the supply chain. Operators of small abattoirs do not export in large quantities, and will gain little relief from the electronic certificate discount. Operators of independent boning rooms and processors of casings service other supply chain participants, they do not export in their own right and would gain no relief from the reduction in electronic certificate charges. Conversely, operators of poultry processing establishments, further manufacturing and storage and transportation establishments are either sufficiently engaged in exporting or have opportunity to pass costs along the supply chain. These establishments will already benefit from lower electronic certificate charges or have favourable market influence that nullify their need for further relief in the form of a discount on the annual registered establishment charge.

All remissions are temporary, subject to government approval, and need to be closely monitored to assess ongoing affordability. The remissions may need to be adjusted during the period of the proposal. Any adjustments are subject to industry consultation, with sufficient lead time for industry to respond to a change in price.

A.6 Meat export fees and levies

Table 9: Fees, levies and volumes—meat export cost recovery arrangement (2015–16 to 2018–19)

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery levies	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Registration Application	Levy	\$600	\$600	Application	139	\$83 400
Establishment-Abattoir	Levy	\$840	\$588	Monthly	1 092	\$642 096
Establishment-Casings	Levy	\$840	\$588	Monthly	96	\$56 448
Establishment-Storage & Transportation	Levy	\$840	\$840	Monthly	1 488	\$1 249 920
Establishment-Poultry	Levy	\$1 250	\$1 250	Annual (paid monthly)	336	\$420 000
Establishment-Further Processing	Levy	\$1 250	\$1 250	Annual (paid monthly)	720	\$900 000
Establishment-Independent Boning rooms	Levy	\$1 250	\$875	Annual (paid monthly)	192	\$168 000
Organic Certifying Organisation	Levy	\$7 500	\$7 500	Annual (paid monthly)	1	\$7 500
Through Put - Full Unit (cow, bull, steer, heifer, buffalo, camel, donkey, horse)	Levy	\$0.70	\$0.70	Animal	6 000 000	\$4 200 000

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Through Put - Pig	Levy	\$0.24	\$0.24	Animal	3 780 000	\$907 200
Through Put - Sheep/Goat/lamb	Levy	\$0.18	\$0.18	Animal	24 000 000	\$4 320 000
Through Put - Deer/Game Deer	Levy	\$0.14	\$0.14	Animal	3 000	\$420
Through Put - Emu/Ostrich	Levy	\$0.10	\$0.10	Animal	2 100	\$210
Through Put - Calf	Levy	\$0.07	\$0.07	Animal	240 000	\$16 800
Through Put - Kangaroo/Wild Boar	Levy	\$0.05	\$0.05	Animal	960 000	\$48 000
Through Put - Rabbit/Possum/Hare	Levy	\$0.02	\$0.02	Animal	-	-
Through put – full unit (Tier 1 establishment)	Levy	.70	.35	Animal	240 000	\$84 000
Through put – Sheep/Goat/Lamb (Tier 1 establishment)	Levy	.18	.09	Animal	3 600 000	\$324 000
Through put – Calf (Tier 1 establishment)	Levy	.07	.04	Animal	60 000	\$2 400
Through put – Kangaroo/Wild Boar (Tier 1 establishment)	Levy	.05	.03	Animal	108 000	\$3 240
Electronic certificates	Levy	\$46	\$9	Document	234 828	\$2 113 452
Meat export license	Levy	\$500	\$500	Annual	-	-
Cost recovery fees—Audit	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Audit	Fee	\$30	\$30	Per 15 minutes (or part thereof)	41 891	\$1 256 730
Veterinary Audit	Fee	\$108	\$108	Per 15 minutes (or part thereof)	42 532	\$4 593 456

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery fees—Inspection	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
FSMA - Annual	Fee	\$9 790.75	\$9 790.75	Monthly	1 304	\$12 767 138
FSMA - Additional	Fee	\$11 843.25	\$11 843.25	Monthly	773	\$9 154 832.25
FSMA - Qtr Hr Planned	Fee	\$30	\$21	Per 15 minutes (or part thereof)	96 064	\$2 017 344
FSMA - Qtr Hr Unplanned	Fee	\$30	\$30	Per 15 minutes (or part thereof)	176 021	\$5 280 630
OPV - Annual	Fee	\$15 199.50	\$15 199.50	Monthly	1 113	\$16 912 180
OPV - Qtr Hr Planned	Fee	\$39	\$26	Per 15 minutes (or part thereof)	41 958	\$1 090 908
OPV - Qtr Hr Unplanned	Fee	\$39	\$39	Per 15 minutes (or part thereof)	119 521	\$4 661 320
Cost recovery fees—Documentation	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Electronic Certificates	Fee	\$3	\$3	Document	234 828	\$ 704 484
Manual Certificates	Fee	\$100	\$100	Document	15 370	\$1 537 000
Replacement Certificates	Fee	\$500	\$500	Document	507	\$253 500

Tier 1 establishments are Export-Registered Australian Standard Meat Establishments as set out in Meat Notice 2014-04.

Attachment B — Dairy exports

This schedule describes the changes to the dairy export cost recovery arrangement, the cost base, fees and levies as well as additional financial information associated with inspection and certification activities for dairy product exports.

B.1 Design of cost recovered charges

Most dairy export cost recovery fees and levies will remain largely as established in the 2009–10 Cost Recovery Impact Statement. Dairy exports are forecast to be steady over the next four years. Since the last review of fees and charges the arrangement has accumulated reserves that currently exceed the department's cost recovery reserve policy which is designed to keep the reserve balance between zero and five percent of annual programme expenditure. The reserve balance provides opportunity to reduce the amount that the department collects from fee payers towards its operating costs, with the balance being met by a draw down on the reserve. Subject to government approval, the amount collected for annual registration charges and certificate charges can be temporarily reduced as outlined in Table 10 over the forward estimates.

This provides immediate benefit to small exporters while longer term arrangements are delivered through industry nominated projects under the government's Package Assisting Small Exporters. It is anticipated that projects under this package will deliver ongoing savings that will offset the return to collecting the full rate of charge.

Some revisions are being implemented to the current levy and fee structure to reflect the new cost recovery model and improve the consistency of fee and levy arrangements across the department's export certification activities. Table 16 provides a list of levies and fees.

