



Australian Government

Department of Agriculture, Fisheries and Forestry
Australian Quarantine and Inspection Service

COST RECOVERY IMPACT STATEMENT

Amendment of Fees and Charges for the Non-Prescribed Goods Export Program

OVERVIEW

Purpose

This proposal involves the amendment of the current fees and charges for the delivery of inspection and certification services for the Non-Prescribed Goods Export Program (the Program). The Program is responsible for the issuance of certification in accordance with the Export Control (Prescribed Goods - General) Orders 2005. The Program is primarily responsible for the export of animal by-products (including wool, skins and hides, some petfoods and inedible blood) and processed products derived from agricultural commodities (including cosmetics, gelatines, rendered oils and processed foods).

The Non-prescribed Goods Export Program (the Program) is a newly formed Program within the AQIS Food Division. Prior to 2009/2010 the various aspects of the export of non-prescribed goods was administered within the each of the AQIS Meat, Fish and Dairy Export Programs. Over time there has been a substantial increase in the regulation of the export of non-prescribed goods by Australia's trading partners which has seen the development and introduction of specific import conditions for those products. The continued inclusion of this sector within the Meat, Dairy and Fish Export Programs presented some difficulty in dealing with the increasing level of regulation. Furthermore the previous arrangement also presented some difficulty in the setting of fees and charges that are appropriate to the sector.

In order to address these issues a new Program has been formed within the AQIS Food Division to deal specifically with the non-prescribed goods export sector. Activities relating to this sector, along with their associated costs, have been identified and disaggregated from the Meat, Dairy and Fish Export Programs and re-aggregated into a single Non-Prescribed Goods Export Program.

In November 2001 the Government introduced a 40% contribution toward the costs of AQIS Export activities. Since the introduction of the contribution AQIS Export Programs have operated under a 60% cost recovery arrangement, with the remaining 40% of costs met by the Government Contribution. This funding lapsed on the 30th June 2009 and requires that fees and charges for AQIS Export Programs return to a 100% cost recovery arrangement.

While the recovery of costs for non-prescribed goods was incorporated into the Meat, Dairy and Fish Export Programs users of the services were also beneficiaries of the Government 40% Export Contribution. Since the lapsing of the contribution on 30 June 2009 the fees and charges that currently apply will be insufficient to meet the costs of the Program. If fees and charges were to remain at current rates the Program would expect to record a deficit of \$1.446m by the end of the 2009/2010 financial year.

Recognising this situation the Program has undertaken a rigorous review of its costs and charging structure this Cost Recovery Impact Statement (CRIS) present the outcomes of such a review, highlighting the rationale for the amendments to these fees and charges and demonstrating compliance with the *Australian Government Cost Recovery Guidelines*.

To effect the fee changes, amendments will be required to the *Export Control (Fees Orders) 2001* and *Export Inspection (Registration Establishment Charges) Regulations 1985*.

Background

The Department of Agriculture, Fisheries and Forestry (the department) is responsible for a wide range of issues relating to agriculture, fisheries, forestry and food. The department's outcome is to support:

"Australian agricultural, fisheries, food and forestry industries that; are based on sustainable management of and access to natural resources, are more competitive, self-reliant and innovative, have increased access to markets, are protected from diseases and are underpinned by scientific advice and economic research."

The department's outcome is delivered by two policy development and support divisions, five divisions implementing programs and policy, the Bureau of Rural Sciences, the Australian Bureau of Agricultural and Resource Economics and the Australian Quarantine and Inspection Service (AQIS).

Divisional contribution to the department's outcome

AQIS contributes to the department's outcome, in particular to market access and managing pest and disease risk by:

- Maintaining market access for agricultural products through Australia's export certification system by providing export inspection, auditing and certification services to the meat, horticulture, grain, fish, dairy, live animal exports and organic industries to ensure compliance with importing country requirements.
- Managing the risk of entry of exotic pests and diseases affecting Australia's agricultural, food, fisheries and forestry industries and human health by implementing appropriate quarantine controls at Australia's international border and through post-entry plant and animal quarantine arrangements.
- Inspecting imported food to ensure compliance with Australia's food safety standards.

