



Australian Government

Department of Agriculture, Fisheries and Forestry

**AGRICULTURE, FISHERIES AND FORESTRY
PORTFOLIO**

**Appendix A to the Portfolio
Cost Recovery Impact Statement**

**Current and Valid Cost Recovery
Impact Statements**

CURRENT AND VALID COST RECOVERY IMPACT STATEMENTS:

AQIS Programmes

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**COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM**

Purpose of Cost Recovery Impact Statement

This proposal describes amendments of fees for the delivery of certification, inspection and audit services for the Horticulture Export program (HEP) that came into force on 1 January 2007. Fee increases were required due to the under-recovery of the previous fees. The Cost Recovery Impact Statement (CRIS) highlights rationale for the amendments to these fees and demonstrates their compliance with the government's cost recovery policy. Amendments were made to the *Exports Control (Fees) Orders 2001* 21 December 2006.

Stage 1: Initial Policy Review

Relevant Organisational Objectives

The Department of Agriculture, Fisheries and Forestry (the Department) is responsible for a wide-range of issues including:

- Quarantine, export inspection and certification; ensuring that Australian horticulture, agriculture and food products have access to international markets, and maintaining Australia's domestic animal, plant and fish industries' pest and disease free status.

The role of the Department is to help the Government to achieve its policy objectives and administer legislation in these areas by contributing to the following Outcome identified in the Department's Portfolio Budget Statements 2006-2007:

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 performance information relevant to this Outcome includes:

- Maintaining the integrity and delivery of inspection and certification services, standards setting and public awareness.

The Australian Quarantine and Inspection Service (AQIS) is an Output Group of the Department. AQIS contributes to the achievement of the Department's Outcome by meeting its Output Objective, which is:

- To protect Australia's animal, plant and human health status and maintain market access through the delivery of quarantine and export services.

The performance information relevant to the provision of effective export services is the:

- Number of consignments in export markets where facilitation of release of cargoes is attributable to AQIS's involvement.
- Rate of rejections of export consignments.
- Levels of awareness of AQIS export services.

The Department has a vital role in delivering inspection and documentation, verifying that importing country requirements are met to maintain export markets. Maintaining access for Australian horticultural, agricultural and food products to international markets is essential, as

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export inspection, auditing and certification services contribute to the generation of over \$26 billion¹ in exports by the Meat, Grain, Live Animal, Fish, Dairy, Organic, and Horticulture export industries in 2004/2005. Of this, \$800 million² is attributed to horticulture exports.

The horticulture industry is the third largest agricultural industry in Australia and employs over 110,000 people³ in the growing and processing of fruit, vegetables and nuts.

The Horticulture Export Program primary function is to issue export permits and plant health certificates for horticulture produce consistent with Australian legislative responsibilities and importing country requirements.

Should Cost Recovery Be Introduced?

The Australian Government Cost Recovery Guidelines provides sound framework for cost recovery practices. The current cost recovery arrangements for HEP are assessed and designed with respect to the government's current cost recovery policy and guidelines.

In November 2001, the Federal Government initiated a 40% contribution towards AQIS's export fees and charges. In accordance with Government policy, the costs of the services provided by HEP are now met through:

- 60% cost recovered from industry and
- 40% from Government contribution.

The Government's 40% contribution is calculated against revenues received by AQIS from the 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. This contribution was a 2001 Government initiative to benefit Australian rural and food industries, assisting Australian agricultural exports to be more price competitive in overseas markets.

AQIS and key industry stakeholders established an Industry Liability Account (ILA) to manage cost recovery outcomes for the program between years. The AQIS policy on the use of these accounts states that where there is an under recovery at the end of the financial year it should initially be met from monies in the existing industry liability accounts. Where these balances are not available or exhausted the debt remains with the program and is recognised as an 'accumulated deficit'. The program is expected to recover these losses in future years before being able to return funds to industry liability accounts.

The HEP's costs are recovered through fees that are charged for the complete range of export certification activities, including the time spent completing export inspections, documentation charges for the issuance of manual and electronically generated certification, and travel charges on a fee-for-service and per document basis. Costs are also recovered by means of a volume charge per tonne up to a maximum of 5,000 tonnes annually per exporter.

Australia's size and wide climatic range permits year long growing conditions and export activity virtually all year round. This requires the Horticulture Exports Program to be active throughout the year to service the export market.

