



Australian Government  
Department of Agriculture,  
Fisheries and Forestry

Ref: OBPR23-04702

Mr Jason Lange  
Executive Director  
Office of Impact Analysis  
Department of the Prime Minister and Cabinet  
1 National Circuit  
BARTON ACT 2600

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Dear Mr Lange

## **Impact Analysis – Review of the Biosecurity Cost Recovery Arrangement - Second Pass Final Assessment**

I write in relation to the Impact Analysis (IA) prepared by the Department of Agriculture, Fisheries and Forestry (DAFF) for the revenue raising proposal, *Changes to regulatory charging for biosecurity activities*.

I am satisfied the IA addresses the following areas of concerns raised in your letter of 26 May 2023. Specifically:

- 1. Providing a clear estimate of the total impact of the option and demonstrating how much the cost recovery proposed would close the gap between the cost increase since 2015-16 and existing cost recovery:*** The proposed price changes are needed to stabilise the biosecurity cost recovery arrangement and will close the forecast \$35 million gap between cost and recovered revenue in 2023-24 and in the out years. Without these changes, the gap is expected to increase to around \$53 million by 2026-27. This increasing gap is unsustainable and will impact delivery of existing regulatory activities and DAFF's ability to manage the risk of pests and diseases entering the country. Failure in this context could have potentially devastating and costly consequences for the environment, our agricultural industries and market access for exporters.
- 2. Outlining the principal views of stakeholders, ideally summarising the areas of agreement as well as areas of difference:*** Overall, stakeholders agreed that costs have increased, noting inflationary pressures, however, the general view was reluctant support for price increases with a strong expectation that they deliver more efficient and effective service delivery. Opposition across the range of stakeholders was largely driven by the magnitude of increases, stakeholder service delivery experiences and expectations, the rationale for the price increases and whether stakeholders felt enough information about costing methods had been provided.
- 3. Including some additional information about what the evaluation team would do to evaluate the policy:*** DAFF intends to undertake a post-implementation evaluation of the

comprehensive review of the biosecurity cost recovery arrangement and implementation of the new fees and charges, which will include further consideration of the impact on stakeholders. This is expected to involve seeking feedback from internal and external stakeholders and drawing on the evaluation approaches used by other commonwealth departments that cost recover. The evaluation outcome will inform the approach to future reviews of the biosecurity cost recovery arrangement, identify improvements and successes, and assist in the development of the annual review cycle. DAFF will also monitor and confirm ongoing compliance with the Australian Government Cost Recovery framework through regular engagement with the Department of Finance.

**4. Including a regulatory burden estimate table per the Regulatory Burden Measurement Framework:** Noting the challenges of quantifying regulatory cost, it is our expectation that the annual regulatory cost due to proposed changes to the biosecurity regulatory charging will be negligible. The new charges largely represent adjustments to existing fees and charges as opposed to an introduction of new regulatory imposts.

In the absence of the proposed changes to regulatory charges, DAFF's ability to deliver existing regulatory activities will be impacted. This would see delays in delivery of regulatory activities, leading to increased costs associated with regulation (such as demurrage and storage costs not usually incurred). Without increases to prices, stakeholders could see longer clearance times and associated delay costs and subsequent increased regulatory cost burden.

Stabilising the current biosecurity cost recovery arrangement to recover the actual cost to deliver regulatory activities means DAFF can continue to manage biosecurity risk and protect agricultural industries, the environment and our way of life. This alignment is an important first step in implementing a sustainable funding and investment model for biosecurity, through which industry will see a range of benefits in coming years.

I am satisfied that the IA is consistent with the six principles for Australian Government policy makers as specified in the Australian Government Guide to Policy Impact Analysis.

I submit the IA to the Office of Impact Analysis for formal final assessment.

Yours sincerely



Peta Lane  
A/g Deputy Secretary  
Biosecurity and Compliance  
Department of Agriculture, Fisheries and Forestry  
8 June 2023

Attachment:

Attachment A: Changes to regulatory charging for biosecurity activities impact analysis