The following priorities highlight the key areas of focus for AQIS for 2008–09 and assist in establishing the context for AQIS's risk management process.

AQIS's priorities from 2009 will include:

- ensuring AQIS keeps abreast of and responds to the recommendations arising from the Quarantine and Biosecurity Review and the Government's response to the recently completed Commission of Inquiry into the Equine Influenza outbreak
- strengthening our governance and capability through the development and implementation of new governance arrangements for AQIS.

AQIS has a vital role in developing and delivering audit and inspection processes for exported foods in order to mitigate food safety risks and meet importing country requirements to maintain access to export markets. Maintaining access for Australian agricultural products to hundreds of overseas markets is essential. Export inspection, auditing and certification services contribute to the annual generation of an estimated \$32 billion in exports by the meat, grain, fish, dairy organic and live animal export industries.

Lapsing of the 40% Government Assistance to Export Programs by 30 June 2009

In November 2001, the Federal Government initiated a 40% contribution towards AQIS export charges. In accordance with Government policy, the costs of the services provided by the Program were met through:

- 60% cost recovery from industry
- 40% government contribution

The Government's 40% export contribution is calculated against revenues received by the Program from industry. For every \$0.60 received from industry a Government contribution of \$0.40 applies. Together these revenues recover the cost of each dollar of service provided by the Program.

In early 2008 the Australian Government commissioned an independent review of quarantine and biosecurity arrangements to identify potential areas for improvement in Government's biosecurity regulatory activities. The review was conducted by an expert panel chaired by Mr Roger Beale AO. The government released the panel's final report, *One Biosecurity: a working partnership*, on 18 December 2008. The review panel recommended a significant package of reforms to Australia's biosecurity system including the following recommendation that AQIS' "Export certification functions should return to 100 per cent as scheduled at the beginning of July 2009."

In its preliminary response to the Beale Review the Government made the following observation "In accordance with the principle of shared responsibility and the Commonwealth's Cost Recovery guidelines, and as recommended in the report, the 40 per cent export certification subsidy will lapse as scheduled on 30 June 2009. The report states that the 'policy objectives' for the subsidy are 'unclear'. Across the board, industry will benefit from improved regulatory arrangements, and more efficient allocation of resources, and increased resources."

The negotiation strategy employed by AQIS to transition industry sectors back to 100 per cent full cost recovery is as follows:

- Early engagement.
- Reviewing the base of charging to ensure the recipients of the Program's services are captured in its charging arrangements and to further ensure that changes in the costs of delivering the Program, or changes in the level of activity within the Non-Prescribed Goods Export Industry, are not disproportionately borne by any particular participant or group of participants.
- Improve the complexity of the current charging arrangements to reduce administrative burden and costs and to reduce the potential for confusion among the Program participants.
- AQIS is also seeking to explore medium term strategies as to how its fees and charges can be reduced to offset their impact in consultation with representatives from the wool, skins and hides, inedible blood, and petfood export industries. For example, AQIS is exploring with how it can be more transparent in the services it provides and its associated costs, how clients and industry can reposition in partnership with AQIS to reduce inspection fees as a consequence of approved arrangements (i.e. audit services rather than direct inspection costs) subject to importing country requirements.

Australian Government Cost Recovery Policy

In December 2002 the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of its cost recovery arrangements and promote the efficient allocation of resources. The underlying principle of the policy is that entities should set charges to recover all the costs of products or services where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group and where charging is consistent with Australian Government policy objectives. Cost recovery policy is administered by the Department of Finance and Deregulation and outlined in the *Australian Government Cost Recovery Guidelines* (Cost Recovery Guidelines).

The policy applies to all *Financial Management and Accountability Act 1997* (FMA Act) agencies and to relevant *Commonwealth Authorities and Companies Act 1997* (CAC Act) bodies that have been notified. In line with the policy, individual portfolio ministers are ultimately responsible for ensuring entities' implementation and compliance with the Cost Recovery Guidelines.

