



Australian Government

Australian Quarantine and Inspection Service

COST RECOVERY IMPACT STATEMENT

Amendment of Import Declaration Fees for the Australian Quarantine and Inspection Service Import Clearance Program

PURPOSE

The purpose of this Cost Recovery Impact Statement (CRIS) is to demonstrate the compliance of AQIS's cost recovery with the cost recovery policy in respect to amending the Australian Quarantine and Inspection Service (AQIS) Import Clearance Program (IC) import declaration (ID) fees for air and sea cargo. The amendment will involve an adjustment to the Quarantine Service Fees Determination 2005 (the Determination).

BACKGROUND

As part of the Australian Customs Service (Customs) Cargo Management Re-engineering (CMR) project a new information technology system (known as the Integrated Cargo System - ICS) has been introduced to replace the Customs legacy systems for import and export entry management. This includes the COMPILE facility for import entry lodgment and the Air and Sea Cargo Automation for import cargo reporting.

The aim of the ICS is to enhance Customs risk management assessment at the border and assist industry to track cargo movements more efficiently. The imports component of the ICS became available to industry in October 2005. In a similar manner with COMPILE, AQIS is utilising the ICS to identify and impede consignments of quarantine and imported food safety concerns imported into Australia. The ICS is also AQIS's mechanism to recover costs incurred in supplying some AQIS cost recovered services.

The proposed fee amendment is a direct result of the ID threshold change by Government, which rose from \$250 to \$1000 in October 2005. This threshold is the value at which the owner of the goods or agent is obliged to provide detailed information to Customs including tariff, producer code and country of origin. As a result of the increase, fewer full import declarations will now be lodged by the importing community and an estimated additional 600,000 self assessed clearances (SACs) will now be referred to AQIS for profiling and clearance. SACs are submitted where the goods are below the \$1000 threshold and provide only the most basic information about the consignment.

Additional costs will be incurred by AQIS to assess and clear a greater number of import consignments lodged as SACs. An additional 25 Full Time Equivalents (FTEs) and an information technology (IT) infrastructure upgrade is required to ensure quarantine and imported food integrity is maintained through the clearance of these additional import consignments.

Due to the sudden announcement of the ID threshold change, in the short term AQIS needs to respond quickly to implement a fee amendment that will provide appropriate short term revenue coverage for its screening and associated activities. The costs associated with processing SACs will be recovered through the fee charged for import declarations, as the ICS does not have a fully tested

cost recovery mechanism available for SAC charging. In the short term AQIS is pursuing amendments to the ICS that will allow charging at the SAC level. AQIS envisages this will occur mid 2006.

INITIAL POLICY REVIEW

Organisational objectives

AQIS is one of the business units within the Australian Government Department of Agriculture, Fisheries and Forestry. The Department is responsible for a wide-range of issues including:

- Quarantine, export inspection and certification and food safety standards activities, essential for maintaining Australia's highly favourable animal and plant health status, and are also important parts of the international Regulations governing the trade between nations.

The role of the Department is to assist the Government to achieve its policy objectives and administer legislation in these areas by contributing to the portfolio's Outcome identified in the Department's Portfolio Budget Statements 2005-06:

- 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.

AQIS is an Output Group of the Department and contributes to the achievement of the Department's Outcome by meeting its Output Objective:

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

In meeting this Objective, AQIS undertakes a range of activities including maintaining Australia's quarantine integrity through appropriate border control arrangements for international passengers, cargo, mail, aircraft and other vessels entering Australia and through post entry plant and animal quarantine arrangements.

Should cost recovery be introduced?

AQIS has operated in a cost recovery environment since 1993, as stipulated in a Memorandum of Understanding (MOU) between AQIS and the Department of Finance and Administration. In addition to the MOU, AQIS adheres to the Australian Government Cost Recovery Guidelines, which provide a framework for cost recovery practices.

IC performs 100% cost recovered services as required by Government policy. IC undertakes these cost recovered services across five separate activity streams, endorsed by IC's peak industry consultative body, the AQIS/Industry Cargo Consultative Committee (AICCC). The activity streams and their definitions can be found in Table 1 below:

Table 1: Import Clearance Activity Streams and their Definitions

Activity Stream	Description
Permit Issuing	Includes receipt, evaluation and issuing of all entry permits on specified goods, as well as the implementation of quarantine policy in the form of import permit conditions
Entry Management	Includes activities associated with the quarantine clearance of all commercial cargo on the basis of commodity, including screening on the basis of packaging declarations and destination. Also includes the development and implementation of operational quarantine policy not specifically related to import permits
Cargo Risk Management Sea	Includes addressing quarantine concerns of a non-commodity specific nature (eg profile screening of containers, wharf

	surveillance and external inspection of containers (non Giant African Snail)), maintenance of Quarantine profiles in COMPILE and ICS, surveillance activities at Quarantine approved premises associated with sea cargo, and wharf and depot surveillance of break bulk cargo
Cargo Risk Management Air	Includes surveillance activities at Quarantine approved premises associated with air cargo, air cargo automation screening of non-commercial air waybills and transshipment and underbond cargo and surveillance at cargo terminal operators and air couriers
Treatments and Inspections	Includes staff engaged in providing physical inspection of all manner of cargo including bulk, containerised, personal effects, cargo requiring treatment and the supervision of the treatments

~~Mechanisms, including consultation, for monitoring ongoing efficiency and effectiveness~~

Regular consultation with the logistics and import cargo industry on cost recovery and other matters occurs through the AQIS/Industry Cargo Consultative Committee (AICCC), which formally meets tri-annually (for further information on the AICCC see section titled "Outcomes of Consultation with Stakeholders"). This consultation provides a process for monitoring the impact of fees charged for services provided by IC and reviewing fees and charges to ensure that they remain efficient, effective and in line with costs.

Ensuring that fee levels and structures remain appropriate and compliant with the policy is an important part of ongoing monitoring in addition to the impact of charges upon stakeholders.

Future Review of Cost Recovery Arrangements

Financial reports on cost recovery are regularly tabled at AICCC meetings, which are held tri-annually. In addition, financial reports are produced regularly out of session, which provides members with an opportunity of reviewing revenue and the link to associated costs. A formal review of cost recovery arrangements will be undertaken by 2009-10, as per the requirements of the cost recovery policy.

