



Australian Government

**Department of Agriculture,
Fisheries and Forestry**

Changes to regulatory charging for biosecurity activities – impact analysis

Summary

Biosecurity is critical to managing the risk of pests and diseases that threaten Australia's economy and environment. The Department of Agriculture, Fisheries and Forestry (DAFF) undertakes a range of regulatory activity and recovers the costs associated with this activity to ensure our biosecurity system remains robust, responsive to emerging risks and we maintain our biosecurity status and continued market access for our products.

There are five main pathways through which a pest or disease can reach Australia: cargo, sea vessels and aircraft, international travellers, overseas mail and natural pathways. DAFF's regulatory activities manage the biosecurity risks arising from the movement of people, goods and conveyances (vessels and aircraft) entering Australia through these pathways. These activities also include assessing compliance of imported food with relevant food standards and public health and safety requirements.

The biosecurity cost recovery arrangement was last reviewed in 2015, prior to the commencement of the *Biosecurity Act 2015* and *Biosecurity Regulations 2016*. Since then, fees and charges have largely remained static, except for some increases to specific charges in 2018, 2020 and 2023.

Since the 2015 review, both the Australian and global economy have changed significantly and Australia's biosecurity system has become more complex. These changes have placed pressure on DAFF's resources and ability to continue to deliver biosecurity activities effectively.

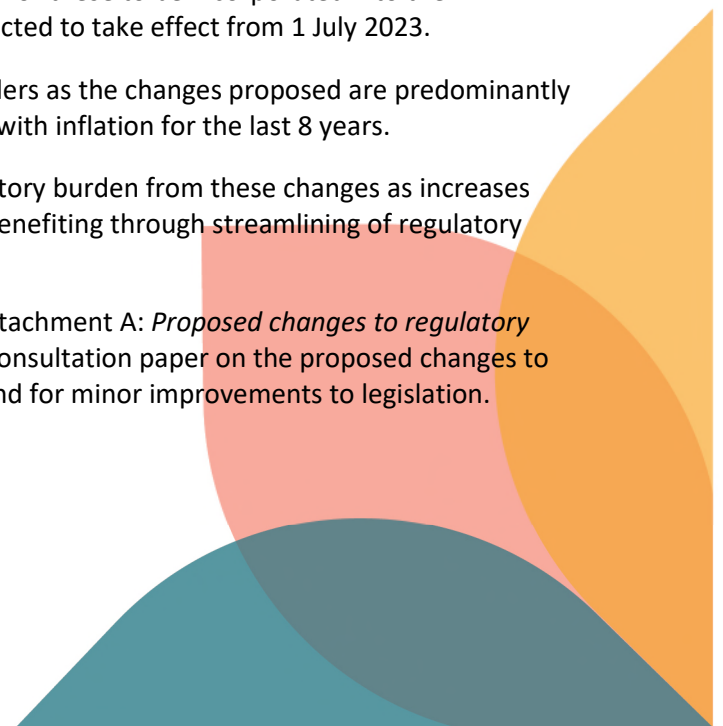
These factors continue to impact DAFF's operations and have driven the need to review fees and charges and implement adjustments to ensure we recover the actual cost of delivering regulatory activities - to stabilise the biosecurity cost recovery arrangement. A comprehensive update to the cost recovery arrangement will help ensure DAFF can continue to manage the biosecurity system, so it remains strong and protects Australia's economy, environment and way of life.

An open public consultation process sought feedback on proposed changes to regulatory charging, which enabled stakeholders to provide their views and for these to be incorporated into the implementation approach. Proposed changes are expected to take effect from 1 July 2023.

These changes will have financial impacts on stakeholders as the changes proposed are predominantly increases to fees and charges that have not kept pace with inflation for the last 8 years.

Stakeholders can expect a negligible increase in regulatory burden from these changes as increases apply to existing fees and charges, with some payers benefiting through streamlining of regulatory charges, making billing simpler for some activities.

This analysis is supplementary to the information in Attachment A: *Proposed changes to regulatory charging for biosecurity activities*, which is a detailed consultation paper on the proposed changes to regulatory fees and charges for biosecurity activities and for minor improvements to legislation.