Policy Review – Analysis of activities

Description of activity

The primary function of the Program is to deliver certification in relation to the export of non-prescribed goods from Australia. Export certification is required by overseas government authorities to verify the exported product's compliance with their respective import requirements. In order to provide this certification the Program provides inspection services to exporters and conducts audits of premises producing, preparing, handling and storing non-prescribed goods for export to ensure the continued integrity of the export system.

The nature of the services provided includes;

- the audit of premises undertaking the production, preparation, handling and storage of non-prescribed goods for export to assess their compliance with importing country requirements.
- the issuance of export documentation for non-prescribed products to certify compliance with importing country requirements.
- the administration and maintenance of records relating to the export of non-prescribed goods.
- the communication of information in relation to known requirements for export of non-prescribed goods.

Stakeholders

Costs associated to activities undertaken in the Program are recovered by those businesses and individuals who create the need for those activities. For the Program these clients include:

- occupiers of premises that produce, prepare, handle and store non-prescribed goods for export
- freight forwarders, agents, processors and exporters who request documentation to confirm that exported product complies with Australian export requirements and importing country requirements
- exporters of non-prescribed goods

Conclusion

The major rationale for developing and implementing cost recovery is the 'beneficiary pays' principle, based on the attitude that those who benefit from the provision of a product or service should pay for it, thereby decreasing the tax burden on those who do not derive a measurable benefit. Cost recovery arrangements also provide an important means of improving the efficiency with which Australian Government products and services are provided and consumed.

The beneficiaries of the Program's regulatory activities are exporters of animal by-products and goods derived from agricultural commodities where there are no prescribed conditions for the exports of those products. The activities undertaken by the Program play an integral role in ensuring that products prepared for export comply with the requirements stipulated by the *Export Control (Prescribed Goods - General) Orders 2005* and that those products also meet the requirements imposed by international markets in relation to the import of products into and across their borders.

The costs incurred by the Program in delivery of its regulatory activities are accurately identifiable. A separate budget is maintained for the Program and monthly financial reporting provides opportunity for ongoing detailed review and analysis of revenues and expenses. Costs associated to the delivery of particular service, and the prices derived from those costs, are formulated under an Activity Based Costing methodology. The ability to accurately identify the costs associated to the functions of the Non-Prescribed Goods Export Program and the further ability to accurately identify costs associated to particular activities undertaken by the Program provides a reliable basis for the determination of cost recovery charges.

AQIS has operated in a cost recovery environment since 1993, as stipulated in a Memorandum of Understanding (MOU) between AQIS and the then Department of Finance and Administration. In addition to the MOU, the Commonwealth Cost Recovery Guidelines for Information and Regulatory agencies provides a sound framework for continued cost recovery practices.

Design and Implementation

Basis of charging – Fee or Levy

The fees and charges detailed in this statement are imposed under the “beneficiary pays” principle. Under this arrangement the costs for providing services are recovered from individuals and businesses that derive a measurable benefit from the Program’s particular activities rather than imposing a levy across industry sectors or across industry as a whole.

The major activities undertaken in the Program are;

- The development, implementation and monitoring of operational policy and systems that ensure compliance with Australian export regulations and that satisfy the requirements of importing countries. These activities serve to maintain the eligibility of commodities for export from Australia and serve to ensure that access to particular markets is maintained.
- The provision of particular services including the inspection of processes and products intended for export, routine audit of premises and other services made available at the request of clients
- The issuance of certification regarding the export eligibility and compliance with importing country requirements for the export of non-prescribed goods from Australia.

The costs of providing these services are easily identifiable as is the extent of client of usage of the service. This allows for the calculation of fees and charges that can be closely linked to the costs of providing the particular service. Fees are therefore the most efficient and cost effective mechanism for the recovery of costs in relation to the delivery of audit, inspection and documentation services.

What are the legal requirements for the imposition of charges?

Export Control Act 1982

Subsection 25(1) of the *Export Control Act 1982* (“the Act”) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted by the Act or necessary or convenient to be prescribed for the carrying out or giving effect to the Act.

Paragraph 25(2)(d) of the Act allows regulations to be made for the imposition of fees and charges in connection with the performance of services by authorised officers and the remission of fees so imposed. Paragraph 25(2)(g) of the Act provides that the Governor-General may make regulations empowering the Minister to make orders, not inconsistent with the regulations, with respect to any matter for or in relation to which provision may be made by the regulations.