DESIGN AND IMPLEMENTATION

Who should pay cost recovery charges?

In accordance with the user pays principle applicable to the current cost recovery arrangements for the importation of goods, clients who receive IC services are required to pay for services provided. The following table identifies clients who may receive these services:

Table 2: IC Client Groups

Activity Streams	Targeted Client Groups
Permit Issuing	Importers requiring import permits
Cargo Risk Management – Sea	Shipping companies, agents/importers of containerised and non-containerised sea cargo goods
Cargo Risk Management – Air	Air cargo operators, agents/importers of containerised and non-containerised air cargo goods
Entry Management	Agents/importers lodging quarantine entries and Quarantine Approved Premises being registered
Treatments and Inspections	Agents/importers and other parties in receipt of treatment and inspection services

Should cost recovery charges be imposed using fees or levies?

This proposal is an amendment to fees that are already in place under the user-pays principle.

What are the legal requirements for the imposition of charges?

Section 86E of the *Quarantine Act 1908* allows the Minister to set fees for quarantine services by the making of determinations. The current fees are set out in the *Quarantine Service Fees Determination 2005* (Determination).

Which issues should the legislation address?

Two existing ID fees will be amended which are supported by the Determination. The fees are Items' 2(b) and 3(b) in Schedule 1, Part 1, Division 1 of the Determination and are as follows:

2(b) – *Cargo risk profiling; surveillance, inspection or clearance of air cargo units; development, implementation and maintenance of Commonwealth and industry co-regulation arrangements for commercial air cargo - for each import declaration that relates to air cargo lodged on the ICS - \$6.50.*

3(b) - *Cargo risk profiling; surveillance, development, implementation and maintenance of Commonwealth and industry co-regulation arrangements for commercial sea cargo - for each import declaration that relates to sea cargo lodged on the ICS - \$6.50.*

Three existing fees which are supported by the Determination will no longer be used when the COMPILE system is decommissioned as a direct result of the ICS implementation. The fees are Items' 1, 2 (a) and 3 (a) in Schedule 1, Part 1, Division 1 of the Determination and are as follows:

1 - *Surveillance, risk assessment and screening activities performed in relation to air cargo imports – for each house airway bill or straight line airway bill lodged on Air Cargo Automation systems - \$1*

2(a) – *Cargo risk profiling; surveillance, inspection or clearance of air cargo units; development, implementation and maintenance of Commonwealth and industry co-regulation arrangements for commercial air cargo - for each entry relating to air cargo that is lodged on COMPILE - \$4.00.*

3(a) - *Cargo risk profiling; surveillance, development, implementation and maintenance of Commonwealth and industry co-regulation arrangements for commercial sea cargo - for each entry relating to sea cargo that is lodged on COMPILE - \$4.00*

Which costs should the charges include?

The fees cover the costs of providing direct and indirect AQIS resources in the Cargo Risk Management activity as described in Table 1.

How should the charges be structured?

The structure of the proposed amended charges has not changed. The charging structure has been in place since 1997, and was established through the formal mechanism for reviewing charging arrangements and fee amendments with the AQIS Industry/Cargo Consultative Committee (AICCC) - the consultative group between AQIS and the cargo handling/importing industry. The amendment is a rate change only to two existing fees.

How should costs be calculated and allocated?

The amendment to fee rates has been calculated using activity based cost modelling with consideration given to the impact of future activity trends of imported goods as indicated by forecasting and historical data. Costs directly attributable to an activity have been applied to that activity where applicable. Indirect costs are then pooled and allocated to each activity stream on a FTE basis.

Assumptions in Trade over 2005-06 and 2006-07

The level of import volumes, as reported by an IC economic forecasting model built by Access Economics (AE), is expected to grow over 2005-06 and 2006-07. This growth is supported by historical trade information on the value of imported goods and transaction volumes (provided by Customs). The levels of growth used in this modelling directly attributable to IDs (provided by AE) are 6.57% for 2005-06 and 9.56% for 2006-07 (compared to previous year's data).

Expected Reduction in IDs and Associated Revenue

A comparison of the expected number of IDs lodged on the ICS with and without a threshold change is demonstrated below (see Table 3). This is important as it provides an insight to the reduction in activity and associated revenue as a direct result of the change in threshold value. The existing fee of \$6.50 has been applied to demonstrate the revenue impact.

Table 3: IDs for 2005-06 to 2006-07 with and without a Government threshold Change to \$1000.

Year	Number of IDs		Decrease in IDs	Revenue Decrease related to ID Fee (@\$6.50 per ID)
	\$250 Threshold	Change to \$1000 threshold		
2005-06	3,542,122	2,798,276	743,846	\$4.835m
2006-07	3,880,866	3,065,884	814,982	\$5.297m

Approximately 95.7% of Compile/IDs have historically related to air consignments and 4.3% relate to sea (extrapolated from actual figures for 2004-05). The revenue decrease for each transport mode is a direct result of the increase in the Government’s threshold value from \$250 to \$1000. Over the ensuing two financial years, it is expected that revenue for the program will significantly decrease, whilst activity levels increase (based on AE forecasts), if the ID fee remains at \$6.50, within the sea and air cargo activity streams to a total value of \$10.132m as a result of the threshold increase (see Table 4).

Table 4: Air and Sea IDs for 2005-06 to 2006-2007 with Government Threshold Change to \$1000, including Revenue Decrease.

Year	Decrease in IDs		Revenue Decrease related to \$6.50 ID Fee		Total \$
	Air	Sea	Air	Sea	
2005-06	711,861	31,985	\$4.627m	\$0.208m	\$4.835m
2006-07	779,938	35,044	\$5.069m	\$0.228m	\$5.297m

Cargo Risk Management – Air

The previous \$6.50 ID fee will be replaced by a \$14.00 ID Fee to be applied to import declarations with a transport mode of air lodged in the ICS with a value greater than the Government threshold value (currently AUD\$1000). The increased fee replaces the existing COMPILE entry fee, HVLV and HAWB fees, which are aggregated together under the ICS, due to the inability of the ICS to calculate fees at this level. The fee increase also reflects an increase in resources required to undertake the additional screening and associated activities required to clear import consignments (see Section “Additional Costs Associated with Clearing SACs”)

Cargo Risk Management – Sea

The previous \$6.50 ID fee with a transport mode of sea will be replaced by a \$7.00 ID fee applied to import declarations lodged in the ICS with a value greater than the Customs value threshold

(currently AUD\$1000). The minor fee increase reflects an increase in screening effort required as FTE's are re-assigned from the Entry Management activity stream to undertake screening and cargo surveillance activities.