Biosecurity Benefits

Adjusting fees and charges 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.

Proposed changes to existing cost recovery fees and charges

The changing biosecurity environment has placed increasing pressure on the department to deliver regulatory activities and continue to manage biosecurity risk both efficiently and effectively. Like any business, DAFF's regulatory costs have increased and charges need to be adjusted to meet the actual cost of delivering regulatory activities.

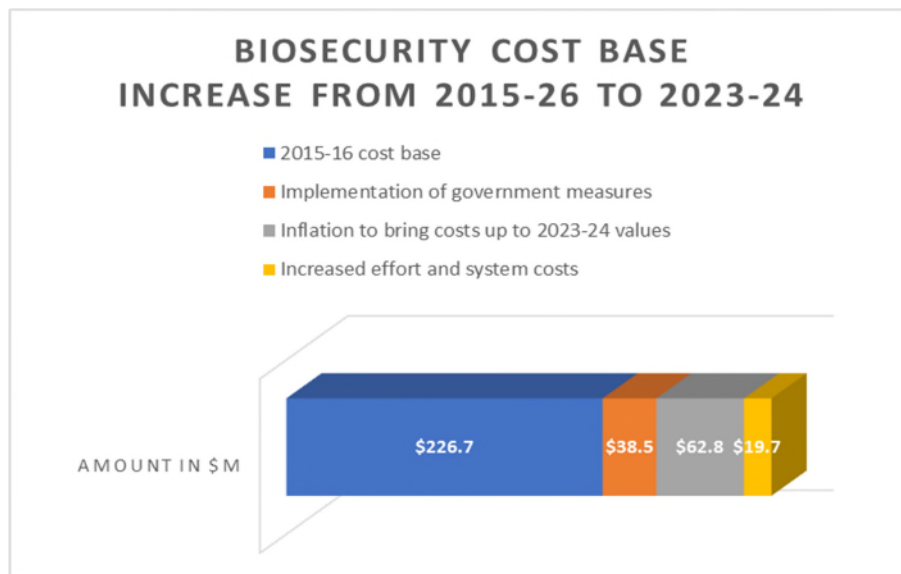
In 2020-21, DAFF commenced a comprehensive review of the biosecurity cost recovery arrangement to determine adjustments needed to stabilise the cost base. This included surveying current effort for biosecurity activities, validating cost and effort data, and modelling the impacts on prices across all charge points. The review identified the actual cost and effort needed to deliver activities as well as the significant financial and operational risk of a growing gap between costs and revenue.

The outcome of the review proposed changes to existing regulatory charging to align fees and charges with the actual cost to deliver biosecurity and imported food activities. The review process ensured the proposed price changes were set to recover only the minimum efficient costs of delivering DAFF's regulatory activities, in keeping with the Australian Government Charging Framework. In addition, minor changes to charging legislation were identified and proposed for amendment, providing greater clarity and consistency in the application of certain charges.

In 2023-24 the estimated total cost of the biosecurity cost recovery arrangement is forecast to be around \$347.7 million. Proposed price changes for current biosecurity and imported food regulatory activities is forecast to recover around \$35 million in additional revenue to the estimated revenue of \$312.4 million for 2023-24, based on current prices.

An analysis of the growth in the cost base between 2015-16 and 2023-24 shows that of the total increase of \$121 million, an estimated \$62.8 million or 52 per cent, is the impact of inflation (excluding depreciation and government measures). This is shown in the graph below.

Graph 1 – Components of the increase in the cost base from 2015-16 to 2023-24



Around one third of the increase or \$38.5 million, has been driven by implementing government measures over this period. This includes the expansion of cost recovery announced in November 2019 and the cost of managing the threats associated with hitchhiker pests announced in May 2021.

The remaining increase of around \$19.7 million is attributable to DAFF's increased effort in responding to the changing economic, trade and biosecurity environment, as well as depreciation on new systems as they became operational. Further analysis reveals that while inflation is the primary driver, growth in imports has also influenced the growing gap between costs and recovered revenue. This is especially evident following the onset of COVID-19 and from 2021-22 as consumers changed their habits buying more goods online rather than taking holidays or using other services (for further details, see Attachment A, Chapter 7 *Changing costs* on pages 26-27).