B.1.1 Changes to fee and levy structure

Export certificate

Increases in the volumes of electronic certificates issued by the department since the last review of charges provides an opportunity, subject to government approval, to temporarily adjust the charge for electronic certificates from \$21 to \$17. This adjustment is forecast to be sustainable over the forward estimates on the basis that costs and volumes are expected to be maintained at their existing levels.

Quota

The department will recover its costs for administering quotas through the application of the dairy certificate charges. This will replace the current charging based on the allocation of tonnage. The certificate charges more closely align with the clients use of departmental resources at the point of shipment. This change has been made to ensure that all clients make a contribution that is proportional to their use of the quota system. It also reflects the consistent approach being used across the department's cost recovery arrangements.

Dairy quota certificates will be charged at the same rate as other dairy export certificates. For example, \$21 (adjusted to \$17) for each electronic certificate and \$100 per manual certificate. For holders of dairy export quotas this will mean that there is likely to be a decrease in costs as they will only be paying for the portion they use. The revised model will mean that the department's revenue and expenditure will closely align for quota.

Registration charges

Subject to government approval, the prices of charges on registered dairy export establishments will be temporarily adjusted down from 2015–16 to 2018–19 as outlined in Table 10. These lower prices will provide a comparative benefit for those registered premises that do not handle much volume.

Those businesses that operate a registered establishment and export will experience the greatest relief from the reduction of the registration charges and export certificates. The benefit will be greatest for those smaller businesses that export comparatively smaller volumes.

Inspection and audit Fees

Dairy export volumes are forecast to remain steady over the next four years and as a result there will not be a change in the prices for inspection or audit.

Table 10: Remissions—dairy exports cost recovery arrangement

Charge item	Levy	Fee	Total Charge	Post Remission Levy	Post Remission Fee	Total Charge (post remission)	Total Reduction (post remission)
Electronic certificate	\$15	\$6	\$21	\$11	\$6	\$17	\$4
Establishment-Corporation/Co-operative exporting ≥ 2000tns	\$7 729	-	\$7 729	\$6 851	-	\$6 851	\$878
Establishment-Corporation/Co-operative exporting < 2000tns	\$4 275	-	\$4 275	\$3 790	-	\$3 790	\$485
Establishment-Storage establishment - Dairy	\$1 820	-	\$1 820	\$1 614	-	\$1 614	\$206

B.2 Cost base

The following information on the dairy arrangement cost base is provided as a four-year average from 2015–16 to 2018–19. An overview by cost type is provided in Table 11.

The cost base is premised on the efficient utilisation and delivery of departmental resources. Improvements to the department's service delivery are being enabled by enhancements to business processes and IT capability systems (e.g. mobile office capability; through the use of electronic tablets that provide full connection to the department's systems).

A detailed description of cost activities is provided at **Attachment E** and the methodology for attributing costs to these activities is provided in **Section 3**.

B.2.1 Projected cost base

The cost base (as a four year average from 2015-16 to 2018-29) for the dairy export cost recovery arrangement is \$2.153 million (Figure 3).

Figure 3: Cost base—dairy exports cost recovery arrangement (four year average 2015–16 to 2018–19)

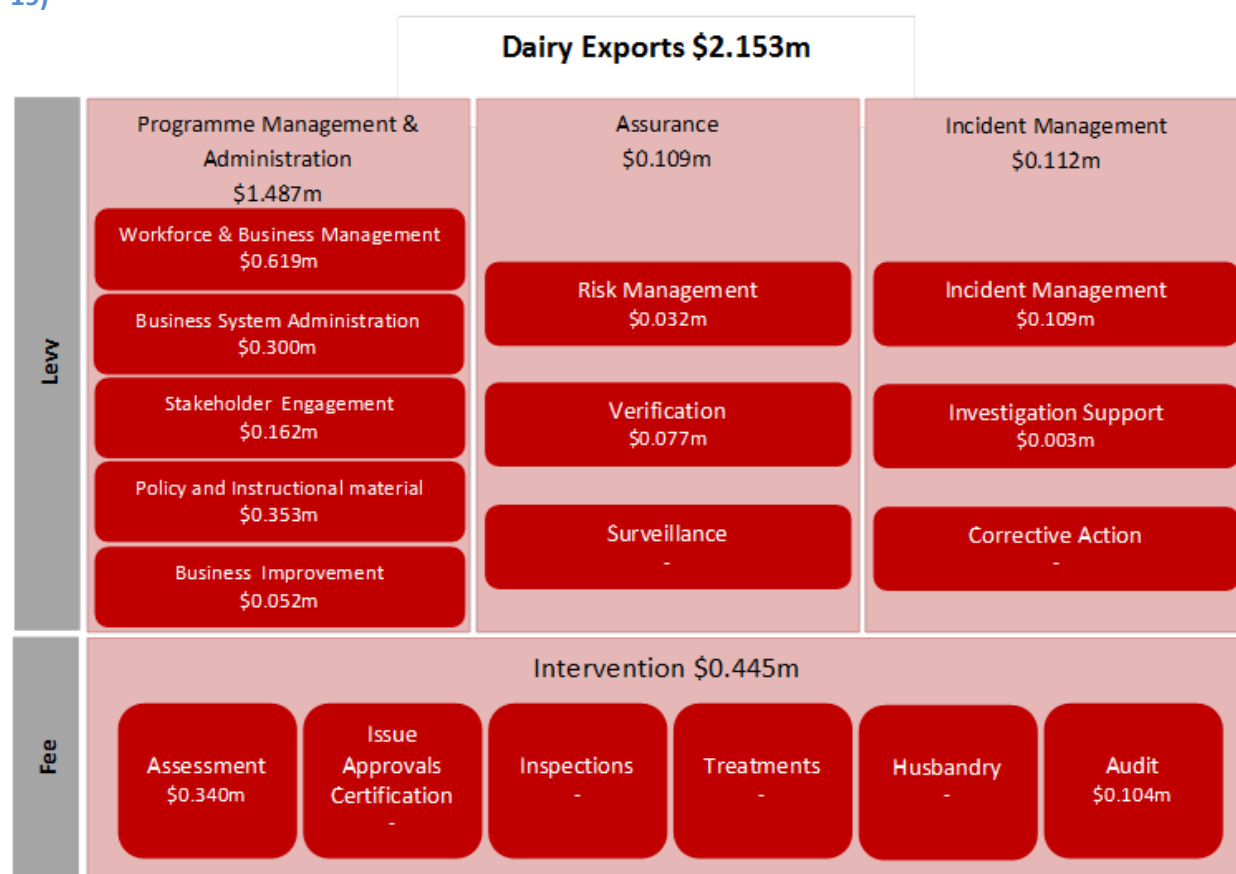


Table 11 provides a breakdown of costs averaged over the next four financial years.