Export Control (Fees) Orders 2001

The *Export Control (Fees) Orders 2001* details the fees imposed for the performance of services by authorised officers and fees imposed for the provision of export certification.

Which issues should the proposed legislation address?

The instrument listed above already provide for the imposition of fees and charges in respect to the activities undertaken in the Program. The legislation will be amended to accommodate amendments to the existing structure so that the Program will be able to recover its costs over the short to medium term. The fees and charges described in this statement are anticipated to apply from the 1st of December 2009.

In accordance with AQIS policy, and in consultation with the Non-Prescribed Goods Export Industry, the cost recovery arrangements for the Program will be reviewed annually. The regular review of cost recovery arrangements will ensure that fees and charges imposed on participants remain relevant to the environment in which the Non-Prescribed Goods Export Industry operates and remain relevant to the functions and activities undertaken within the Program to service the requirements of the Industry.

The existing fees and charges, as reflected in the *Export Control (Fees) Orders 2001* and the proposed fees and charges are listed at **Appendix 1**

Costs to be included in Charges

AQIS, together with the Non-Prescribed Goods Export Industry, seeks to meet the commitment to recover the direct and indirect costs associated with managing the export inspection, administration, audit and certification services in a manner that is fair and equitable across the various sectors of the industry. To that end the fees and charges applied by the Program reflect the recovery of the costs associated to the regulation of the Non-Prescribed Goods Export Industry.

Direct costs are directly attributed to the cost of providing the relevant service, these include:

- Staffing costs, which can be broken into two components:
 - o salaries and wages payable to staff
 - o other staffing on-costs, such as allowances, shift/penalty payments, overtime, annual and long service leave, separation payments and superannuation costs
- Accommodation costs, including rent, repairs and maintenance, cleaning and utility charges
- Costs such as minor stores, communications, office machines, stationery, telephonic communications, advertising and insurance
- Travel costs
- Technical and Operational costs such as AQIS Executive, AQIS' Electronic Documentation System (EXDOC), training services and documentation services

Indirect costs form part of general user group costs and are not easily attributed to particular activities. Indirect costs include:

- an appropriate allocation of indirect costs (or overheads), including executive, financial, personnel, registry, library and audit services, internal audit fees and other corporate costs
- Provisions for bad and doubtful debts and Fringe Benefits Tax

All costs incurred by the Program are allocated to the various activities under an Activity Based Costing methodology. AQIS undertakes regular activity reporting against all functions undertaken in the Program. Analysis of the results allows for the effective identification and allocation of direct and indirect costs for each of the Program's services.

Program activities are organised into the following functions:

- **Program Management** – relating to the administration and implementation of policy objectives. These costs are fixed and do not vary with industry activity.
- **Fee-for-service** – relating to the inspection of product, and services made available at the request of individuals or companies to address compliance with food safety and importing country requirements.
- **Certification** – relating to the issuance of export permits and the provision of export documentation.

All Program costs are assessed against the results of the activity analysis to obtain the total cost of providing a particular function. This process ensures that the total costs for each function, upon which cost recovery charges are to be based, accurately reflect the cost of undertaking the particular activity.

Services provided by the Non-Prescribed Goods Export Program are broadly categorised into the provision of inspection services and the issuance of export certification. Separate and distinct budgets are maintained for the cost of inspection activities in the Program with the remainder of the costs directly associated to the issuance of certification. A breakdown of the cost components for the Non-Prescribed Goods Export Program is presented in Table 1 below;