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.

These price changes will close the gap to full cost recovery for all but a few activities. It is not possible to fully cost recover for some imports, such as bees and ruminants, as there may be several years between consignments, however, facilities are maintained for these commodities regardless of actual imports.

Who would be affected?

DAFF provides regulatory services to stakeholders in the import and shipping industries including importers, customs brokers, freight forwarders, vessel masters, biosecurity and imported food industry participants and shipping agents. Services are also provided to users of the post entry quarantine facility and to a limited extent, international passengers. These stakeholders will be affected by the price changes to varying degrees, based on their individual levels of participation in the biosecurity system.

In some cases, it is likely that the proposed price increases will be borne by domestic consumers of imported goods, indirectly through the passing on of third-party import costs such as logistics and handling fees.

Affected stakeholders can be categorised into 4 key user groups - importers, conveyance operators, biosecurity industry participants and to a limited extent, international passengers.

These groups are serviced via three distinctive streams of activities as follows:

- Import clearance – for cargo import and clearance activities
- Seaports – for conveyance operators and air and seaports
- Post entry quarantine users – for importers of plants and animals, including horses, cats, dogs, bees, live birds and hatching eggs.

Figure 1: Biosecurity cost recovery arrangement streams and user groups.

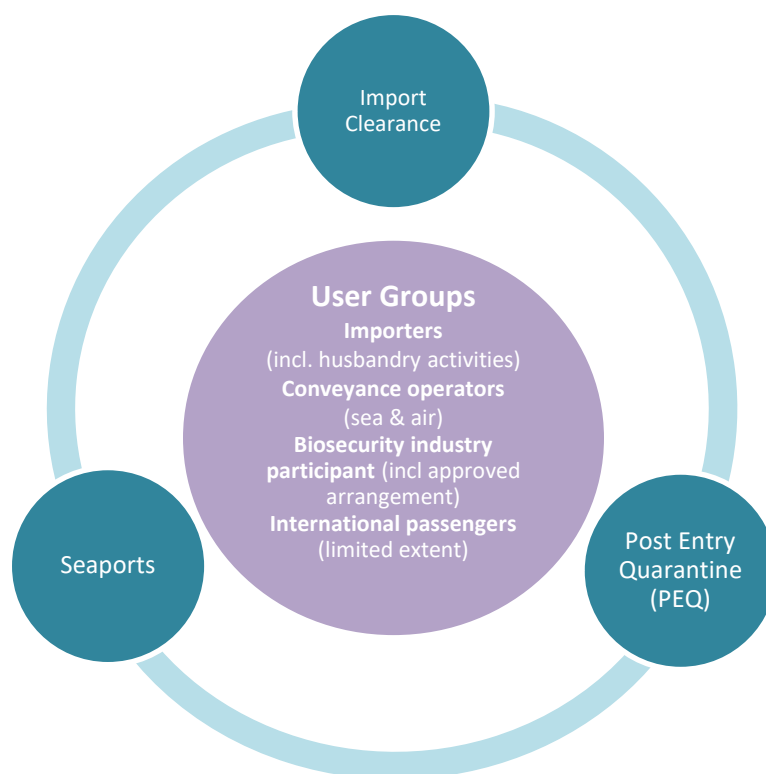


Table 1 Biosecurity cost recovery arrangement costs (million) by stream, 2015-16 to 2023-24

Stream	2015-16 (a) (\$ m)	2021-22 (a) (\$ m)	2022-23 (f) (\$ m)	2023-24 (f) (\$ m)	% change (2016 vs 2023)	% change (2016 vs 2024)
Import clearance	194.7	260.7	285.4	292.7	46.7	50.4
Seaport	20.4	31.4	31.4	32.6	53.9	59.8
PEQ	11.6	16.8	22.4	22.4	93.1	93.1
Total costs	226.7	308.9	339.2	*347.7	49.6	53.4

Note: a = actual, f = forecast

* At the time the consultation paper was released, the total cost for the biosecurity cost recovery arrangement was forecast to be \$348.8 million for 2023-24. During the development of the 2023-24 biosecurity cost recovery implementation statement and in response to stakeholder feedback, cost allocations for the biosecurity cost recovery arrangement were revised. This resulted in a reduction of \$1.1 million in forecast costs to be recovered.