Additional Costs Associated with Clearing SACs

Co-occurring with the revenue decrease for the air cargo activity is the expected increase in expenditure that is to be outlaid by the IC program for costs associated with the additional screening effort required for the clearance due to the increased volume of SACs (see Table 5).

Table 5: SACs for 2005-06 to 2006-07 with and without Government threshold of \$1000.

Year	Number of SACs		Increase in SACs
	\$250 Threshold	Change to \$1000	
2005-06	179,584	779,395	599,811
2006-07	196,752	853,905	657,153

The relationship with SACs and IDs has been mentioned in the background of the CRIS. Currently the ICS system does not allow AQIS the provision for cost recovery at the SAC level. With this limitation in mind, AQIS costs for its clearance activities for all cargo imports reported to the ICS will be recovered through the application of the ID fee calculated on each Import Declaration lodged in the ICS for goods with a value greater than the Customs value entry threshold. This method of charging has been in place since 1997 and accepted by industry and aligned to Customs charging arrangements. AQIS will need to continue to cost recover in this manner until such time that the ICS is enhanced to allow for collection of SAC fees, which is expected to occur in mid 2006. AQIS will be investigating this charging mechanism with a view to implementing charging at the SAC level by mid 2006.

Additional Staffing

In addition to the current screening effort, AQIS will require an additional 25 FTEs within the Air Cargo Unit (see Table 6) to undertake the additional screening and associated activities required to clear import consignments associated with SACs in the ICS (the costs associated with SACs are recovered as a component of the ID fee). As mentioned previously it is estimated an additional 600,000 SACs will be referred to AQIS for clearance. In addition, due to the structure of the ICS, screening activities now take at least three times longer per SAC than under the Customs COMPILE system.

IT Upgrade

Additionally, due to the government requirement of finalising ICS entries prior to release of goods, there will be an increased need for timely and regular communication within the ICS at air courier depots. An upgrade is required to the IT infrastructure at air courier depots so timely and regular communication within the ICS can occur (see Table 6). The upgrade will assist in creating a more efficient and stable IT environment by providing a more reliable IT platform for AQIS staff to clear ICS consignments that have been passed through quarantine. A more efficient, stable IT environment will result in a more efficient import supply chain and industry will realise these benefits by the faster clearance of imported goods. The IT infrastructure upgrade is estimated to cost approximately \$300,000 per annum. The cost is a leasing cost and is not capital in nature.

Table 6: Total Additional Costs Associated with an Increase in the Government Threshold

Year	Item	Annual Cost	Air Cargo Costs*	Sea Cargo Costs*
2005-06*	25 additional FTEs (at \$78,000 each FTE)	\$1,462,500	\$1,399,613	\$62,887
	Annual IT infrastructure	\$225,000	\$215,325	\$9,675
	Total	\$1,687,500	\$1,614,938	\$72,562
2006-07	Extra FTEs recruited in 2005-06 with 4% inflation	\$2,028,000	\$1,940,796	\$87,204
	Annual IT infrastructure	\$300,000	\$287,100	\$12,900
	Total	\$2,328,000	\$2,227,896	\$100,104

*2005-06 figure calculated for nine months of the year

Projected Revenue

Considering the additional clearance of consignments is weighted 95.7% to air cargo and 4.3% to sea cargo, it is proposed the air and sea cargo ID fees are increased in the same proportion (see Table 7).

Table 7: Total Amount to be Recovered.

Year	Revenue Decrease	FTE Costs	IT Infrastructure Upgrade	Total Amount Required to be Recovered
2005-06	\$8.516m	\$1.463m	\$225,000	\$10.204m
2006-07	\$9.961m	\$2.028m	\$300,000	\$11.660m

By setting the ID fee rate at \$14.00 and \$7.00 for air and sea cargo respectively a surplus is forecast for 2005-06 to 2006-07 (see Table 11). However, given the volatile nature of import volumes (AE has advised their forecasts could vary by +5%), the forecast surplus is an estimate only based on the best available historical and forecast information available.

Table 11: Total Revenue Comparisons

Year	Total Amount Required to be Recovered	Forecast Differential with Sea Cargo and Air Cargo Fees of \$14 and \$7 Respectively	Difference	% Difference Impact on Program's Total Revenue
2005-06	\$10.204m	\$11.311m	+\$1.107m	+1%
2006-07	\$11.660m	\$12.392m	+\$0.732m	+1%

Any surplus or deficit is carried forward to the IC Program's income equalisation reserve (see Table 8 for a summary of the projected financial year balances as a result of the ID fee amendments.) Income equalisation reserves are used to manage cost recovery outcomes for each of AQIS' programs between years. The use of these accounts allows AQIS and industry to overcome unforeseen downturns in the recovery of expenditure within each industry. This avoids the need for constant changes to charging levels during the year and the potential for budget supplementation to meet program losses.

Table 8: Projected Financial Results

Year	Expenditure	Revenue	Balance
2005-06	\$94.705m	\$95.843m	\$1.138m
2006-07	\$98.360m	\$99.702m	\$1.342m

In accordance with the terms of the *Financial Management and Accountability Act 1997 (FMA Act)* AQIS has a general agreement with industry on the treatment of over-recovered funds whereby over-recoveries will be returned to industry and therefore will be treated as a liability by AQIS. It is also agreed that the limit of this reserve be usually maintained at between 5% and 10% of Program budget expenditure. The projected balance (see Table 9) of the reserve for the IC Program at the end of the 2006-07 financial year, incorporating two financial years of amended ID fees, is \$6.232m, which is approximately 6% of the anticipated Program's expenditure.

Table 9: Projected IC Income Equalisation Reserve Balance

Year	Notional Transfer	IER Balance
2004-05		\$3.752m
2005-06	\$1.138m	\$4.890m
2006-07	\$1.342m	\$6.232m

Outcomes of Consultation with Stakeholders

In proposing these fee amendments AQIS has consulted with senior managers from the Office of the Prime Minister and Cabinet and Customs.