¹ ABARE 2005. Australian Commodity Statistics 2005, Canberra.

² ABS, *International Trade*, electronic data service cat. No. 5465.0, Canberra. As re-published in DAFF 2005, 'Australian Horticulture Fact Sheet', Canberra.

³ DAFF 2005, 'Australian Horticulture Fact Sheet', Canberra.

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The current cost recovery arrangements for export services relating to the export of horticultural produce fall into the broad category recognised in the Australian Government Cost Recovery Guidelines introduced in July 2005.

The HEP experienced over recovery in 2001/2002 and 2002/2003 totalling \$2.7m, at 30 June 2003, due to higher than expected export activity. The over recovered funds were held in the ILA. HEP consulted the AQIS Horticulture Export Consultative Committee (HECC) and specifically the HECC Finance Sub-Committee who requested a reduction in fee for service charges to manage over recovery, and the strict alignment of fees charged to cost of service provision.

HEP undertook a review of fees in December 2003, which resulted in a realignment of fees to more accurately reflect the costs of providing service. A CRIS was prepared in accordance with the Australian Government Cost Recovery Guidelines at the time and certified prior to the introduction of charges. The revised fee schedule was introduced on 1 March 2004. The effect of the re-alignment was to ensure fees charged reflected the cost of delivering the service. Fees and charges were reduced in the revised schedule so that funds held in IEA's were used to supplement the revenue received for services. This enabled the over-recovered monies from the previous years to be paid back to industry and has resulted in a deferral of the need to further review fees until the funds in the ILA had been utilised.

The 2005/2006 budget deficit was projected to be \$1.04m, which when supported by \$762k from the ILA's (effectively \$1.27m when the Government's 40% contribution is factored in), left a balance of \$70k in the ILA at the end of the 2005/2006 financial year.

The outcome by the end of 2007/2008 would be an accumulated HEP deficit of \$3.2m. To avoid this deficit, fees needed to be increased in the 2006/2007 financial year.

Mechanisms, including consultation, for monitoring ongoing efficiency and effectiveness

Regular consultation with the horticulture export industry on cost recovery and regulatory activity occurs through the Horticulture Export Consultative Committee (HECC). The HECC is the principle advisory forum for AQIS and horticulture export industry to consult on all issues relating to Australian horticulture exports.

Meetings of HECC are conducted three times per year. This consultation provides a process for monitoring of fees charged on an on-going basis and provides information on the changing dynamics of the industry that may need consideration in the review of fees and charging structures.

In addition, AQIS monitors the revenue and expenditure, efficiencies and effectiveness of arrangements through internal costs, budget analysis and reviews. The HEP reports its performance against budget on a monthly basis and reports its financial position to the AQIS Leadership and Governance Committee.

Future Review of Cost Recovery Arrangements

Fees and charges are reviewed on a regular basis as part of the routine governance of AQIS and the financial position of HEP is also reported to all HECC meetings. Changes to fees and charges will be documented in a CRIS and must be consistent with the Australian Government Cost Recovery Guidelines and Australian Government cost recovery policy.

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DESIGN AND IMPLEMENTATION

Who should pay cost recovery charges?

Users of government products or services or those individuals or groups, who have created the need for regulation, should pay cost recovery charges. Accordingly, the program's clients are required to cover the associated costs.

In the horticulture export industry, the program clients who receive the service may include:

- Businesses or individuals exporting horticultural commodities including:
 - Fresh fruit and vegetables
 - Fresh cut flowers and foliage
 - Dried fruits
 - Nursery stock
- Occupiers of establishments seeking AQIS registration for the preparation of prescribed goods,
- Growers, packers, treatment centres, and freight forwarders requiring certification attesting to the plant health status of the export commodity.

All industry sectors are involved in export activity, including exporters to Phytosanitary and non-Phytosanitary markets.

The program services include:

- Inspection of fresh fruit, fresh vegetables, dried fruit, nursery stock, cut flowers and other horticulture products for export and assessment of documentation to verify Australian legislative requirements and importing country requirements have been met;
- Provision of certifying compliance with importing country requirements;
- Registering and audit of premises for the assembly, inspection and certification of horticulture products for export;
- Issuing horticulture export permits; and
- Providing audit services to ensure compliance with Australia's legislative requirements.

Should cost recovery charges be imposed using fees or levies?