Table 1 sets out the increasing cost of the biosecurity cost recovery arrangement by activity stream. The percentage increase for each stream provides an indication of the impact on stakeholder groups. The actual and forecast change in total cost since 2015-16 is substantial and shows the rising cost to deliver regulatory activities. This corresponds to the inflationary impacts on DAFF’s costs as well as DAFF’s increased effort to manage changed biosecurity risk profiles and the increased complexity of the biosecurity system.

The PEQ stream is the most affected user group, with the cost to deliver PEQ activities increasing significantly since 2015-16. New PEQ facilities came online in 2015 providing state of the art laboratories and deliver a far superior bio-containment area than the previous multiple facilities

located around Australia. Users of the new PEQ facilities will see the most substantial changes in prices, with plant importers and avian importers the most impacted.

The proposed increases are necessary to address a long period of increasing under recovery and transition towards sustainable cost recovery for all PEQ activities (for further details, see Attachment A, Chapter 7 *Changing costs* on pages 26-27).

Regulatory Cost Burden

Changes to the regulatory cost as a result of the increases to regulatory fees and charges, is estimated to be negligible or nil. The new prices are increases to existing fees and charges that impacted stakeholders already pay when they participate in the biosecurity system. Table 2 sets out the assessed change in impact of annual regulatory costs associated with changes to regulatory charges.

Table 2: Regulatory burden estimate (RBE) table

Average annual regulatory costs (from business as usual)

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	Negligible	Negligible	Negligible	Negligible

It is not anticipated that affected stakeholders will experience any changes in compliance requirements. However, some businesses, especially those with regular financial transactions with the department, may experience an initial increase in implementation/administration effort to update their systems and business processes. However, this should be limited to one-off changes.

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 with a subsequent increased regulatory cost burden.

Consultation

DAFF commenced a comprehensive review of the biosecurity cost recovery arrangement in 2020-21. Engagement began at this time with DAFF advising industry the review was underway, providing progress updates through industry consultative committees, import industry advice notices and information published in cost recovery implementation statements on DAFF's website. Stakeholders were informed the outcome of the review would result in changes to fees and charges for regulatory activity, with an expected implementation date of 1 July 2023.

Proposed price changes were socialised through a widespread public consultation process from March to early May 2023. This involved release of a consultation paper *Proposed changes to regulatory charging for biosecurity activities* (Attachment A) and an invitation to provide feedback through DAFF's *Have Your Say* online consultation platform. The paper provided detailed rationale of the drivers behind the proposed changes, the costing methodology, proposed pricing and other adjustments to regulatory charging through legislative amendments.

In addition to the consultation paper, DAFF engaged directly with key industry groups through consultative industry forums and provided opportunity for other stakeholders to engage through an online public forum. DAFF also undertook direct iterative engagement with industry stakeholders who sought further information or clarification following consultative forums.

Consideration was also given to formal and informal views provided by industry and other entities on the proposed changes through other channels.

Feedback was received from a diverse range of stakeholders including customs brokers, freight forwarders, research institutions, importers, pet transport companies, industry associations and peak bodies, industry consultative committee members, post entry quarantine facility users and approved arrangement holders.

Overall, stakeholders agreed that costs have increased, noting inflationary pressures, however, the general view was reluctant support for price increases and a strong expectation that any increased prices needed to equate to more efficient and effective service delivery.

Most stakeholders noted the intention of the proposed changes, as an alignment of actual cost and effort to deliver current regulatory activities. Messaging made it clear that the cost to deliver current regulatory activities exceeds current cost recovery, although the specific detail of how the cost increases (and magnitude of increases) impacted each sector was the subject of much deliberation.

Strongest opposition to the price increases came from users of the PEQ, particularly from plant stakeholders who can expect an increase of 165% on the existing importation charge. It should be noted that current under recovery for these stakeholders is high. 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.