In addition, AQIS has consulted with the AQIS Industry Cargo Consultative Committee (AICCC) as part of the formal mechanism for reviewing charging arrangements and the proposed fee amendments. The AICCC was established in 1993 to act as the peak industry consultative group between AQIS and the cargo handling/importing industry on all operational, policy, efficiency and strategic issues.

One of the key roles of the AICCC is the consideration of program budgets, cost recovery mechanisms and charging levels and key program performance issues such as efficiencies and effectiveness indicators.

Membership of the AICCC currently comprises representatives of component sections of the logistics and importing chain including shipping, air transportation, shore-based logistics, barrier clearance, international freight forwarding, express carriers, food and beverage importers and cargo owners.

Current membership of the AICCC includes representatives of:

- Customs Brokers and Forwarders Council of Australia Inc. (CBFCA),
- Australian Chamber of Commerce and Industry (ACCI),
- Food & Beverage Importers Association,
- International Air Couriers Association of Australia/CAPEC,
- Australian Air Transport Association,
- Australian Container Depot Association Inc.,
- Australian Federation of International Forwarders,
- Shipping Australia Limited
- Industry Working Group on Quarantine.

The above industry associations have significant membership. All sizes of business maintain representation, from large businesses through to individuals.

The CBFCA has approximately 70% membership of companies and approximately 80% membership of individual brokers employed by those companies within Australia. Membership encompasses individual brokers and small businesses as well as large multinationals.

The ACCI is the peak council of Australian business associations. It represents businesses through Chambers of Commerce in each State and Territory, and a nationwide network of industry associations. The ACCI operates at a regional, national and international level, ensuring the concerns of business are represented at a federal government level, and to the general public.

The AICCC sub-committee 'Working Party on Revenue Collection and Charging Arrangements' was established in 1998. One of the key terms of reference of this committee was to review existing charging and revenue collection arrangements for the Import Clearance Program, including the establishment of new fees and fee structures.

On the information provided, the AICCC was supportive of the fee changes and was actively involved in discussions with AQIS concerning the impact that these amendments would have on industry.

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

PETER YUILE
Executive Director

AQIS

Date:.....



COST RECOVERY IMPACT STATEMENT –

AMENDMENTS OF FEES FOR THE LIVE ANIMAL EXPORTS PROGRAM

Purpose

This proposal involves the amendment of the current fees for the delivery of certification, inspection and audit services for the Live Animal Exports program (the program). This Cost Recovery Impact Statement (CRIS) highlights the rationale for the amendments to these fees and demonstrates their compliance with the government's cost recovery policy. To effect the fee changes, amendments will be required to the *Export Control (Fees) Orders 2001*.

INITIAL POLICY REVIEW

Organisational Objectives

The Australian Quarantine and Inspection Service (AQIS) is one of the business units within the Australian Government Department of Agriculture, Fisheries and Forestry (the Department). The Department is responsible for a wide range of issues including:

- Quarantine, export inspection and certification, which are essential for the maintenance of Australia's highly favourable animal and plant health status, and support Australia's position in global trade.

The role of the Department is to assist the Government to achieve its policy objectives and administer legislation in these areas by contributing to the following outcome identified in the Department's business plan 2005 - 2006:

- Australian agricultural, fisheries, food and forestry industries that are based on sustainable management of and access to markets; are protected from diseases and are underpinned by scientific advice and economic research.

AQIS is an output Group of the Department and contributes to the achievement of the Department's outcome by meeting the following output objective:

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

AQIS provides the following performance information for the provision of effective export inspection services:

- Number of consignments in AQIS export markets where facilitation of release of cargoes is attributed to AQIS involvement
- Rate of rejections of export consignments
- Level of awareness of AQIS export services

AQIS has a vital role in delivering inspection and documentation for the export of live animal and animal reproductive material, verifying that importing country requirements are met to maintain export markets. Exports from Australia's meat, fish, horticulture, grain, live animals and organics export are worth an estimated \$32 billion per year. An estimated \$21 billion of these goods must be certified each year as meeting importing country health and quarantine requirements, prior to their export.

The program's primary function is to issue export permits and health certificates for exports of live animals and animal reproductive material, consistent with Australian legislative responsibilities and importing country requirements.

Should the cost recovery be removed?

The Australian Government Cost Recovery Guidelines provides sound framework for cost recovery practices.

In November 2001, the Federal Government initiated a 40% contribution towards AQIS export fees. In accordance with Government policy, the costs of the services provided by the program are 60% cost recovered from industry and 40% from the Government contribution.

Cost modelling analysis has been undertaken by the program and AQIS Finance to calculate the costs of providing these services to industry.

To alleviate the continued under recovery of costs by the Program a fee review was carried out in 2005-06 which included a new methodology for cost recovery which incorporated a revision for a per head charge for livestock by sea rather than the previous hourly rate.

The Program then carried out a cost modelling exercise and set fees and charges at a level such that the accumulated deficit incurred by the program in preceding years could be recovered in the first full year of operation of the revised fees. This strategy was agreed by industry with the provision that fees would be reduced when the accumulated deficit was recovered.

The new fees were introduced on 1 September 2006 and by the end of the 2006/07 financial year the Program had recovered the accumulated deficit and recorded a balance of \$0.250m in the IEA

As a consequence the program has reviewed the IEA and proposes to reduce some fees by up to 7% to give Industry immediate relief in fees and to prevent a further over recovery before a full fee review is carried out in 2008.

The Program has consulted with industry and they support a fee reduction in the current year and for the Program to conduct a fee review during 2008.

AQIS executive have also endorsed the LAE program fee reduction of 7% to take effect on 1 October 2007.

Mechanisms, including consultation, for monitoring ongoing efficiency and effectiveness of cost recovery arrangements

Regular consultation with the livestock export industry on cost recovery and regulatory activity occurs through the Livestock Export Industry Consultative Committee (LEICC). The LEICC is the principal advisory forum for AQIS and the livestock export industry to consult on all issues relating to Australia livestock exports.