Table 11: Cost type breakdown—dairy exports cost recovery arrangement (four year average, 2015–16 to 2018–19)

Expense	Forecast (\$ millions)
Direct expenses	
Direct labour	\$1.537
Direct materials	\$0.252
Capital expenses	\$0.124
Other expenses	\$0.060
Direct expenses total	\$1.974
Indirect expenses total	\$0.179
Total Expenses	\$2.153

Direct expenses can be traced to the provision of an activity, such as staff salaries and supplier costs. Indirect expenses are not easily linked to an activity, such as corporate employee salaries and overheads, including information technology, finance and human resources costs. Capital expenses include plant, property and depreciation.

B.2.2 Changes to the cost base

Adjustments to the dairy export cost recovery arrangement include the addition of quotas, the organics programme (which is already cost recovered) and the addition of the costs of managing detained cargoes (Table 12).

The department currently recovers its costs of assessing organic certifying organisations and issuing quota certificates separately from the relevant export commodity. The costs (and associated revenue) associated with these activities are being incorporated into the relevant food commodity to ensure similar prices for similar services.

Detained cargo is cargo that has left Australia and encounters difficulty in transit or at the country of import. Due to the highly reactive, uncertain and expensive nature of managing detained cargo, it is important that there is certainty for funding these activities while ensuring the most effective and efficient cost recovery arrangements are in place. Currently only limited cost recovery occurs for activities undertaken by the department for detained cargo. Under the redesign the department will recover costs of managing these incidents through levies imposed on users of the export certification system.

Cost recovery is considered appropriate as industry benefits by having a system in place that allows the department to manage detained cargo situations when they arise. Activities undertaken by the department in cases of detained cargo include: working with foreign governments and agricultural posts; identifying new markets for the detained cargo; and issuing certificates to meet new importing country requirements.

Table 12: Changes to cost base, dairy exports

Adjustment to cost base	Impact on cost base	Forecast (\$ '000s)
1. Detained consignments	Increase	\$86
2. Organic export certification	Increase	\$3
3. Depreciation expenses	Increase	\$30
Total expenditure of adjustments to cost base	Increase	\$119
Total baseline expenditure	Increase	\$2 034
Adjusted cost recoverable expenditure (cost base)	Increase	\$2 153
Change in expenditure	Increase	6%

B.3 Financial estimates

A summary of the annual budgeted operating position for the dairy cost recovery arrangement is provided at Table 13. All cost recovered activities are subject to a detailed semi-annual review as part of departmental budgeting processes.

Table 13: Financial estimates—dairy exports cost recovery arrangement

Finance element	A 2014–15	B 2015–16	C 2016–17	D 2017–18	E 2018–19
Expenses = X	\$1 861 869	\$2 153 008	\$2 153 008	\$2 153 008	\$2 153 008
Revenue = Y	\$2 295 107	\$2 022 106	\$2 022 106	\$2 022 106	\$2 022 106
Balance = Y – X	\$433 238	\$-130 902	\$-130 902	\$-130 902	\$-130 902
Forecast opening cost recovery reserve balance	\$437 000	\$870 238	\$739 336	\$608 434	\$477 532
Transfer	\$433 238	\$-130 902	\$-130 902	\$-130 902	\$-130 902
Forecast closing cost recovery reserve balance	\$870 238	\$739 336	\$608 434	\$477 532	\$346 630

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 industry reserves policy, the cumulative balance will remain consistent with the target range of zero to five percent of annual programme expenditure.

B.4 Performance reporting

The following section presents information on the financial and non-financial performance of the dairy exports 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.

B.4.1 Financial performance

The financial performance for the dairy cost recovery arrangement is provided at Table 14. The 2015–16 financial year and three forward years will be updated each year as financial information becomes available.

Table 14: Financial performance—dairy exports cost recovery arrangement

Finance element	2011–12	2012–13	2013–14	2014–15
Expenses = X	\$1 977 619	\$2 152 005	\$1 978 620	\$1 861 869
Revenue = Y	\$2 165 672	\$2 164 843	\$2 167 094	\$2 295 107
Balance = Y – X	\$188 054	\$12 839	\$188 474	\$433 238
Finance element	2015–16	2016–17	2017–18	2018–19
Expenses = X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Revenue = Y	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Balance = Y – X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>

B.4.2 Non-financial performance

Table 15 provides key non-financial performance indicators for the dairy exports cost recovery arrangement. Additional key non-financial performance measures are made available in the department's annual report.

Table 15: Non-financial performance measures—dairy exports cost recovery arrangement

KPI	2014–15 Performance	2015–16 Target	2016–17 Target	2017–18 Target	2018–19 Target
Markets lost as a result of failed departmental certification services	Nil	Nil	Nil	Nil	Nil
Export consignments rejected because of failure to meet export certificate requirements.	Less than 1%	Less than 1%	Less than 1%	Less than 1%	Less than 1%

B.5 Dairy exports stakeholder engagement

The dairy industry representatives were primarily concerned about the industry reserves set out in the CRIS. Industry committee members suggested that the CRIS should be amended to clearly signal to exporters that the proposed reductions were subject to fluctuations in cost and volumes of export activity.

Changes to either cost or volumes of activity would mean that the costs of export certification may increase beyond the projections in the CRIS. It was agreed that the regular industry monitoring processes could be used to track cost and activity level fluctuations.

Members noted that the estimates used in calculating the proposed new fees and levies relied on assumptions about future volumes of exports and export activities – and that there was some difficulty in predicting these accurately, especially in the third and fourth out years.

However, it was generally agreed that the estimates used by the department were appropriate and conservative, and had been shown to be reliable over recent years. It was also agreed by industry representatives that the models were appropriately flexible to adjust to variations in activity levels (including for example additional recoverable costs that may arise as potential new export markets open up). It was agreed that any over or under recovery could be monitored and adjusted if activity levels varied from the initial assumptions, using the regular industry committee consultation forums.