Table 1: Cost components of the Non-Prescribed Goods Export Program

Non-Prescribed Goods Export Program - Cost Components			
Expense Category	Description	Expense Type	Estimated Expense (\$'000)
Employee Expenses	Includes salaries and wages payable to staff other staffing on-costs, such as allowances, shift/penalty payments, overtime, annual and long service leave, separation payments and superannuation costs	Direct Cost	\$355
Temporary and Contract Staff Expenses	Includes staff engaged on a temporary basis	Direct Cost	\$28
Miscellaneous Supplier Expenses	Includes costs of items such as; general office supplies, computers and office equipment (including support costs), property and accommodation, travel and vehicles	Direct Cost	\$140
Verification	Includes usage charges allocated to the Program by the Verification group for the provision of audit and assessment services relating to the compliance of Program activities with legislation and policy	Direct Cost	\$83
Finance and Governance	Includes usage charges allocated to the Program by the Finance and Governance group for the provision of cost recovery management and stakeholder financial performance reporting	Direct Cost	\$131
Establishment Register (ER)	Includes usage charges for the AQIS Establishment Registration System (ER)	Direct Cost	\$27
EXDOC	Includes usage charges allocated to the Program for the AQIS Electronic Export Documentation System (EXDOC)		\$204
Export Strategic Initiatives	Includes usage charges allocated to the Program by the Strategic Initiatives Group for the development of strategic projects that will improve AQIS' regulatory involvement with the industry	Direct Cost	\$38
Food Safety	Includes usage charges allocated to the	Direct Cost	\$210

and Traceability	Program by the Food Safety and Traceability Group to maintain and enhance the through-chain integrity of products exported by the industry		
Documentation Services	Includes usage charges allocated to the Program for the provision of certification services to the recipients of export documentation	Direct Cost	\$1,588
Food Inspection Services	Includes usage charges allocated to the Program for the provision of inspection services to the industry	Direct Cost	\$152
Area Technical Managers	Includes usage charges allocated to the Program for the provision of auditing services to meet the requirements of audit programs imposed by the import authorities	Direct Cost	\$385
AQIS Overheads	Includes costs of overheads passed into the Program by the AQIS Corporate Services and AQIS Executive Management groups	Indirect Cost	\$251
Corporate (AGDAFF) Overheads	Includes costs of human resource management, departmental financial management, accounts receivable and payable, records management and governance	Indirect Cost	\$23

Outline of Charging Structure

Following the announcement that the 40% Contribution to AQIS Export Fees and Charges would lapse on 30 June 2009 the Program has undertaken a comprehensive review of its costs and recovery structures.

The review has helped to ensure that fees and charges outlined in this proposal are structured so as to:

- reflect the actual cost of providing the particular service
- minimise the extent of administrative and compliance costs, particularly through a reduction in the number of unique fees and charges where appropriate
- ensure that individuals or firms using a particular service are those charged for that service
- encourage the most efficient use of resources by clients of the Program.

The following categories, corresponding with the Program's service delivery elements, will continue to apply to the allocation and recovery of costs:

- Fee-for-service fees – for the recovery of auditing and inspection services and services made available at the particular request of a company or individual
- Export Certification fees – for the recovery of all other Program costs. In some cases certification for products to certain markets requires AQIS Area Technical Managers to assess facilities involved in the processing of those products on a routine basis. Export Certification issued under these arrangements attracts additional costs and to that end certification fees are further categories into 'general export certification' and 'certification issued under an approved audit program'.

Prices are established by assessing the calculated costs against an anticipated volume or level of activity for the particular function. The anticipated levels of activity are based on trends

presented by the Program's prior year results¹. These trends are further tested against the knowledge and expectations of industry representatives through the established consultative arrangements for the non-prescribed goods export sector. In this manner the Program ensures that the costs of providing a particular function are completely recovered against the forecasted activity.

Fee for Service

AQIS provides audit and inspection services to exporters to ensure products intended for export comply with the relevant requirements of the Export Control (Prescribed Goods – General) Orders 2005 and to further ensure compliance with importing country requirements that may apply to production, processing, storage and handling of those products for export.

Inspection services are provided for the Program by the Food Inspection Services Group. Costs are passed to the Program to meet anticipated servicing requirements over the financial year. These costs are then assessed against the number of hours for which inspection services are required to derive a final price. For 2009/2010 the Program will incur inspection costs of \$152,123 and anticipates that it will require 952 hours of inspection. This provides for a rounded cost of \$160 per hour and a rate of \$40 per quarter hour is accordingly set for the recovery of these costs.

Further detail on this assessment is provided against the Program's Summary of Charging Arrangements below.