The membership of LEICC comprises of representatives from key industry sectors:

- Australian Livestock Exporters' Council
- LiveCorp
- Cattle Council of Australia
- Sheepmeat Council of Australia
- Australian Veterinarians Association
- Australian Maritime Safety Authority
- Meat and Livestock Australia

- LiveShip
- AQIS and DAFF representatives.

Meetings of LEICC are conducted four times a 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.

Please see the subsequent section "outcomes of the consultation with the stakeholders" for the results of the stakeholder consultation.

Future cost recovery review arrangements

Fees and charges are reviewed on a regular basis as part of the routine governance of AQIS and the financial position of the program is also reported at all LEICC meetings. Changes to the fees and charges must be consistent with the Australian Government Cost Recovery Guidelines.

A working group with the livestock industry will continue to convene on a quarterly basis to review the financial status of the program in line with trade and market volumes. This approach, which is supported by industry, has been taken on the basis that fees for the program are closely linked to the level of industry activity.

The program monitors its performance against budget on a monthly basis and reports its financial position through established governance processes such as the AQIS Leadership and Governance Committee.

The program presently has an increasing surplus in the income equalisation account (IEA). The IEA is used to manage cost recovery outcomes for the program between years. The AQIS policy on the use of industry liability accounts states that where there is an over recovery at the end of the financial year it should initially determine whether fees should be review to ensure industry initiative balances, where agreed with industry.

DESIGN AND IMPLEMENTATION

Who should receive a reduction in 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 program, these clients are:

- Exporters of live animals and reproductive material;
- Registered premises operators; and
- Accredited veterinarians.

The program's services include:

- Inspection of live animals and animal reproductive material for export and assessment of documentation to verify Australian legislative requirements and the importing country requirements have been met;
- Providing certifying compliance with importing country requirements;
- Registering and audit of premises for the assembly, isolation and quarantine of animals intended for export;
- Accreditation of AQIS approved veterinarians;

- Issuing livestock export licenses; and
- Provision of auditing services to ensure compliance with Australia's legislative requirements.

Should cost recovery charges be removed from fees or levies?

This proposal is an adjustment to fees that are already imposed under the "user pays" principle. Under this arrangement the users 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.

The Australian Government Cost Recovery Guidelines outlines the types of regulatory activities. The program undertakes two types of regulatory activity; a) registrations and approvals and b) monitoring ongoing compliance with regulations.

For registrations and approvals other clients will not be able to free ride on an approval of the first applicant, charging is consistent with policy goals and charging is efficient and cost effective allowing for cost recovery, For monitoring ongoing compliance with regulations the charging is consistent with policy goals and is efficient and cost effective, also allowing for cost recovery.

As cost recovery is appropriate for all the program's regulatory activities the charges are based on fees that are efficient, cost effective and consistent with the policy objectives of the agency.

What are the legal requirements for the reduction of charges?

Export Control Act 1982 -

([http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/C8CE3276700CB977CA256F71004CE543/\\$file/ExportControl1982.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/C8CE3276700CB977CA256F71004CE543/$file/ExportControl1982.pdf))

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 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 -

([http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrumentCompilation1.nsf/0/6B1E953D289BB1A7CA257193001624B5/\\$file/ExportControlFeesOrders2001.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrumentCompilation1.nsf/0/6B1E953D289BB1A7CA257193001624B5/$file/ExportControlFeesOrders2001.pdf))

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

Which issues should the proposed legislation address?

The legislation will be amended to introduce the proposed fee structure so that the program will be able to cover its costs.

The existing and proposed fee structure reflected in the *Export Control (Fees) Orders 2001* are listed at Appendix 1 (program proposed units and fees).

Which costs should the charges include?

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

Direct costs include:

- Staffing costs, which can be broken into two components:
 - o salaries and wages rates of staff expressed in annual, fortnightly, daily and hourly terms; and
 - 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;
- The costs of materials and services such as stores, computer services and services obtained on a contract basis;
- Provisions for bad and doubtful debts and Fringe Benefits 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:

- 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 Operational costs such as Animal Programs Executive, Export Documentation System (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 with the remaining 60% recovered from industry.

If the current fee structure remains in place the expected surplus in 2007/08 is \$0.4m and would result in an IEA balance of \$0.5m or 16% of the annual cost of the program.

The proposed fee reduction would result in a small surplus at year end and maintain the IEA balance at the end of 2007/08 at approximately \$0.3m or 10%.

Fee for Service (FFS)

Analysis of export activity, revenue and expenditure was provided by the program. Cost modelling was undertaken by AQIS Finance to establish fees that would recover the costs specific to delivering services for each commodity as well as taking into account the surplus that needed to be stabilised over a year period (Appendix 1).

The program's fees and charges are structured on a fee for service basis under the following categories:

- Document processing and administration (*a. Hourly base fee*);

- Animal inspection (*a. Hourly base fee*);
- Auditing (*a. Hourly base fee*);
- Dispensation processing (*a. Hourly base fee*);
- Registration of premises (*a. Hourly base fee*);
- Livestock by sea (*b. Per head fee*);
- Outport Fee (*c. Fee per visit*);
- Travel (*d. Kilometre base fee*); and
- On-board veterinarians (*e. daily fee*).

The range of fee rates applicable to the provision of program services is outlined below:

AMENDMENTS TO FEES

a) The hourly base fee is to be reduced from \$208 per hour to \$192 per hour

The hourly base fee will be reduced as part of the implementation of the reduction in fees on the 1st October 2007.

The time based fee of \$192 per hour will reduce the over recovery cost of services and the program's accumulated surplus. Services for companion animals, horses, reproductive material, livestock by air, deer/camelids by sea and new protocols for livestock by sea include all activities involved in the issuance of export documentation such as:

- Receiving and processing notification of intention to export documents;
- Examination of documentation and verifying to importing country conditions;
- Preparation of export documentation, dispensations; and
- Overtime.

A time based fee of \$192 per hour will apply to assess applications and conduct audits on AQIS accredited veterinarians and registered premises. It will apply to audits on AQIS licensed exporters.

A time based fee of \$150 per hour will only apply to assessment of AQIS licensed exporters.

The revised hourly fee has been determined on the basis of:

- The total proposed expense.
- The proposed program units and fees for 2006/07 and 2007/08 (appendix 1) to be combined with the above calculations determine the hourly rate that will allow the program to reduce its revenue, providing an hourly base rate of \$192 per hour (Table 1).