This proposal adjusts fees that are already imposed under the 'user-pays' principle. Under this arrangement the user of government products or services, or those individuals or groups who have created the need for regulation, should pay cost recovery charges for a particular service rather than imposing a levy across industry sectors or across industry as a whole.

Cost recovery using fees provides an important means of improving the efficiency with which Australian Government products and services are produced and consumed. Cost recovery charges for goods and services give an important message to users or their customers about the cost of resources involved. It also improves equity by ensuring that those who use Australian Government products and services or who create the need for regulation bear the costs.

What are the legal requirements for the imposition of charges?

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.

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Paragraph 25 (2) (d) of the Act allows regulations to be made for the imposition of fees 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. Web link -

<http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401456?OpenDocument>

Regulation 3 of the *Export Control (Orders) Regulations 1982* provides that the Minister may, by instrument in writing, make orders, not inconsistent with regulations made under the Act, with respect to any matter for or in relation to which provision may be made by regulations made under the Act. Web link -

<http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200400571?OpenDocument>

The current fees are set out in the *Export Control (Fees) Orders 2001*. Web link -

<http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401126?OpenDocument>

Which issues should the legislation address?

The legislation has been amended to implement the current fee structure to enable the program to recover its costs.

No new categories of fees were introduced.

Which Costs Should The Charges Include?

AQIS seeks to meet the commitment to recover the program's direct and indirect costs associated with managing export inspection, audit and certification services in a manner that is fair and equitable across the various sectors of the industry. Refer to attachment two for value of costs.

Direct costs include:

- Staffing costs, which can be broken into two components:
 - Salaries and wage rates of staff expressed in annual, fortnightly, daily and hourly terms; and
 - 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, stationary, telephonic communications, advertising and insurance;
- Travel costs;
- Costs of materials and services such as stores, computer services and services obtained on a contract basis;
- Provision for bad debts and fringe benefit tax; and
- Capitalisation costs, including depreciation on plant and equipment.

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

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- An appropriate allocation of indirect costs (or overheads) including executive, financial, personnel, registry, library and audit services, internal audit fees and other corporate costs;
- Technical and operations costs such as Plant Program executive, EXDOC, training and public awareness.

How Should The Charges Be Structured?

Fees and charges for the use of services provided by the program are structured so as to encourage the most efficient use of resources by clients of the program. The government currently contributes 40% to the cost of these services and the remaining 60% recovered from industry.

HEP fees and charges are set to recover the cost of providing program services and are structured on a fee-for-service basis under the following categories:

- Documentation – issuing and manually signing Export Permits required under the *Export Control Act 1982*. (*Per document fee*)
- Product inspection (*Time based: fee-for-service and overtime*)
- Auditing of premises and system to meet export requirements. (*Time based: fee-for-service and overtime*)
- In office activities relating to inspection and certification. (*Time based: fee-for-service and overtime*)
- Travel time to and from inspection and certification activities. (*Per night and per kilometre*)
- Export volume charges (*Per tonne*)
- Documentation – Phytosanitary certificate / Certificate of Condition, Approved arrangements, other documents, replacement documents to meet importing country requirements (*Per certificate / document fee*)
- EXDOC Registration & Certificates, electronic documentation to meet export legislative and importing country requirements (*Per log on / permit*)

These categories have been maintained.

The volume charges have been streamlined from three separate charges to a single charge. The effect of the re-alignment is to ensure fees charged reflect the cost of providing the services. The amalgamation of the export volume charge is due to the increasing complexity of managing international market requirements. There is no longer a strong differential between the work required for each of the categories. The categories are provided in Attachment 1 "Full list of the previous and current HEP fee charges."

How should costs be calculated and allocated?

The AQIS Fees and Charges Policy states that programs should endeavour to fully recover their costs in the year they are incurred. Full cost recovery in one year is however, weighed against the necessity for price stability and in practice it is unlikely to be possible to achieve full cost recovery in one year. Fees and charges are also set at a level to avoid sustained over or under recoveries in future years. Cost recovery outcomes are fully detailed in the AQIS Report to Clients, which is produced annually and is available on the AQIS website.

The 2005/2006 financial year expenditure budget to deliver regulatory inspection and certification services to the horticultural export industries was \$6.8M. Estimated revenue under the fee schedule for 05/06 was \$5.8M. The short fall in revenue was managed from the funds in the ILA.