Table 3 shows the PEQ has been under-recovering since 2018-19, the last year of multiple facilities and final transition to one facility at Mickleham in Victoria. Increased costs and volumes of activities are evident after the initial COVID-19 slowdown due to airline cancellations.

Table 3: Historical revenue and expenses for post entry quarantine activities 2015-16 to 2022-23

PEQ – All streams (\$m)	Actual Results							Forecast
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	13.236	22.579	22.781	25.973	13.811	13.015	16.029	17.072
Expense	11.632	19.862	21.702	26.308	15.401	15.805	16.783	17.475
Net Position	1.604	2.717	1.079	(0.334)	(1.590)	(2.790)	(0.753)	(0.403)

DAFF provided additional information to some stakeholders to further explain changes in effort, aspects of the modelling and the difference in DAFF's finance systems versus that of a for-profit business. What was also clear through this engagement was that DAFF needs to provide better information to stakeholders in a form that they understand and leads to better discussion and understanding. DAFF will seek to do this for future consultation with stakeholders.

Through the consultation process DAFF considered views and received additional information to inform price calculations. This resulted in a reduction in the horse importation charge, and as noted above in the note to Table 1, a reduction of \$1.1 million in the forecast cost to be recovered in 2023-24.

DAFF recognises the magnitude of some proposed price changes is significant and the source of some of the strongest opposition from stakeholders. To minimise the impact of future changes DAFF is committed to an annual review cycle to ensure costs and effort remain relevant. This process will allow for regular consideration of the effort and cost to deliver regulatory activities and for decreases in prices where effort reduces.

Further details of the feedback received from stakeholders and DAFF's responses is provided at Attachment B.

Working with impacted stakeholders

The consultation paper released on 27 March proposed for changes to regulatory charging, including new fees and charges, would commence from 1 July 2023. This gave industry around 3 months' notice of upcoming changes, providing time for DAFF to collate feedback received, advise the government on consultation outcomes, and give impacted stakeholders time to update their systems and arrangements, as needed.

DAFF will continue to engage with stakeholders through established industry consultative committees, comprised of representatives from all impacted stakeholder groups. Through these committees DAFF consults on a range of issues, including changes to regulatory charging before any revisions or updates are made.

These consultative committees include:

- Cargo Consultative Committee
- Biological Consultative Group
- Imported Food Consultative Committee
- Horse Industry Consultative Committee
- Post Entry Quarantine Plant User Group

DAFF also engage with representatives for avian, cat and dog importers, and with other peak bodies, industry, or individuals, as requested.

These committees are key communication channels providing opportunity for ongoing engagement with stakeholder groups.

Implementation Pathway

The implementation of changes to regulatory charging will require amendment to existing biosecurity and imported food charging legislation.

Advice on timing and the approach to implement these changes has been provided through the public consultation process, with details of the various legislative instruments that will require amending provided in the *Proposed changes to regulatory charging for biosecurity activities* consultation paper.

Advice on the new fees and charges will be supported by the release of a final biosecurity cost recovery implementation statement and associated website and communication material, including import industry advice notices and updates directly to industry consultative committees.

Communication notices are intended to be released iteratively and will include information on transitional arrangements, as well as how and when new and old prices and regulatory changes will apply. Guidance material with specific scenarios demonstrating the application of new regulatory charges will also be published on DAFF's website.

Evaluation

There is an existing biosecurity cost recovery team within DAFF, which offers an experienced and transparent pathway for considering implementation issues. DAFF will be moving to an annual review

cycle, which will include ongoing monitoring and evaluation of the biosecurity cost recovery arrangement.

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.



Australian Government

Department of Agriculture,
Fisheries and Forestry

Proposed changes to regulatory charging for biosecurity activities

Consultation paper

Biosecurity Cost Recovery Arrangement



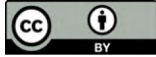
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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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1 Purpose

Australia's biosecurity system protects our economy and our way of life – our agricultural, fisheries and forestry exports are forecast to be \$75 billion in 2022–23 (Greenville 2023), our environmental assets worth over \$5.7 trillion, and more than 1.6 million jobs across the agricultural supply chain (DAWE 2021).