Table 1 Calculation of Hourly Fee

Total \$ per hour	40% Govt Contribution	Proposed Hourly Rate
\$320	\$128	\$192
\$250	\$100	\$150

b) Per head fee for livestock (cattle, buffalo, sheep and goats) exports by sea

The per head fee for livestock will be reduced as part of the implementation of the reduction in fees on the 1st October 2007.

For livestock exported by sea the per head fee was calculated on the following:

- The benchmark hours of AQIS involvement for consignments based on the market and livestock species;
- The number of livestock exports forecast for 2007/08;

Table 2: Calculations for livestock per head fee.

Market type	expected exports per year	total cost per head*	With 40% contribution
Cattle tier 2	99,000	\$4.18	\$2.51
Cattle tier 1	502,240	\$2.08	\$1.25
Sheep tier 2	1,398,000	\$0.23	\$0.14
Sheep tier 1	2,484,000	\$0.20	\$0.12
total hours			

The per head fee is divided into tiers and species by the level of complexity of the importing country protocol (Table 3) and therefore increases in associated inspection services. It includes overtime but not travel.

Table 3: Per head fee for livestock exports by sea

Tier	Species	Rate per head	Markets
1	cattle/buffalo	\$1.25	Middle East, South East Asia, Mexico
2	cattle/buffalo	\$2.51	Japan, China, Israel, Korea
1	sheep/goats	\$0.12	Middle East, South East Asia
2	sheep/goats	\$0.14	Saudi Arabia, breeder sheep/goats

For the cattle/buffalo and sheep/goat tiers a base rate of hours required to ensure that the Australian Standards for the Export of Livestock, AQIS legislation and importing country requirements have been met was determined. If the base rate is exceeded by more than 10%, due to poor preparation or paperwork, then an additional hourly charge of \$192 will be incurred (Table 4).

Table 4: The base hours for per head category for livestock exports by sea

Species	Tier	Base hours	Base hours plus 10%
Cattle/Buffalo	1	10	11
Cattle/Buffalo	2	20	22
Sheep/Goats	1	25	28
Sheep/Goats	2	34	38

Clients will be able to accurately estimate AQIS fees and charges for each consignment and there will be consistent charging across all AQIS regions. The hourly rate is applied if the base rates are exceeded due to poor preparation by the exporter – this ensures AQIS recovers costs for the “lost” time block and may subsequently encourage the livestock industry to improve and maintain efficiencies.

c) The travel costs for servicing exports from an outports

Outport fees will remain at the existing rate and will not change on 1st October 2007. Shown below is how this fee was worked out for the last CRIS.

An outport is any seaport that is outside the metropolitan area of a capital city. A service fee per consignment is required for exports from outports to recover the travel related costs of the officer, who is located in the capital city. This fee incorporates:

- overnight stays;
- hire car; and
- travel allowance in accordance with Government rates (Table 5).

Table 5: Components of outports fees

Outport	Port Headland	Geraldton	Broome	Wyndham	Portland	Weipa	Townsville	Karumba
AQIS Regional Office	Perth	Perth	Darwin	Darwin	Melbourne	Brisbane	Brisbane	Brisbane
Travel Allowance	146	146	146	146	146	146	146	146
Accommodation	186	130	199	130	130	180	130	130
Use of car	100	100	100	100	100	100	100	100
Total	432	376	445	376	376	426	376	376
<i>with 40% cont.</i>	259	226	267	226	226	256	226	226
<i>Allow 1% inflation</i>	270	234	278	234	235	266	234	234

Allowing a standardised travel cost allocation to clients for outports (Table 6). If an officer proceeds to the outport by air the client must pay for the airfare as this is not included in the outport fee.

Table 6: Outport-Fee

Outport	Travel Mode	Fee
Weipa	Air	\$266
Townsville	Air	\$234
Karumba	Air	\$234
Portland	Air	\$234
Portland	Land	\$880
Port Headland	Air	\$270
Geraldton	Air	\$234
Geraldton	Land	\$880
Broome	Air	\$277
Wyndham	Air	\$234

The rate if an officer proceeds to the outport by land has been determined by the return distance from the outport to the regional office using the 50c/km travel rate (section d) in addition to overnight stays and travel allowance.

d) Travel

The travel rate will remain at the existing rate and will not change on the 1st October 2007. Shown below is how this fee was worked out for the last CRIS.

The travel rate changed from a time based fee to a kilometre based fee of \$0.50/km for all export related travel, such as return trip from AQIS office to the wharf and the registered premises. The fee is based on the cost of AQIS vehicles to the program.

This allowed for a consistent fee to be charged that is not dependant on time taken to travel to a location. Allowing exporters to accurately estimate AQIS fees for travel and providing consistent charging for the multiple journeys to the same destination.

Both travel and outport fee may be split between exporters when multiple exporters utilise ports or registered premises within the same region.

There is only one category of vehicle used within the program.

e) On-board Veterinarians

This fee will remain at the existing rate and will not change on the 1st October 2007. Shown below is how this fee was worked out for the last CRIS.

In 2003 the then Minister for Agriculture Fisheries and Forestry, the Hon Warren Truss MP, announced a review into the livestock export industry in response to concerns about animal welfare, which examined:

- the adequacy of welfare model codes of practice;
- the adequacy of regulatory arrangements;
- the types of livestock suitable for export;
- supervision of voyages to ensure accurate reporting; and
- the factors that contributed to excess mortalities on the MV *Cormo Express* V93.

One of the recommendations stated that a registered and suitably qualified and trained veterinarian should be on board all livestock export ships where the journey would take over 10 days. To allow transparency of the process AQIS was to monitor some shipments of livestock every year. To allow AQIS to cost recover for this service a daily rate of \$1416. This equates to \$850 with the 40% government contribution, for AQIS veterinarians whilst accompanying the consignment on the vessel. The fee was determined based on salary costs of a veterinary office and at-sea allowance.

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 AQIS Report to Clients provides the following information to clients:

- Current year results;
- Accumulated results taking into consideration prior years; and
- Details of any funds held in industry liability accounts.

Fees and charges have been formulated to properly reflect the costs of providing the activity (Table 7).