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The fees analysis which compared actual revenue with budgeted revenue for 2005/2006, and two out years, shows fee-for-service charges needed to bring fees in line with the actual cost of service provision and to ensure the financial stability of the HEP. Analysis by AQIS Finance showed that several fees were out of alignment with the cost of service provision. The employee expenses (including salaries, superannuation, leave and training), supplier expenditure (including consumables, property rents, vehicles, communication costs, legal) and overheads (including corporate finance, corporate management, electronic systems and depreciation) were taken into consideration at the time of cost modelling each fee undertaken by AQIS Finance. Costs were attributed using the Distributed Costing, Activity Based Costing. Cost modelling undertaken by AQIS Finance is shown at Attachment 2.

The Program aims to align fees charged with the cost of service provision in accordance with Australian National Audit Office (ANAO) and Department of Finance and Administration (Finance) requirements. Fee streams highlighted as being out of alignment were:

- Manual documentation – increase required
- Electronically issued certification – increase required
- Fee For Service (in field and audits) – increase required
- Travel charge – slight decrease required
- Volume rate – standardised to one category, an increase or slight decrease depending on type of export market and regulatory activity.

The changes to the HEP fees aligned the fee streams listed above with the cost of actual service provision. The fee changes, justification and impacts on clients are outlined below.

a) Documentation costs:

- i) Documentation fee for manually signed Export Permits (EX28 & EX222), phytosanitary certificate and certificates of conditions increased from \$17.00 to \$30.00;

There is a significantly higher administration cost in the management and analysis of data from manual documentation than for electronic. The majority of documentation is issued electronically. Fees have been increased to cover these costs.

- ii) Documentation fee for electronically issued certification increased from \$10.00 to \$15.00

The cost of issuing electronic documentation is reflected in the increase of \$5.00 per document, and the cost of issuing manual documentation is reflected in the increase of \$13 per document.

The fees previously charged for documentation are significantly out of alignment with the cost of service provision.

- b) Fee-for-service / audit rate increased from \$31.00 per ¼ hour of part thereof, to \$40 per ¼ hour or part thereof.

The daily and weekly fee-for-service / audit rate increase:

- Daily rate increased from \$558.00 to \$720.00
- Weekly rate increased from \$1,953 to \$2,520

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The increase in the daily and weekly rates is a proportional increase reflecting the increase in the base fee-for-service charge.

The increased fee-for-service rate reflects the actual cost of service providing inspectors to undertake inspection and certification activities.

c) Three volume charge categories combined into one.

The previous volume charge varied depending on the type of export market:

- markets requiring a phytosanitary certificate; or
- markets not requiring a phytosanitary certificate;
- establishments operating under an Approved Arrangement not utilising AQIS to perform inspections; or
- establishments not operating under an approved arrangement utilising AQIS to perform inspections.

To enhance administrative process a single volume charge was implemented. HECC supported a single volume charge as due to the increasing complexity of international markets it was considered there was little basis on which to differentiate charges.

Previous volume rates, per tonne capped at 5,000 p.a.:	Current volume rate
\$0.40 (non-phytosanitary)	\$1.90 for all markets
\$1.10 (phytosanitary / approved arrangement)	
\$2.25 (phytosanitary / non-approved arrangement)	

d) Reduction in the AQIS travel charge based the number of kilometres travelled to perform a service from \$0.65 / km to \$0.50 / km.

Travel fee is applied for all service provision including inspection, auditing and issuance of export documentation. The travel fee recoups the expenditure of the HEP fleet of vehicles. Reduced operating costs of the vehicle fleet required a reduction in the mileage charge in line with government policy to align the cost of the service with the charge for that service.

The HEP has utilised a modest surplus to supplement program costs in accordance with the Commonwealth Cost Recovery Guidelines to maintain financial stability by not increasing the ¼ hour fee as a means of returning over recovered funds to the industry since 2001/2002 (Refer to Table 1. "Example of Supplementation of Program Cost for the ¼ hour fee for service fee 2002-2006"). This surplus is now exhausted and fee increases are needed to ensure the financial viability of the Program. The HECC have confirmed that for most sectors of the industry the fees increase would represent less than 2% of the total value of the consignment being exported.