Export Certification Charges

AQIS provides Export Certification to facilitate the entry of product into overseas markets. Export Certification is delivered both electronically, through the AQIS export documentation system (EXDOC), and manually, by Food Documentation Services staff out of the AQIS Regional Offices.

For the Non-Prescribed Goods Export Program certification activities are further categorised into 'general export certification' and 'certification issued under an approved audit program'. This distinction allows for the recognition of specific costs associated to the delivery of approved audit programs and the setting of appropriate fees that allow for the recovery of those costs from the beneficiaries of the service.

Activity modelling provides for the following distribution of costs to the different certification categories.

Table 2

Certification Activity Cost Allocation Summary				
Expense Category	General Export Certification (\$'000)		Certification issued under an approved audit Program (\$'000)	
Employee Expenses	89%	\$315	11%	\$40
Temporary and Contract Staff Expenses	89%	\$25	11%	\$3
Miscellaneous Supplier Expenses	89%	\$124	11%	\$16
Verification	89%	\$73	11%	\$9
Finance and Governance	89%	\$117	11%	\$15
Establishment Register (ER)	0%	-	100%	\$27
EXDOC	100%	\$204	0%	-

¹ For the Non-Prescribed Goods Export Program activity has been derived from the prior year results of the Meat, Dairy and Fish Export Programs. Activity relating to the inspection and certification of non-prescribed goods is readily identifiable from these results.

Export Strategic Initiatives	89%	\$34	11%	\$4
Food Safety and Traceability	89%	\$186	11%	\$24
Documentation Services	89%	\$1,409	11%	\$180
Area Technical Managers	0%	-	100%	\$385
AQIS Overheads	89%	\$222	11%	\$28
Corporate (AGDAFF) Overheads	89%	\$20	11%	\$3

Fees for General Export Certification

The cost allocation summary presented in Table 2 provides for a total cost of \$2,728,545 for the delivery of General Export Certification. In order to recognise the specific costs associated to the electronic and manual delivery of general export certification the cost is further split between EXDOC Certification and Manual Certification. Table 2A provides a breakdown of costs associated EXDOC and Manual Certification.

Table 2A: General Export Certification Activity Cost Allocation Summary

Expense Category	EXDOC Certification (\$'000)		Manual Certification (\$'000)	
Employee Expenses	44%	\$139	56%	\$176
Temporary and Contract Staff Expenses	44%	\$24	56%	\$30
Miscellaneous Supplier Expenses	44%	\$98	56%	\$124
Verification	44%	\$32	56%	\$41
Finance and Governance	44%	\$52	56%	\$65
EXDOC	100%	\$204	0%	-
Export Strategic Initiatives	44%	\$15	56%	\$19
Food Safety and Traceability	44%	\$82	56%	\$104
Documentation Services	44%	\$352	56%	\$1,056
AQIS Overheads	44%	\$98	56%	\$124
Corporate (AGDAFF) Overheads	44%	\$9	56%	\$11

The cost allocation summary presented in table 2A provides for a total EXDOC Certification cost of \$1,049,415. The cost of EXDOC Certification activities is assessed against the anticipated activity for that class of certification. In 2009/2010 the Program anticipates activity of 19,106 certificates. These factors taken together provide for a rounded price of \$55 per EXDOC Certificate.

The cost allocation summary presented in Table 2A provides for a total Manual Certification cost of \$1,679,130. The cost of Manual Certification activities is assessed against the anticipated activity for that class of certification. In 2009/2010 the Program anticipates activity of 22,094 certificates. These factors taken together provide for a rounded price of \$76 per Manual Certificate.

Fees for Export Certification issued under and Approved Audit Program

The cost allocation summary presented in Table 2 provides for a total cost of \$734,069 for the delivery of Export Certification under an Approved Audit Program. At present this certification is delivered only through manual arrangements and all costs are allocated to this class of certification.