B.6 Dairy export fees and levies

Table 16: Fees, levies and volumes —dairy exports cost recovery arrangement (2016–17 to 2018–19)

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery levies	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Corporation/Co-operative exporting ≥ 2000tns	Levy	\$7 729	\$6 851	Annual	41	\$280 891
Corporation/Co-operative exporting < 2000tns	Levy	\$4 275	\$3 790	Annual	137	\$519 230
Storage establishment - Dairy	Levy	\$1 820	\$1 614	Annual	194	\$313 116
Organic Certifying Organisation	Levy	\$7 500	\$7 500	Annual	2	\$15 000
Document - Electronic	Levy	\$15	\$11	Document	26 954	\$296 494
Registration application	Levy	\$600	\$600	Application	20	\$12 000
Cost recovery fees—Audit	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Audit	Fee	\$33	\$33	Per 15 minutes (or part thereof)	3 656	\$120 648
Cost recovery fees—Inspection	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Inspection	Fee	\$33	\$33	Per 15 minutes (or part thereof)	-	-
Cost recovery fees—Documentation	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Electronic Certificates	Fee	\$6	\$6	Document	26 954	\$161 724
Manual Certificates	Fee	\$100	\$100	Document	345	\$34 500
Replacement Certificate	Fee	\$500	\$500	Document	537	\$268 500

Attachment C — Fish and egg exports

This schedule describes the changes to the fish and egg export cost recovery arrangement, the cost base, fees and levies as well as additional financial information associated with inspection and certification activities for fish and fish products as well as egg and egg products exported for human consumption.

C.1 Design of cost recovered charges

Most fish and egg export cost recovery fees and levies will remain largely as established in the 2011–12 Cost Recovery Impact Statement. Fish and egg exports volumes and associated inspection, audit and certification activities are forecast to be steady over the next four years.

Since the last review of fees and charges the arrangement has accumulated reserves that currently exceed the department's cost recovery reserve policy which is designed to keep the reserve balance between zero and five percent of annual programme expenditure. The reserve balance provides opportunity to reduce the amount that the department collects from fee payers towards its operating costs, with the balance being met by a draw down on the reserve. Subject to government approval, the amount collected for annual registration charges and certificate charges can be temporarily reduced as outlined in Table 17.

This provides immediate benefit to small exporters while longer term arrangements are delivered through industry nominated projects under the government's Package Assisting Small Exporters. It is anticipated that projects under this package will deliver ongoing savings that will offset the return to collecting the full rate of charge.

Some revisions are being implemented to the current levy and fee structure to reflect the new cost recovery model and improve the consistency of fee and levy arrangements across the department's export certification activities. A list of fish and egg export fees and levies is provided at Table 23.

C.1.1 Changes to fee and levy structure

Export certificate

Increases in the volumes of electronic certificates issued by the department since the last review of charges, subject to government approval, provides an opportunity to temporarily adjust the charge for electronic certificates from \$33 to \$27 as shown in Table 17. This adjustment is forecast to be sustainable over the forward estimates on the basis that costs and volumes are expected to be maintained at their existing levels.

Registration charges

Subject to government approval, it is proposed to use previous over recoveries to adjust the charges down for registered fish and egg establishments for the four years from 2015–16 to 2018–19 as outlined below. These lower prices will provide a comparative benefit for those registered premises that do not handle much volume.

Those businesses that operate a registered establishment and export will experience the greatest relief from the adjustment of the registration charges and export certificates. The benefit will be greatest for those smaller businesses that export comparatively smaller volumes.

Inspection and audit fees

Fish and egg export volumes and associated inspection, audit and certification activities are forecast to remain steady over the next four years and as a result, there will not be a change in the prices for inspection or audit fees.

Table 17: Remissions — fish and egg exports cost recovery arrangement

Charge item	Levy	Fee	Total Charge	Post Remission Levy	Post Remission Fee	Total Charge (post remission)	Total Reduction (post remission)
Electronic certificates	\$27	\$6	\$33	\$21	\$6	\$27	\$6
Establishment -Egg exports	\$1 835	-	\$1 835	\$1 484	-	\$1 484	\$351
Establishment -Storage of fish for export	\$1 835	-	\$1 835	\$1 484	-	\$1 484	\$351
Establishment -Vessels registered for preparation of fish (not direct export)	\$1 223	-	\$1 223	\$989	-	\$989	\$234
Establishment -Vessels registered for direct export of fish	\$2 446	-	\$2 446	\$1 978	-	\$1 978	\$468
Establishment -Land establishment registered for export of live fish	\$1 223	-	\$1 223	\$989	-	\$989	\$234
Establishment -Land establishment registered for preparation of fish for export	\$2 446	-	\$2 446	\$1 978	-	\$1 978	\$468

C.2 Cost base

The following information on the fish and egg exports arrangement cost base is provided as a four-year average from 2015–16 to 2018–19. An overview by cost type is provided in Table 18.

The cost base is based on the efficient utilisation and delivery of departmental resources. Improvements to the department's service delivery are being enabled by enhancements to business processes and IT capability systems (e.g. national service delivery and tablets enabling a mobile workforce).

A detailed description of cost activities is provided at **Attachment E** and the methodology for attributing costs to these activities is provided in **Section 3**.

C.2.1 Projected cost base

The cost base (as a four year average from 2015-16 to 2018-19) for the fish and egg exports cost recovery arrangement is \$2.99 million (Figure 4). The direct, indirect and capital costs from 2015–16 to 2018–19 are provided in Table 18.