Table 1: Example of Supplementation of Program Costs for the ¼ hour fee for service fee 2002-2006

Year:	01/02	02/03	03/04	04/05	05/06	06/07
Fee charged to clients	\$34	\$31	\$31	\$31	\$31	\$40

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Cost of service per ¼ hour	\$34	\$34	\$37	\$37	\$40	\$40
Amount drawn from IEA	nil	\$3	\$6	\$6	\$9	nil

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The fee amendments are provided in Table 2.

Table 2) Summary of fee amendments & restructure of changes.

Activity	Previous Rate	Supplement from ILA	With supplement from ILA	Current Rate	% Variation	Rationale
a.) Documentation fee. Manual issue per document.	\$17.00			\$30.00	+ 76.5%	High cost of administration associated with manual documentation.
b.) Documentation fee. Electronic issue per document	\$10.00			\$15.00	+ 50%	Fees required to meet the cost of providing the service have not increased since 01/02.
c.) Fee-for-service - per ¼ hour or part thereof	\$31.00	\$9.00	\$40.00	\$40.00	0%	Fees required to meet the cost of providing the service have not increased since 01/02
d.) Fee for service - weekly - daily	\$558.00 \$1,953			\$720.00 \$2,520.00	+ 29% + 29%	Fees required to meet the cost of providing the service have not increased since 01/02.
e.) Volume charge (per tonne-capped at 5000 p.a.) – streamline three charging categories into one.	a) \$0.40 (non-phyto) b) \$1.10 (phyto approved arrangement) c) \$2.25 phyto non-approved arrangement) \$1.25 (average*)			\$1.90	a) + 375% (non-phyto) b) +73% (phyto approved arrangement) c) - 15.5% (phyto non-approved arrangement) + 52% (average*)	Similar work required for market maintenance for approved arrangements as for non-approved arrangements, therefore an increase is required to achieve parity. Reduction as costs are offset by authorising service over all three categories.
f.) Travel unit cost (for audits and inspections) – per kilometre	\$0.65			\$0.50	- 23%	Benefit to rural community e.g. 300km round trip equates to a travel cost saving of \$45.

* There are currently three separate fee categories for volume charges. An average of the three categories has been taken to show the overall increase when the categories are streamlined into a single category.

Note: The government 40% contribution is applied evenly across all fees and is appropriated after all revenue has been collected.

Horticulture export certification fees have been kept constant since 2001, which was aided by disbursement of previously over recovered funds from the ILA.

The fee changes affected all export sectors:

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- Fees for the export of consignments to phytosanitary markets issued under an approved arrangement increased; eg. for a fruit and vegetables sea freight consignment valued at approximately \$90,000, fees increased from an estimated \$28.10 per consignment to \$46.90 per consignment, or an increase of 67% but a very small percentage (<0.6%) of the total value of the consignment.
- Fees for the export of a typical airfreighted consignment increased from \$87.00 to \$114.40, or an increase of 32%. Airfreight consignments tend to be high value products, whereby the cost of AQIS's fees for exporting comprises a small amount of the total value of the consignment. The cost of revised AQIS fees related to the value of the consignment is 0.95%, previously this was 0.73%.
- For small airfreight consignments the cost of a half hour inspection and issuance of export documentation increased from \$107 to \$148, or an increase of 39%. The value of such consignments, for example nursery stock, is variable. These costs reflect the cost of providing service and ensuring importing country requirements are met.
- AQIS charges make up a small component of the overall cost of exporting fresh produce; with commercial and shipping costs often far outweighing AQIS costs. For example, in-transit cold disinfestation is performed in a specialised shipping container in most cases, and costs approximately \$1500 per container. Insurance costs can be of a similar order.
- Overtime rates remain unchanged. The year round production and the ability to take advantage of market opportunities at little notice mean a significant amount of AQIS service delivery occurs outside of the standard hours of operation between 0630 and 1830 on weekdays. Maintenance of the overtime rate at current levels will be appreciated by most industry sectors, especially exporters of airfreight shipments to lucrative hospitality markets in Asia.
- The per kilometre travel fee is slightly reduced from \$0.65 to \$0.50 per kilometre. This will ensure that AQIS clients whose businesses are located some distance from an AQIS office are not disadvantaged when they require AQIS services. A 300 km round trip will result in a saving of \$45.00 under the proposed travel charge.

The amended fees do not change service levels provided to clients.