Our biosecurity system is strong but faces increasing pressure to manage growing risks in our region and it is not well-aligned with emerging threats and the demands of our trading partners.

In recognition of this, the Australian Government has committed to strengthening Australia's biosecurity system.

We commenced this work by seeking feedback on a long-term sustainable funding model and views on what this would look like, including potential additional funding sources. We are currently considering the feedback received and will make recommendations to the government this year.

This consultation paper relates to the current biosecurity cost recovery arrangement and the outcome is a down payment towards the long-term sustainable funding model. Its purpose is to seek your views on proposed changes including increases to regulatory fees and charges. The paper outlines the increased cost to deliver regulatory activities, the department's cost calculation methodology and the reasons for the proposed changes to fees and charges.

The proposed changes presented in this paper are the outcome of a comprehensive review of the cost to deliver existing regulatory activities to effectively manage biosecurity risk, undertaken by the Department of Agriculture, Fisheries and Forestry.

Implementation of any proposed changes to fees and charges will only occur after a decision of government and amendments to current biosecurity and imported foods charging legislation. Further details about the legislation are in Appendix A: Biosecurity cost recovery charging framework.

How to provide feedback

The department is interested in your perspective on the proposed changes to regulatory fees and charges and how they will affect the industry or business you represent.

We invite you to provide feedback which can be raised through your [Industry Consultative Committee](#), directly to BioCRIS@agriculture.gov.au, or via a submission on the department's '[Have Your Say](#)' website.

The timeline for engagement and implementation is outlined in Table 1.

Table 1 Timeline for engagement and implementation

Action	Date
Industry consultation paper released	27 March 2023
Industry Consultative Committee meetings and public forums held	5 April – 20 April 2023
Closing date for engagement and feedback submissions	24 April 2023
Consolidate and finalise feedback	1 May 2023
Release of new Cost Recovery Implementation Statement (CRIS)	15 June 2023
Expected commencement of new regulatory charges	1 July 2023

Further information on the proposed changes and anticipated implementation of new regulatory fees and charges in 2023 will be made available on the [department's website](#), communicated via Industry Import Advice Notices and through industry consultative committees.

2 Scope of review

The review of the biosecurity cost recovery arrangement was a comprehensive consideration of the activities for which the department has both government approval and statutory authority to cost recover. That is, it covers existing regulatory activities only.

Changes in the biosecurity system, as discussed throughout this paper, and decisions made to delay the review of the arrangement as a result of the global pandemic, have meant the current fees and charges are no longer sufficient to recover our biosecurity regulatory effort. Adjustments need to be made to re-align regulatory fees and charges with the actual cost to deliver these activities.

Through the review we have also been able to ensure fees and charges for activities remain appropriate to users of the biosecurity system. Through internal effort surveys, we have determined how much effort our staff are applying to deliver regulatory activities. This ensures we only charge users of the biosecurity system for our reasonable costs for a particular activity, keeping costs to industry at a minimum for those activities.

New regulatory charging options and alternative funding sources are being considered separate to this review – as part of a broader discussion on the development of a sustainable funding and investment model for biosecurity. This is essential to strengthen Australia's biosecurity system and support long term operating requirements. Further information on the development of this model is available on the [department's website](#).

3 Overview and background

Biosecurity is critical to managing the risk of pests and diseases that threaten the economy and environment. The department undertakes a range of regulatory activity and recovers the costs associated with this activity to ensure our biosecurity system remains robust and efficient. Cost recovery contributes to the department's funding for work to ensure we maintain our biosecurity status and continued market access for our products.

There are 5 main pathways through which a pest or disease can reach Australia: cargo, sea vessels and aircraft, international travellers, overseas mail and natural pathways. The department's regulatory activities manage the biosecurity risks arising from the movement of people, goods and conveyances (vessel and aircraft) entering Australia through these pathways. These activities also include assessing compliance of imported food with relevant food standards and public health and safety requirements.

The biosecurity cost recovery arrangement was last reviewed in 2015, prior to the commencement of the *Biosecurity Act 2015* and Biosecurity Regulations 2016. Except for some minor increases to specific charges in 2018, 2020 and 2023, fees and charges have largely remained static.