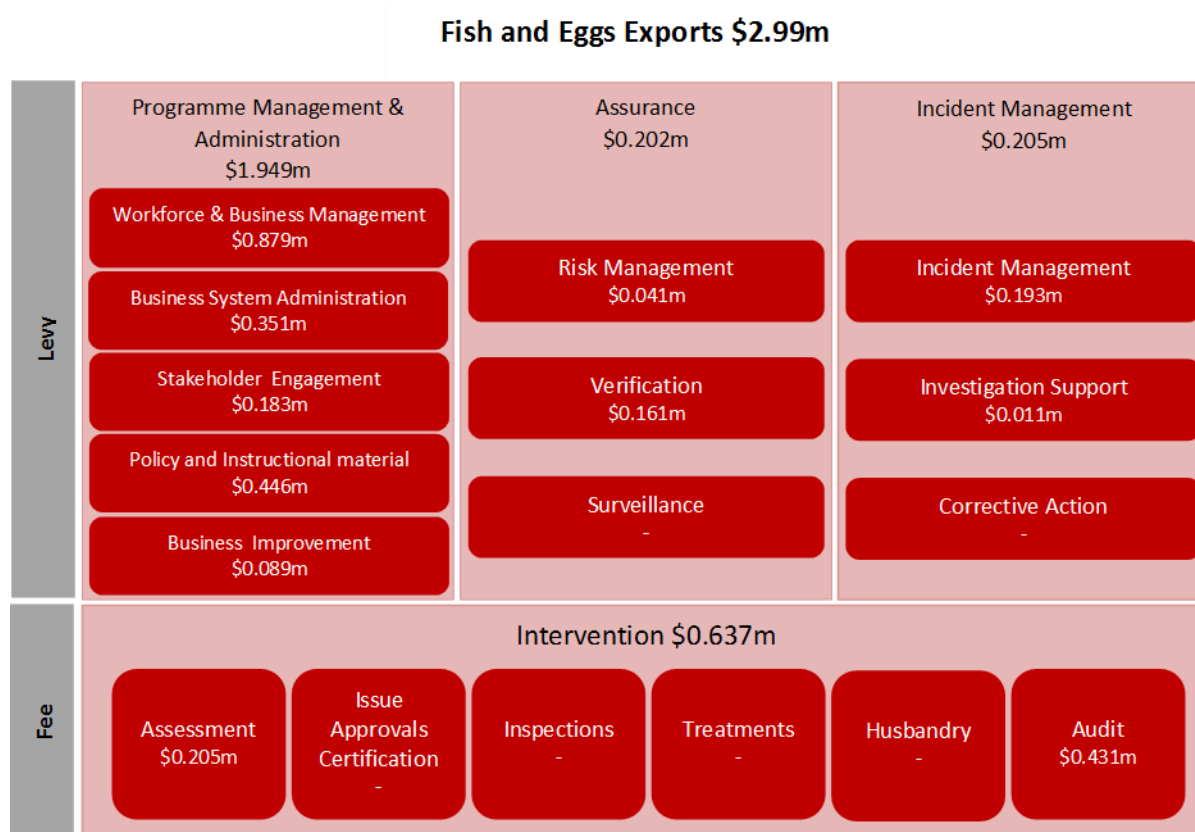
Figure 4: Cost base— fish and egg exports cost recovery arrangement (four year average 2015–16 to 2018–19)

Table 18 provides a breakdown of costs averaged over the next four financial years.

Table 18: Cost type breakdown—fish and egg exports cost recovery arrangement (four year average, 2015–16 to 2018–19)

Expense	Forecast (\$ millions)
Direct expenses	
Direct labour	\$1.735
Direct materials	\$0.338
Capital expenses	\$0.196
Other expenses	\$0.020
Direct expenses total	\$2.289
Indirect expenses total	\$0.705
Total Expenses	\$2.994

Direct expenses can be traced to the provision of an activity, such as staff salaries and supplier costs. Indirect expenses are not easily linked to an activity. Indirect expenses include corporate employee salaries and overheads, including information technology, finance and human resources costs. Capital expenses include plant, property and depreciation.

C.2.2 Changes to the cost base

Adjustments to the fish and egg exports cost recovery arrangement include the addition of an organic certifying levy for organisations accredited by the department and the addition of the costs of managing detained cargoes, as shown in Table 19.

The department currently recovers its costs of assessing organic certifying organisations and separately from the relevant export commodity. The costs (and associated revenue) associated with

these activities are being incorporated into the relevant food commodity to ensure similar prices for similar services.

Detained cargo is cargo that has left Australia and encounters difficulty in transit or at the country of import. Due to the highly reactive, uncertain and expensive nature of managing detained cargo, it is important that there is certainty for funding these activities while ensuring the most effective and efficient cost recovery arrangements are in place. Currently only limited cost recovery occurs for activities undertaken by the department for detained cargo. Under the redesign, the department will recover its costs of managing these incidents through levies imposed on users of the export certification system.

Cost recovery is considered appropriate as industry benefits by having a system in place that allows the department to manage detained cargo situations when they arise. Activities undertaken by the department in cases of detained cargo include: working with foreign governments and agricultural posts; identifying new markets for the detained cargo; and issuing certificates to meet new importing country requirements.

Table 19: Changes to cost base, fish exports

Adjustment to cost base	Impact on cost base	Forecast (\$ '000s)
1. Detained consignments	Increase	\$129
2. Organic export certification	Increase	\$4
3. Depreciation expenses	Increase	\$55
Total expenditure of adjustments to cost base	Increase	\$188
Total baseline expenditure	Increase	\$2 806
Adjusted cost recoverable expenditure (cost base)	Increase	\$2 994
Change in expenditure	Increase	7%

C.3 Financial estimates

A summary of the annual budgeted operating position for the fish and egg exports cost recovery arrangement is provided at Table 20. All cost recovered activities are subject to a detailed semi-annual review as part of departmental budgeting processes.

Table 20: Financial estimates—fish and egg exports cost recovery arrangement

Finance element	A 2014–15	B 2015–16	C 2016–17	D 2017–18	E 2018–19
Expenses = X	\$2 768 062	\$2 993 612	\$2 993 612	\$2 993 612	\$2 993 612
Revenue = Y	\$3 260 174	\$2 789 724	\$2 789 724	\$2 789 724	\$2 789 724
Balance = Y – X	\$492 112	\$-203 888	\$-203 888	\$-203 888	\$-203 888
Forecast opening cost recovery reserve balance	\$575 537	\$1 067 649	\$863 761	\$659 873	\$455 985
Transfer	\$492 112	\$-203 888	\$-203 888	\$-203 888	\$-203 888
Forecast closing cost recovery reserve balance	\$1 067 649	\$863 761	\$659 873	\$455 985	\$252 097

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 industry reserves policy, the cumulative balance will remain consistent with the target range of zero to five percent of annual programme expenditure.

C.4 Performance reporting

The following section presents information on the financial and non-financial performance of the fish and egg exports 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.