Outcomes of Consultation with Stakeholders

External consultation was undertaken with the HECC throughout all stages of the review process. Meetings with HECC took place in October 2005 and March 2006 and the sub-committees in September 2005, November 2005 and February 2006. At the meetings HECC discussed options for amending AQIS fees and acknowledged that whilst fee increases are not preferred, HECC appreciated the importance of the long term financial stability of the Program and increased expenses in the form of additional staff and resource costs need to be met by industry.

Internal consultation was undertaken with senior AQIS management and with AQIS Finance.

On 22 February 2006, the AQIS Leadership and Governance Committee (ALGC) supported the proposed fee and a nation wide industry 'road show' to be the primary means of communicating the proposed fee increases to the horticultural industry.

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HEP undertook nation wide consultation in April-May 2006. As part of the consultation process, all capital cities and major centres for horticultural production were visited by the Program. It was anticipated that some sectors of the horticulture industry would oppose the fee increases particularly the smaller sectors such as nursery stock. A schedule of visits is attached (Attachment 3).

The overall response to the national consultation was positive. The majority view of those consulted was that while fee increases are not preferred, industry appreciates the need for a financially secure and productive Horticulture Exports Program. The horticulture exports industry does not want any reduction in AQIS's level of service, and recognises AQIS's service delivery as a key priority to the Australian horticultural industry.

The industry acknowledged that AQIS charges are relatively small 'in the scheme of things'.

The attendance at meetings was less than expected. However, overall the views of the 30 individuals who attended were able to be canvassed and their views were largely consistent with the view of the consultative committee. The low attendance levels indicated the low level of concern by the broader industry over the introduction of fee changes/increases.

The program notified its clients and relevant industry bodies of the revised fees and charges through an 'Industry Advice Notice' (IAN) lodging the IAN and updating the 'Fees and Charging Guidelines' on the AQIS Webpage.

The program policy on transparency and of forewarning industry of changes has placed it in a good position for managing any future fees reviews. The AQIS Finance area has ensured consistent policy application in the development of the fee structure across various programs.

I certify that this CRIS applies the Australian Government Cost Recovery Guidelines.



STEPHEN HUNTER
Executive Director
AQIS

Date: 17/10/07

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ATTACHMENT 1 – Previous and Current Fee Structure (changes are shaded) [recovering 60% of actual costs – additional 40% is Government contribution]

CHARGE CATEGORY	CHARGE DESCRIPTION	UNIT OF SALE	PREVIOUS FEE	CURRENT FEE	Export Control (Fees) Orders 2007
Volume charges					
Volume	Non Phytosanitary Destination	per tonne	\$0.40	\$1.90	Order 34, suborder 1, item 1
Volume	Phytosanitary Destination CA establish	per tonne	\$1.10	\$1.90	Order 34, suborder 1, item 2
Volume	Phytosanitary Destination non CA establishment	per tonne	\$2.25	\$1.90	Order 34, suborder 1, item 3
Documentation fees					
Documentation	Phytosanitary Certificate - issued to a client which DOES NOT have an approved quality assurance arrangement (manual issue)	per certificate	\$17.00	\$30.00	Order 25, schedule 5, item 20(a)
Documentation	Phytosanitary Certificate – issued to a client which DOES have an approved quality assurance arrangement (manual issue)	per certificate	\$17.00	\$30.00	Order 25, schedule 5, item 21(a)
Documentation	Certificate of Condition (manual issue)	per certificate	\$17.00	\$30.00	Order 25, schedule 5, item 22(a)
Documentation	Export Permit (EX28 & EX222) (manual issue)	per permit	\$17.00	\$30.00	Order 25, schedule 5, item 23(a)
Documentation	Other documents (manual issue)	per document	\$17.00	\$30.00	Order 25, schedule 5, item 26(a)
Documentation	Replacement documents	per document	\$150.00	\$150.00	Order 25, schedule 5, item 25
EXDOC (electronic) Registration & Certificates					
Registration	EXDOC User Registration Irregular	each log on	\$50.00	\$50.00	Order 30, item 2
Documentation	Export Permits (Electronic Request For Permit)	per permit	\$10.00	\$15.00	Order 25, schedule 5, item 23(b)
Documentation	Phytosanitary Certificate – issued to a client which DOES NOT have an approved quality assurance arrangement (electronic issue)	per certificate	\$10.00	\$15.00	Order 25, schedule 5, item 20(b)
Documentation	Phytosanitary Certificate - issued to a client which DOES have an approved quality assurance arrangement (electronic issue)	per permit	\$10.00	\$15.00	Order 25, schedule 5, item 21(b)
Documentation	Certificate of Condition (electronic issue)	per permit	\$10.00	\$15.00	Order 25, schedule 5, item 22(b)
Documentation	Other documents (electronic issue)	per permit	\$10.00	\$15.00	Order 25, schedule 5, item 26(b)
Fee-for-service – General					
Fee-for-Service	FFS - In Office	per ¼ hour	\$31.00	\$40.00	Order 20, schedule 3, item 3c
Fee-for-Service	FFS - Field Inspection/Services (minimum 30 min)	per ¼ hour	\$31.00	\$40.00	Order 20, schedule 3, item 3c
Fee-for-Service	FFS - Daily rate	per day	\$558.00	\$720.00	Order 20, schedule 3, item 3a
Fee-for-Service	FFS - Weekly rate	per week	\$1,953.00	\$2,520.00	Order 20, schedule 3, item 3b
Fee-for-Service	FFS Travel Charge-per kilometre rate	per kilometre	\$0.65	\$0.50	Order 21(2)
Fee-for-Service	Audit – Field Inspection/Services (minimum 30 min)	per ¼ hour	\$31.00	\$40.00	Order 20, schedule 3, item 3c
Fee-for-Service	Audit – Daily rate	per day	\$558.00	\$720.00	Order 20, schedule 3, item 3a
Fee-for-Service	Audit – Weekly rate	per week	\$1,953.00	\$2,520.00	Order 20, schedule 3, item 3b
Fee-for-Service	Audit – In office	per ¼ hour	\$31.00	\$40.00	Order 20, schedule 3, item 3c
Fee-for-Service	Audit Travel – Unit travel cost	per kilometre	\$0.65	\$0.50	Order 21(2)
Overtime and Shift Fees					
Overtime					
Overtime	Continuous	per ¼ hour	\$9.00	\$9.00	
Overtime*	Non-continuous	minimum	\$141.00	\$141.00	

**COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM**

Attachment 2

2005/2006 - 2007/2008 Horticulture Cost Model - DRAFT

Fees	Units	Old Fee	Budget			Over / (Under) Recovery
			Revenue	Expenditure		
Audit/Fee for Service			6,200,921	10,697,952	(4,497,031)	
SHA01 - Audit -- Field Inspection/Services (minimum 30 min)	1/4 hour day	31.00				6,363
SHA02 - Audit -- Daily rate	228	558.00				54
SHA03 - Audit -- Weekly rate	24	1,953.00				0
SHA04 - Audit -- In office	1/4 hour	31.00				432
SHF01 - FFS - In Office	1/4 hour	31.00				6,518
SHF02 - FFS - Field Inspection/Services (minimum 30 min)	1/4 hour day	31.00				143,821
SHF03 - FFS - Daily rate	1,201	558.00				294
SHF04 - FFS - Weekly rate	21	1,953.00				69
Documentation			5,239,124	5,997,148	(758,024)	
Manual						
SHD05 - Replacement documents	482	150.00				276
SHD02A - Certificate of Condition	2,415	17.00				498
SHD03A - Export Permit (EX28 & EX222) - Manual signature	46,632	17.00				39,658
SHD04A - Other documents	2,298	17.00				5,220
SHD06 - Phytosanitary Certificate - for clients who are NOT under a Co-regulation arrangement	34,499	17.00				28,581
SHD07 - Phytosanitary Certificate - for clients who are under a Co-regulation arrangement	2,107	17.00				1,143
Electronic						
			10,476,019	10,697,952	(221,933)	
			5,906,731	5,997,148	(90,417)	

**COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM**

Projected financial position previous & current fees implemented on 1 January 2007.

N.B. Amounts in (brackets) are deficit amounts.