Table 7: Comparison of LAE Program Results and IEA Balances

	2006/2007	
	Budget	Actuals
Total Revenue	5,383,118	5,807,186
Total Expenditure	4,643,928	4,650,188
Surplus / (Deficit)	739,190	1,156,998
IER balance/ (accum deficit)	(1,735)	249,644
	2007/2008	
	Current fee structure	New Fees
Total Revenue	5,620,876	5,304,874
Total Expenditure	5,222,144	5,222,144
Surplus / (accum deficit)	398,732	82,730
IER balance	488,883	299,282

Outcomes of Consultation with Stakeholders

AQIS has consulted with the LEICC, Australian Livestock Exporters' Council, LiveCorp, Australian Horse Industry Council, Goat Industry Council of Australia, Pet Industry Association of Australia, Central Australian Camel Association, Deer Industry Association of Australia, Australian Buffalo Industry Council, Australian Alpaca Association, Sheepmeat Council of Australia, Cattle Council of Australia, and the Reproductive Veterinarians of Australia.

A working group with the livestock industry, chaired by Executive Manager, Exports and Animal programs, was established to review fee arrangements for the program in December 2005. The working group are supportive of the proposed fees and the urgent need to stop over recovery.

The program will notify its clients of the revised fees and charges through advising all relevant industry bodies and updating the 'Fee and Charging Guidelines' on the internet.

The program policy on transparency and of forewarning industry of changes has placed it in a good position for managing any future fee 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: 6.9.07

APPENDIX 1

LAE	Unit	Current	Proposed	Quantity	Current Budget 2007/08	New Fee Budget 2007/08
Project Total						
SLC1 - AQIS Apprvd/Accred Vet, Livestock	¼ hour	\$52.00	\$48.00	427	\$ 22,204.00	\$ 20,923.00
SLC2 - AQIS Apprvd/Accred Vet, Livestock - addit State	¼ hour	\$52.00	\$48.00	1	\$ 52.00	\$ 49.00
SLC3 - AQIS Apprvd/Accred Vet, Pets	¼ hour	\$52.00	\$48.00	47	\$ 2,444.00	\$ 2,303.00
SLC5 - AQIS Apprvd/Accred Vet, Embryo trnsf	¼ hour	\$52.00	\$48.00	8	\$ 416.00	\$ 392.00
SLC7 - Non-veterinary Service Providers	¼ hour	\$52.00	\$48.00	20	\$ 1,040.00	\$ 980.00
SLC9 - Application Renewal	¼ hour	\$52.00	\$48.00	11	\$ 572.00	\$ 539.00
Total Project					\$ 26,728.00	\$ 25,186.00
FFS - Companion Animal						
SLF1C - Document processing and administration	¼ hour	\$52.00	\$48.00	14,069	\$ 731,633.76	\$ 689,401.44
SLF2C - Animal inspection	¼ hour	\$52.00	\$48.00	546	\$ 28,392.00	\$ 26,754.00
SLF4C - Dispensation processing	¼ hour	\$52.00	\$48.00	48	\$ 2,496.00	\$ 2,352.00
SLF5C - Travel Km's	km	\$0.50	\$0.50	5,258	\$ 2,629.00	\$ 2,629.00
SLF6C - Travel - Overnight costs	night	\$173.00	\$173.00	0	\$ -	\$ -
Total Companion Animals					\$ 765,150.76	\$ 721,136.44
- Horses						
SLF1H - Document processing and administration	¼ hour	\$52.00	\$48.00	1,925	\$ 100,100.00	\$ 94,325.00
SLF2H - Animal inspection	¼ hour	\$52.00	\$48.00	2,728	\$ 141,856.00	\$ 133,672.00
SLF5H - Travel Km's	km	\$0.50	\$0.50	59,490	\$ 29,745.00	\$ 29,745.00
SLF6H - Travel - Overnight costs	night	\$173.00	\$173.00	0	\$ -	\$ -
Total Horses					\$ 271,701.00	\$ 257,742.00
FFS - Licensing						
SLL1 - Livestock Export Licence - Application	applic ation	\$300.00	\$300.00	62	\$ 18,600.00	\$ 18,600.00
SLL2 - Livestock Export Licence - Assessment	¼ hour	\$52.00	\$37.50	372	\$ 19,344.00	\$ 15,298.50
SLL3 - Livestock Export Licence - Audit	¼ hour	\$52.00	\$48.00	1,440	\$ 74,880.00	\$ 70,560.00
Total Licensing					\$ 112,824.00	\$ 104,458.50
FFS - Livestock by Air						
SLF1LA - Document processing and administration	¼ hour	\$52.00	\$48.00	1,748	\$ 90,896.00	\$ 85,652.00
SLF2LA - Animal inspection	¼ hour	\$52.00	\$48.00	1,676	\$ 87,152.00	\$ 82,124.00
SLF4LA - Dispensation processing	¼ hour	\$52.00	\$48.00	0	\$ -	\$ -
SLF5LA - Travel Km's	km	\$0.50	\$0.50	22,920	\$ 11,460.00	\$ 11,460.00
SLF6LA - Travel - Overnight costs	night	\$173.00	\$173.00	2	\$ 346.00	\$ 346.00
SLF8LA - Document processing and administration (ACT 1100)	¼ hour	\$52.00	\$48.00	2,040	\$ 106,080.00	\$ 99,960.00
Total Livestock by Air					\$ 295,934.00	\$ 279,542.00
FFS - Livestock by Sea						
SLF1LS - Document processing and administration	¼ hour	\$52.00	\$48.00	102	\$ 5,304.00	\$ 4,998.00
SLF2LS - Animal inspection	¼ hour	\$52.00	\$48.00	120	\$ 6,240.00	\$ 5,880.00
SLF4LS - Dispensation processing	¼ hour	\$52.00	\$48.00	120	\$ 6,240.00	\$ 5,880.00
SLF5LS - Travel Km's	km	\$0.50	\$0.50	103,800	\$ 51,900.00	\$ 51,900.00
SLF6LS - Travel - Overnight costs	night	\$173.00	\$173.00	0	\$ -	\$ -
SLF8LS - Document processing and administration (ACT 1100)	¼ hour	\$52.00	\$48.00	192	\$ 9,984.00	\$ 9,408.00
SLFT1CS - Tier 1 Cattle/buffalo	Head	\$1.35	\$1.25	502,240	\$ 678,024.00	\$ 640,356.00
SLFT2CS - Tier 2 Cattle/buffalo	Head	\$2.70	\$2.51	99,000	\$ 267,300.00	\$ 253,192.50
SLFT1SS - Tier 1 Sheep/goats	Head	\$0.13	\$0.12	2,484,000	\$ 322,920.00	\$ 304,290.00
SLFT2SS - Tier 2 Sheep/goats	Head	\$0.16	\$0.14	1,398,000	\$ 223,680.00	\$ 202,710.00
SLFT1CP - Penalty Fee (T1 Cattle)	¼ hour	\$52.00	\$48.00	0	\$ -	\$ -
SLFT2CP - Penalty Fee (T2 Cattle)	¼ hour	\$52.00	\$48.00	0	\$ -	\$ -
SLFT1SP - Penalty Fee (T1 Sheep/Goats)	¼ hour	\$52.00	\$48.00	0	\$ -	\$ -
SLFT2SP - Penalty Fee (T2 Sheep/Goats)	¼ hour	\$52.00	\$48.00	0	\$ -	\$ -
SLF1VS - AQIS on-board Veterinarian	daily	\$850.00	\$850.00	0	\$ -	\$ -
Total Livestock by Sea					\$ 1,571,592.00	\$ 1,478,614.50
FFS - Other animals						