C.4.1 Financial performance

The financial performance for the fish and egg exports cost recovery arrangement is provided at Table 21. The 2015–16 financial year and three forward years will be updated each year as financial information becomes available.

Table 21: Financial performance—fish and egg exports cost recovery arrangement

Finance element	2011–12	2012–13	2013–14	2014–15
Expenses = X	\$3 721 712	\$3 407 881	\$3 335 012	\$2 768 062
Revenue = Y	\$3 359 304	\$3 791 753	\$3 469 904	\$3 260 174
Balance = Y – X	-\$362 407	\$383 872	\$134 892	\$492 112
Finance element	2015–16	2016–17	2017–18	2018–19
Expenses = X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Revenue = Y	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Balance = Y – X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>

C.4.2 Non-financial performance

Table 22 presents non-financial performance measure for the fish and egg exports certification programme. Additional key non-financial performance measures are available in the department's annual report.

Table 22: Non-financial performance measures—fish and egg exports cost recovery arrangement

KPI	2014–15 Performance	2015–16 Target	2016–17 Target	2017–18 Target	2018–19 Target
Markets lost as a result of failed departmental certification services	Nil	Nil	Nil	Nil	Nil
Export consignments rejected because of failure to meet export certificate requirements.	Less than 1%	Less than 1%	Less than 1%	Less than 1%	Less than 1%

C.5 Fish and egg exports stakeholder engagement

The fish and egg industry representatives were strongly supportive of the new arrangements. Industry members raised questions about why detained goods costs were being recovered through a new levy (rather than fee for service). However, after discussions industry members agreed that this was the best approach, as:

- detained goods situations tend to occur in first mover circumstances, where a new export product or market was being tested for the first time. Industry agreed that if these costs were fee for service, then early exporters would be penalised and later exporters would gain a benefit. An example was the first exports of mussels to Japan
- the cost of administering a fee for service for these activities would be very inefficient.

Industry consultative committee members did request that the department remove references in the CRIS to smaller exporters benefiting more than larger exporters, as the remittances proposed are equally beneficial to all users of the system, not just small exporters.

C.6 Fish and egg exports fees and levies

Table 23: Fees, levies and volumes—fish and egg exports cost recovery arrangement (2015–16 to 2018–19)

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery levies	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Storage establishment	Levy	\$1 835	\$1 484	Annual	109	\$161 756
Vessel (Preparation Not Direct Export)	Levy	\$1 223	\$989	Annual	9	\$8 901
Vessel (Preparation Direct Export)	Levy	\$2 446	\$1 978	Annual	139	\$274 942
Land establishment - Live Only	Levy	\$1 223	\$989	Annual	51	\$50 439
Land establishment - Processing	Levy	\$2 446	\$1 978	Annual	160	\$316 480
Egg establishment	Levy	\$1 835	\$1 484	Annual	44	\$65 296
Organic Certifying Organisation	Levy	\$7 500	\$7 500	Annual	2	\$15 000
Electronic Permit	Levy	\$27	\$21	Document	24 615	\$516 915
Electronic Health Certificates	Levy	\$27	\$21	Document	22 015	\$462 315
Registration application	Levy	\$600	\$600	Application	-	-

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery fees—Audit	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Audit	Fee	\$50	\$50	Per 15 minutes (or part thereof)	11 822	\$591,100
Cost recovery fees—Inspection	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Inspection	Fee	\$50	\$50	Per 15 minutes (or part thereof)	-	-
Cost recovery fees—Documentation	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Electronic permit	Fee	\$6	\$6	Document	24 615	\$147 690
Manual permit	Fee	\$100	\$100	Document	41	\$4 100
Electronic health certificates	Fee	\$6	\$6	Document	22 015	\$132 090
Manual health certificates	Fee	\$100	\$100	Document	112	\$11 200
Replacement certificates	Fee	\$500	\$500	Document	63	\$31 500

Attachment D — non-prescribed goods

This schedule describes the changes to the non-prescribed goods components of the departments export certification services.

Non-prescribed goods are specific goods that are derived from animals and plants which for export certification purposes, do not fall under the category of prescribed goods as outlined in relevant legislation. Examples include products that fall into categories such as animal by-products, wool, skins and hides, inedible blood, rendered meats, prepared dry pet food, alcoholic beverages, processed foods, cosmetics and nutritional supplements including gelatine.

D.1 Design of cost recovered charges

Non-prescribed goods previously only had fee for service arrangements. The new cost recovery charges will have both levy and fee components for both electronic and manual certificates for non-prescribed goods.

The fee component recovers all of the costs of approving and issuing certificates. The levy component recovers the costs of managing export certification, assurance and incident management.

This change has been made to ensure that all clients make a contribution that is proportional to their use of the export certification system. It also reflects the consistent approach being used across the department's cost recovery arrangements. Exporters will not be impacted by the restructure of the certificate charge. It will continue to be invoiced as a single charge. A list of proposed non-prescribed goods export fees and levies is provided at Table 30.

The broad volumes of non-prescribed goods exports, and the associated audit and certification activities, are forecast to be steady over the next four years. Most non-prescribed goods export cost recovery fees will remain largely as established in the 2009–10 Cost Recovery Impact Statement.

Since the last review of fees and charges the non-prescribed goods arrangement has accumulated reserves that currently exceed the department's cost recovery reserve policy. The reserves policy is designed to keep the reserve balance between zero and five percent of annual programme expenditure.

The existing reserve balance provides the opportunity to temporarily reduce the amount that the department collects towards its operating costs, with the balance being met by a draw down on the reserve. Subject to government approval, the amount collected for certificate charges and some fee for service documentation charges can be temporarily reduced over the forward estimates as shown in Table 24.

This adjustment is forecast to be sustainable over the forward estimates on the basis that costs and volumes are expected to be maintained at existing levels. If variations to forecast volumes or costs do occur, the department's model is flexible and will allow for prices to be revisited.

D.1.1 Changes to fee and levy structure

Export certificates

Export certificates issued for non-prescribed goods will now include a levy component and a fee component. Different fees will apply to electronic and manual certificates – as is the case under current charging arrangements. The details of the proposed certificate charges for non-prescribed goods is set out at Table 24.

Audit and inspection fees

Non-prescribed goods export volumes and associated audit and certification activities are forecast to remain steady over the next four years. As a result, there will not be a change in the quarter hour fee that applies to audit and inspection activities.