Horticulture Program Results Based on Fee Review - 2005/2006 to 2007/2008		
	Budget	Adjusted Units & new fees
Total Revenue	17,422,777	21,579,727
Total Expenditure	21,735,479	21,735,479
Surplus / (Deficit)	(4,312,702)	(155,752)
IEA balance/ (accum deficit)	(3,171,202)	667,549
2005/2006		
	Budget	program forecast previous fees
Total Revenue	5,807,592	5,701,241
Total Expenditure	6,886,004	6,886,004
Surplus / (Deficit)	(1,078,412)	(1,184,763)
IEA balance/(accum deficit)	42,059	50,142
2006/2007		
	Budget	program forecast current fees
Total Revenue	5,807,592	7,939,243
Total Expenditure	7,332,128	7,332,128
Surplus / (accum deficit)	(1,524,536)	607,115
IEA balance	(1,461,448)	414,411
2007/2008		
	Budget	program forecast current fees
Total Revenue	5,807,592	7,939,243
Total Expenditure	7,517,347	7,517,347
Surplus / (Deficit)	(1,709,754)	421,897
IEA balance / (accum deficit)	(3,171,202)	667,549

COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM

Assumptions for fee adjustments

Assumptions	Field	Reasoning	Program Justification
Staff time:		Calculated based on Activity Cost Assessment data and altered based on Program assumptions based on staff time.	
Staff training and development:	Training	ACA data	
Overtime:	Overtime	All overtime costs	Overtime fees developed to negate staff salary and penalties for overtime charges.
Consultancies	Program Management / Infrastructure	Consultants used to assist in the development of systems to assist with management of program.	
Public Awareness/Public Relations	Client Services	Includes T&O - Public awareness and public relations and marketing expense.	
Technical and Field	Audit / Fee for Service	Costs are related to the provision of export inspection and certification of products.	25% of ACA inspection time has been moved into documentation - reason is inspectors in field do not always separate inspection time from documentation time in ACA surveys.
Property and Accommodation	Program Management / Infrastructure		
Travel	ACT travel - Program Management / Infrastructure and remainder of regional travel to audit / Fee for Service.	ACT travel is program management because verification of systems in regions while majority of field travel is for inspection and certification activities.	
Temporary and Contract Staff	Audit / Fee for Service	Contract staff employed to inspect product for export.	
Memberships and Conferences	Program Management / Infrastructure		
Official Hospitality	Program Management / Infrastructure	Supply of hospitality to committee meetings and conferences held to discuss program management.	
Depreciation	Program Management / Infrastructure		

**COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM**

IT & Office Expenses	Direct revenue Streams	Consists of: general office supplies, IT Comms & Office equipment, other administrative, production and purchase of publications and T&O - Software Solutions.	
Fixed Overheads	Direct revenue Streams	Consists of: Corporate expenses (excluding accounts receivable), AQIS overheads, governance, HR, legal cexpenses, T&O - Border and Cargo co-ordination, T&O 0 Graduate Development, T&O - AQIS Executive Manager, T&O - Plant Executive	
T&O - EXDOC	Documentation	EXDOC is the electronic documentation system within DAFF.	Canberra staff apportioned to EXDOC and 2 FTEs in the regions
T&O - Establishment Register	Audit / Fee for Service	Registered establishments are required by legislation. Inspection and registration is charged at a fee-for-service rate. Mileage for travel is attributed to vehicle charges.	
T&O - Co-regulation	20% audit / fee for service and 80% Program Management / Infrastructure	Majority of co-reg unit costs is in the management of the scheme. Only some of the auddits are conducted by this unit, majority performed by program staff.	
T&O - Operational Science	90% audit / FFS and 10% Program Management / Infrastructure	Operational science services are used to identify pests and diseases. Services used to assist in the certification of product for export.	
Corp Costs - Accounts Receivable	Direct revenue Streams	Based on number of units.	

**COST RECOVERY IMPACT STATEMENT
AMENDMENT TO FEES FOR THE AQIS HORTICULTURE EXPORTS PROGRAM**

Attachment 3

Meeting Locations:

Location	Location
Melbourne 19 April	Griffith 2 May
Mildura 20 April	Cairns 9 May
Shepparton 21 April	Darwin 10 May
Perth 26 April & 8 June	Hobart 16 May
Adelaide 27 April	
Berry 28 April	
Brisbane 26 April	
Sydney 27 April	

Industry where notified by an Industry Advice Notice (IAN) issued on 13 April 2006 and forwarded to all known clients either by email, fax or post and independent invitation.

The following outlines the number of attendees at the information sessions:

- Melbourne (1), Mildura (6), Shepparton (1), Perth (4), Adelaide (1), Berry (1), Sydney (8), Brisbane (7), Griffith (7), Cairns (1), Townsville (9), Darwin (6) and Hobart (1).

Representatives included peak industry bodies and individual exporters.