Table 2B: Export Certification issued under an Approved Audit Program Cost Allocation Summary

Expense Category	General Export Certification (\$'000)		Certification issued under an approved audit Program (\$'000)	
	0%	-	100%	
Employee Expenses	0%	-	100%	\$40
Temporary and Contract Staff Expenses	0%	-	100%	\$3
Miscellaneous Supplier Expenses	0%	-	100%	\$16
Verification	0%	-	100%	\$9
Finance and Governance	0%	-	100%	\$15
Establishment Register (ER)	0%	-	100%	\$27
Export Strategic Initiatives	0%	-	100%	\$4
Food Safety and Traceability	0%	-	100%	\$24
Documentation Services	0%	-	100%	\$180
Area Technical Managers	0%	-	100%	\$385
AQIS Overheads	0%	-	100%	\$28
Corporate (AGDAFF) Overheads	0%	-	100%	\$3

In 2009/2010 the Program anticipates activity of 5,521 certificates which provides for a rounded price of \$133 per Manual Certificate.

Data for existing types of certification provides that Documentation Services Costs add an additional \$21 to the cost of a manual certificate above the cost of a certificate that is issued through the EXDOC system. This premium is removed from the Manual Certificate price to provide a rounded price of \$112 per EXDOC Certificate. This approach provides a sound basis for the determination of an appropriate rate in the absence of actual data to inform the calculations.

Further detail on this assessment is provided against the Program's Summary of Charging Arrangements below.

Table 4: Summary of Charging Arrangements

A summary of the Program's charging arrangements are provided in the table below;

Non-Prescribed Goods - Activity 2009/10							
Description	09/10 Expenditure	Sale Unit	Current Charge	Proposed Charge	Projected Units for 09/10	Projected Revenue	Surplus/Deficit
Fee-For-Service	152,123					152,317	194
Fee-For-Service		1/4 Hour	43.00	40.00	3,808	152,317	
Certification	3,462,614					3,464,253	1,639
General Export Certification	2,728,545					2,729,960	
EXDOC Certification		certificate	60.00	55.00	19,106	1,050,830	
Manual Certification		certificate	60.00	76.00	22,094	1,679,130	
Certification issued under an Approved Audit Program	734,069					734,293	
EXDOC Certification		certificate	60.00	112.00	-	-	
Manual Certification		certificate	60.00	133.00	5,521	734,293	
Total	3,614,737					3,616,570	1,834

Ongoing Monitoring

Monitoring Mechanisms and Stakeholder Consultation

Regular consultation with the Non-Prescribed Goods Export Industry on cost recovery and regulatory activity occurs through established consultative arrangements. This consultation provides a sound process for monitoring of fees and charges on an on-going basis and provides opportunity for the exchange of information on the changing dynamics of the industry for consideration against current and future cost recovery proposals. The regular consultation allows AQIS to work in partnership with the industry to:

- review of AQIS activities and resources supporting export inspection and certification services for the industry,
- identify improved service delivery arrangements that may lead to further cost-minimisation,
- ensure that risk is appropriately managed within the industry to the benefit of all stakeholders.

Periodic Review

Fees and charges are reviewed on a regular basis as part of the routine governance of AQIS. The financial position of the Program is reported on a monthly basis through internal governance procedures and is made available to industry on a regular basis. Detailed reporting, analysis and discussion is prepared quarterly to inform industry of the Program's financial performance. All proposed amendments to Program fees and charges are reviewed against the Australian Government Cost Recovery Guidelines to ensure they remain consistent with the principles outlined in the Guidelines.

A formal review of Program fees and charges will be conducted in the last quarter of 2009/2010 with further amendments proposed for 2010/2011 if required.

Certification

I certify that this CRIS applies the Commonwealth Cost Recovery Guidelines for Regulatory Agencies.

Craig Burns

Executive Director
Australian Quarantine and Inspection Service
Department of Agriculture Fisheries & Forestry

Date:

APPENDIX 1

The current and proposed fees for Non-Prescribed Goods

FEE CATEGORY	Unit	Existing Rate (\$)	Proposed rate for 09/10 (\$)
FEE FOR SERVICE Fee-for-Service	¼ hour	43	40
GENERAL EXPORT CERTIFICATION EXDOC Certificate	certificate	60	55
Manual Certificate	certificate	60	76
EXPORT CERTIFICATION ISSUED UNDER AN APPROVED AUDIT PROGRAM EXDOC Certificate	certificate	60	112
Manual Document	certificate	60	133