Table 24: Remissions—non-prescribed goods exports cost recovery arrangement

Charge item	Levy	Fee	Total Charge	Post Remission Levy	Post Remission Fee	Total Charge (post remission)	Total Reduction (post remission)
General Export Certificate – Electronic	\$40	\$15	\$55	\$30	\$6	\$36	\$19
Export Certificate Issued Under Approved Arrangement – Electronic	\$97	\$15	\$112	\$67	\$6	\$73	\$39
General Export Certificate – Manual	\$40	\$36	\$76	\$30	\$17	\$47	\$29
Export Certificate Issued Under Approved Arrangement - Manual	\$97	\$36	\$133	\$67	\$17	\$84	\$49

D.2 Cost base

The following information on the non-prescribed goods export arrangement cost base is provided as a four-year average from 2015–16 to 2018–19. An overview by cost type is provided in Table 25.

The cost base is based on the efficient utilisation and delivery of departmental resources. Improvements to the department’s service delivery are being enabled by enhancements to business processes and IT capability systems (e.g. national service delivery and tablets enabling a mobile workforce).

A detailed description of cost activities is provided at **Attachment E** and the methodology for attributing costs to these activities is provided in **Section 3**.

D.2.1 Projected cost base

The cost base (as a four year average from 2015-16 to 2018-19) for the non-prescribed goods export cost recovery arrangement is \$1.798 million (Figure 5). The direct, indirect and capital costs from 2015–16 to 2018–19 are provided in Table 25.

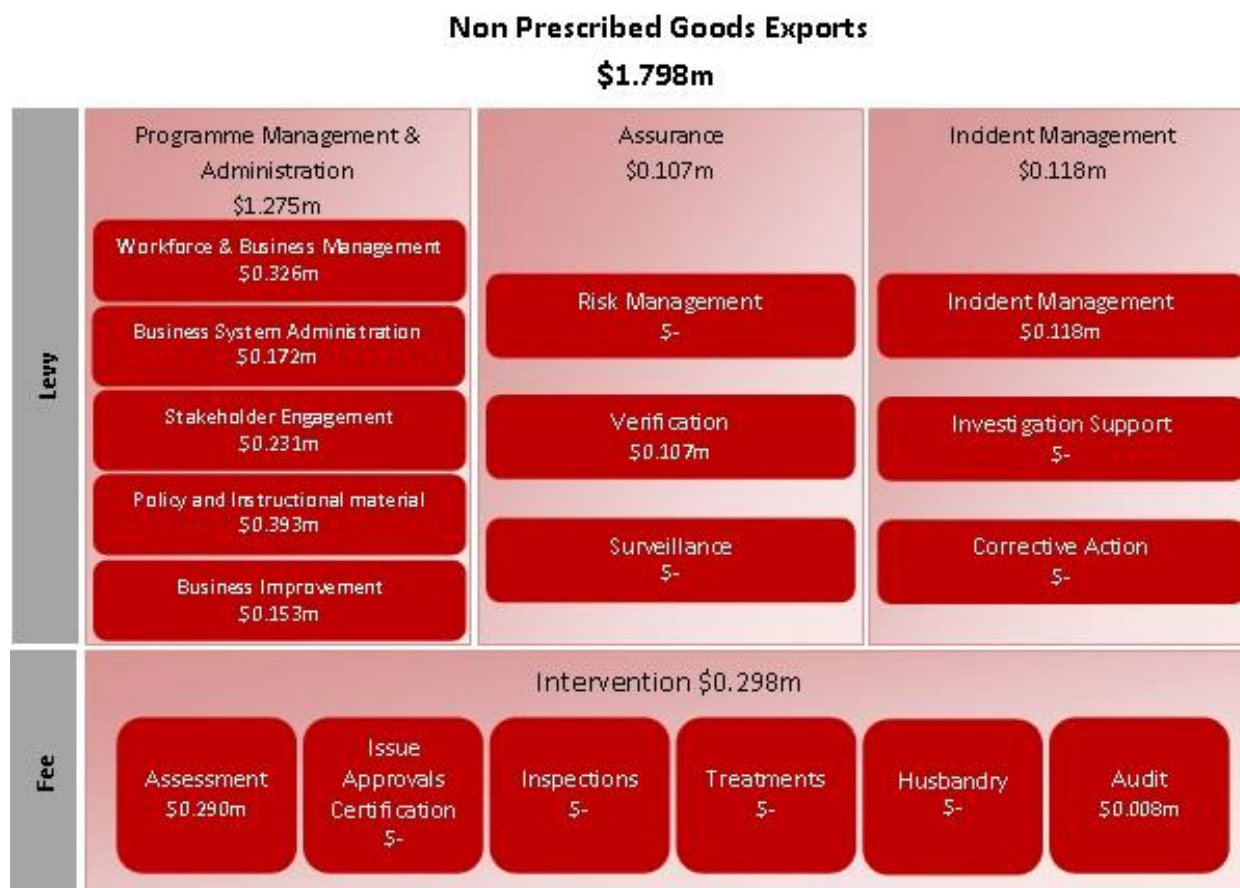
Figure 5: Cost base—non-prescribed goods exports (four year average 2015–16 to 2018–19)

Table 25 provides a breakdown of costs averaged over the next four financial years.

Table 25: Cost type breakdown—non-prescribed goods export cost recovery arrangement (four year average, 2015–16 to 2018–19)

Expense	Forecast (\$ millions)
Direct expenses	...
Direct labour	\$0.995
Direct materials	\$0.179
Capital expenses	\$0.133
Other expenses	\$0.024
Direct expenses total	\$1.331
Indirect expenses total	\$0.467
Total Expenses	\$1.798

D.2.2 Changes to the cost base

Adjustments to the non-prescribed goods export cost recovery arrangement include the addition of an organic certifying levy for organisations accredited by the department and the addition of the costs of managing detained cargoes (Table 26).

The department currently recovers its costs of assessing organic certifying organisations and separately from the relevant export commodity. The costs (and associated revenue) associated with

these activities are being incorporated into the relevant food commodity to ensure similar prices for similar services. Costs relating to the administration of quotas applying to non-prescribed goods will also be included in the new arrangements.