SLF1M - Document processing and administration	¼ hour	\$52.00	\$48.00	801	\$	41,652.00	\$	39,249.00
SLF2M - Animal inspection	¼ hour	\$52.00	\$48.00	1,018	\$	52,936.00	\$	49,882.00
SLF4M - Dispensation processing	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLF5M - Travel Km's	km	\$0.50	\$0.50	2,980	\$	1,490.00	\$	1,490.00
SLF6M - Travel - Overnight costs	night	\$173.00	\$173.00	0	\$	-	\$	-
Total Other Animals					\$	96,078.00	\$	90,621.00
FFS - Outport Fee								
SLT1 - Weipa - by air	visit	\$266.00	\$266.00	1	\$	266.00	\$	266.00
SLT2 - Townsville - by air	visit	\$234.00	\$234.00	2	\$	468.00	\$	468.00
SLT3 - Karumba - by air	visit	\$234.00	\$234.00	2	\$	468.00	\$	468.00
SLT4 - Portland - by air	visit	\$234.00	\$234.00	0	\$	-	\$	-
SLT5 - Portland - by land	visit	\$410.00	\$410.00	20	\$	8,200.00	\$	8,200.00
SLT6 - Port Headland - by air	visit	\$270.00	\$270.00	8	\$	2,160.00	\$	2,160.00
SLT7 - Geraldton - by air	visit	\$234.00	\$234.00	12	\$	2,808.00	\$	2,808.00
SLT8 - Geraldton - by land	visit	\$435.00	\$435.00	6	\$	2,610.00	\$	2,610.00
SLT9 - Broome - by air	visit	\$277.00	\$277.00	19	\$	5,263.00	\$	5,263.00
SLT10 - Wyndham - by air	visit	\$234.00	\$234.00	21	\$	4,914.00	\$	4,914.00
SLT11 - Wyndham - by land	visit	\$972.00	\$972.00	0	\$	-	\$	-
Total Outport Fee					\$	27,157.00	\$	27,157.00
- Reproductive Material								
SLF1R - Document processing and administration	¼ hour	\$52.00	\$48.00	1,229	\$	63,908.00	\$	60,221.00
SLF2R - Animal inspection	¼ hour	\$52.00	\$48.00	328	\$	17,056.00	\$	16,072.00
SLF4R - Dispensation processing	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLF5R - Travel kms	km	\$0.50	\$0.50	9,792	\$	4,896.00	\$	4,896.00
SLF6R - Travel - Overnight costs	night	\$173.00	\$173.00	0	\$	-	\$	-
Total Reproductive Material					\$	85,860.00	\$	81,189.00
Miscellaneous								
SLM1 - Miscellaneous Cost Recovery	unit	\$1.00	\$1.00	0	\$	-	\$	-
Total Miscellaneous					\$	-	\$	-
Premise Registration								
SLRC1 - Registration of premises - Companion Animals	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLRH2 - Registration of premises - Horses	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLRL1 - Registration of premises - Livestock - Inspection	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLRL2 - Registration of premises - Livestock (ACT 1.100)	¼ hour	\$52.00	\$48.00	348	\$	18,096.00	\$	17,052.00
SLRL3 - Registration of premises - Livestock (region admin)	¼ hour	\$52.00	\$48.00	348	\$	18,096.00	\$	17,052.00
SLRL4 - Registration of premises - Livestock - Audit	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
SLRL5 - Registration of premises - Livestock - Travel	km	\$0.50	\$0.50	900	\$	450.00	\$	450.00
SLRR4 - Registration of premises - Reproductive Material	¼ hour	\$52.00	\$48.00	17	\$	884.00	\$	833.00
SLRM5 - Registration of premises - Miscellaneous	¼ hour	\$52.00	\$48.00	0	\$	-	\$	-
Total Premise Registration					\$	37,526.00	\$	35,387.00
Vaccinations								
SLV1 - Rabies Vaccination - 1st animal	animal	\$52.00	\$48.00	24	\$	1,248.00	\$	1,176.00
SLV2 - Rabies Vaccination - Additional animals	animal	\$26.00	\$24.00	8	\$	208.00	\$	196.00
SLV3 - Vaccines or other non-reusable material	cost	\$1.00	\$1.00	620	\$	620.00	\$	620.00
Total Vaccinations					\$	2,076.00	\$	1,992.00

G&S	\$3,292,626.76	\$3,103,025.44
Govt Cont.	\$2,195,084.51	\$2,068,683.63
Other Gov	\$117,000.00	\$117,000.00
Other Revenue	\$16,165.00	\$16,165.00
Total Revenue	\$5,620,876.27	\$5,304,874.07
Expenditure	\$5,222,144.00	\$5,222,144.00
Net Revenue	\$398,732.27	\$82,730.07

*Proposed Budget based on new fees commencing on 1 October 2007