Detained cargo is cargo that has left Australia and encounters difficulty in transit or at the country of import. Due to the highly reactive, uncertain and expensive nature of managing detained cargo, it is important that there is certainty for funding these activities while ensuring the most effective and efficient cost recovery arrangements are in place. Currently only limited cost recovery occurs for activities undertaken by the department for detained cargo. Under the redesign, the department will recover its costs of managing these incidents through levies imposed on users of the export certification system.

Cost recovery is considered appropriate as industry benefits by having a system in place that allows the department to manage detained cargo situations when they arise. Activities undertaken by the department in cases of detained cargo include: working with foreign governments and agricultural posts; identifying new markets for the detained cargo; and issuing certificates to meet new importing country requirements.

Table 26: Changes to cost base, non-prescribed goods cost recovery arrangement

Adjustment to cost base	Impact on cost base	Forecast (\$ '000s)
1. Detained consignments	Increase	\$94
2. Organic export certification	Increase	\$3
3. Depreciation expenses	Increase	\$31
Total expenditure of adjustments to cost base	Increase	\$128
Total baseline expenditure	Increase	\$1 670
Adjusted cost recoverable expenditure (cost base)	Increase	\$1 798
Change in expenditure	Increase	8%

D.3 Financial estimates

A summary of the annual budgeted operating position for the non-prescribed goods cost recovery arrangement is provided at Table 28. All cost recovered activities are subject to a detailed semi-annual review as part of departmental budgeting processes.

Table 27: Financial estimates—non-prescribed goods cost recovery arrangement

Finance element	A 2014–15	B 2015–16	C 2016–17	D 2017–18	E 2018–19
Expenses = X	\$1 681 038	\$1 798 135	\$1 798 135	\$1 798 135	\$1 798 135
Revenue = Y	\$2 493 005	\$1 422 025	\$1 422 025	\$1 422 025	\$1 422 025
Balance = Y – X	\$811 967	\$-376 110	\$-376 110	\$-376 110	\$-376 110
Forecast opening cost recovery reserve balance	\$793 104	\$1 605 071	\$1 228 961	\$852 851	\$476 741
Transfer	\$811 967	\$-376 110	\$-376 110	\$-376 110	\$-376 110
Forecast closing cost recovery reserve balance	\$1 605 071	\$1 228 961	\$852 851	\$476 741	\$100 631

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 industry reserves policy, the cumulative balance will remain consistent with the target range of zero to five percent of annual programme expenditure.

D.4 Performance reporting

The following section presents information on the financial and non-financial performance of the non-prescribed goods exports 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.

D.4.1 Financial performance

Table 28 provides financial performance information for the non-prescribed goods cost recovery arrangement. The 2015–16 financial year and three forward years will be updated each year as financial information becomes available.

Table 28: Financial performance—non-prescribed goods cost recovery arrangement

Finance element	2011–12	2012–13	2013–14	2014–15
Expenses = X	\$2 729 452	\$1 758 980	\$1 899 363	\$1 681 038
Revenue = Y	\$2 343 467	\$2 426 309	\$2 411 124	\$2 493 005
Balance = Y – X	-\$385 985	\$667 329	\$511 761	\$811 967
Finance element	2015–16	2016–17	2017–18	2018–19
Expenses = X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Revenue = Y	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>
Balance = Y – X	<i>Updated in 2016</i>	<i>Updated in 2017</i>	<i>Updated in 2018</i>	<i>Updated in 2019</i>

D.4.2 Non-financial performance

Table 29 presents non-financial key performance measures for non-prescribed goods export certification cost recovery arrangements. Additional Key non-financial performance measures are made available in the department's annual report.

Table 29: Non-financial performance measures— non-prescribed goods export cost recovery arrangement

KPI	2014–15 Performance	2015–16 Target	2016–17 Target	2017–18 Target	2018–19 Target
Markets lost as a result of failed departmental certification services	Nil	Nil	Nil	Nil	Nil
Export consignments rejected because of failure to meet export certificate requirements.	Less than 1%	Less than 1%	Less than 1%	Less than 1%	Less than 1%

D.5. Non-prescribed goods export stakeholder engagement

Consultation with industry has resulted in feedback that has been broadly supportive of the proposed fees. The industry has indicated that they are comfortable with the reductions achieved through remissions, and that the volume forecasts are conservative and appropriate for the modelling of the cost recovery arrangements.

D.6. Non-prescribed goods export fees and levies

Table 30: Fees, levies and volumes— non-prescribed goods export cost recovery arrangement (2015–16 to 2018–19)

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Cost recovery levies	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
General Export Certificate - Electronic	Levy	\$40	\$30	Document	35 449	\$1 063 470
Export Certificate Issued Under Approved Arrangement	Levy	\$97	\$67	Document	672	\$45 024
Organic Certifying Organisation	Levy	\$7 500	\$7 500	Annual	1	\$7 500
Cost recovery fees— Audit	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Audit	Fee	\$40	\$40	Per 15 minutes (or part thereof)	67	\$2 680
Cost recovery fees— Inspection	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Inspection	Fee	\$40	\$40	Per 15 minutes (or part thereof)	-	-
Cost recovery fees— Documentation	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
General Export Certificate – Electronic	Fee	\$15	\$6	Document	27 901	\$167 406

Charge title	Type	Legislative Rate	Post Remission Rate	Unit	Estimated volume (units)	Estimated Total Revenue (post remission)
Export Certificate Issued Under Approved Arrangement – Electronic	Fee	\$15	\$6	Document	345	\$2 070
General Export Certificate – Manual	Fee	\$36	\$17	Document	7 548	\$128 316
Export Certificate Issued Under Approved Arrangement - Manual	Fee	\$36	\$17	Document	327	\$5 559

Attachment E — Description of cost model activities

The following provides details of the cost model activities undertaken in food export cost recovery arrangements.

Intervention Activities

Assessments—involves assessing information to determine if it meets the department’s and 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 client assistance in relation to the assessment. Examples include assessments of licenses, permits, registrations, accreditations, and exemptions.

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

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 client assistance in relation to the audit. Examples include audit to verify compliance with an export registered establishment’s approved arrangement.

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 client assistance in relation to an incident. 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 client assistance and travel. It does not include the work of the enforcement officers.

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 client 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 service delivery internally and by state regulators.

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, assurance, 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 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 programme and service delivery, against business performance reports against KPIs and similar activities.