Since the 2015 review, both the Australian and global economy have changed significantly, and Australia's biosecurity system has become more complex. These changes have placed pressure on the department's resources and ability to continue to deliver biosecurity activities efficiently.

We continue to respond to changes such as:

- increasing and changing patterns of global trade, travel and land use
- increased volume and complexity of imports requiring assessment
- climate events creating suitable environments for pests, weeds and diseases to establish
- global emergence of novel pest and disease threats, including to human health
- changing distribution of pests and diseases in nearby countries
- inflation on wages, suppliers, systems, property and utility costs
- increases in staff, high attrition rates, time required to train new staff and tight labour markets.

These factors continue to impact the department's operations and have driven the need to review our fees and charges and implement adjustments to meet the actual cost of delivering regulatory activities. A major update to our cost recovery arrangement will help ensure the department can continue to manage our biosecurity system, so it remains strong and protects Australia's economy, environment and way of life.

3.1 Overview of proposed changes

Set out in this paper are proposed changes to fees and charges in response to the changes in our biosecurity environment and the cost of delivering regulatory activities. The paper also includes information on initiatives and reforms undertaken by the department to improve our management of risks and speed up cargo clearance times for importers.

Most prices are proposed to increase, reflecting a corresponding increase in biosecurity regulatory activity and complexity of the biosecurity system since prices were last modelled in 2015–16. In some cases, prices will decrease reflecting the reduced risk and effort for those activities.

The largest proposed increases relate to post entry quarantine activities which have largely been under-recovered for several years, with the exception of horses, cats and dogs. The proposed changes address this under-recovery going forward. Horse importation charges will increase as part of the realignment of effort with charges. In previous years we had not been allocating sufficient effort to horse regulatory activities and using departmental funds, so it appeared the horse stream was over-recovering which was not the case. The realignment of our effort and the amalgamation of the import charge and husbandry fee for horses has resulted in an overall increase in the cost of importing a horse.

Details of pricing are at in section 4.2 set out in Table 2 and Table 3.

3.2 Indexation and annual review of prices

Regular review of forward year efficient costs is a requirement under the Australian Government Charging Framework. Ongoing monitoring and review of the cost model will identify any efficiencies with regulatory processes that could be passed on to industry. The review and indexation of the cost elements in future years will be determined prior to the commencement of the year. Applying regular price reviews aims to align increases in wage and supplier costs or pass on efficiencies each year.

To recognise that our costs do not remain static and to avoid large increases in the future, the department is proposing to index appropriate cost elements annually, based on an agreed growth index from the Australian Bureau of Statistics or the Reserve Bank and that is publicly available. This will be done in conjunction with an annual rebasing review of the actual minimal costs to identify any efficiencies with regulatory processes.

We will continue to review our costs each year and ensure they remain aligned with the price and we do not under or over recover the minimum efficient costs to provide regulatory activities. The cost rebasing and proposed indexation could be built into the appropriate biosecurity legislation. The review and indexation of the cost model in future years will be determined prior to the commencement of the year and the department would advise prices with sufficient time for industry to adjust systems, as necessary.

This should provide industry with a greater degree of certainty on the timing and value of price changes, as well as reduce the need for amendment of legislation each time prices change.

3.3 Key differences between 2022–23 and 2023–24

In addition to proposed changes in prices, we are proposing several other changes from the charging arrangements that apply in 2022–23, including:

- The horse husbandry fee be removed and amalgamated into the horse importation charge to better reflect the import and quarantine process for horses. A husbandry fee will only apply if a horse overstays the 14-day quarantine period.

- The importation charge for bees, cats, dogs, horses and other animals move to the same charging arrangements that currently applies to live birds and hatching eggs. That is, 20% of the importation charge will be required as a non-refundable reservation charge. The remainder of the importation charge will be payable, along with the applicable husbandry fee, when the animal is confirmed for entry. This policy will not apply to plants.
- Out-of-office fees will be payable for any fee-for-service activity where a departmental officer is required to travel to a site other than a departmental office. This will mainly affect manned site arrangements that currently pay an in-office rate and is intended to bring equity between manned and unmanned sites that receive the same level of service from the department.
- In line with the Biosecurity Regulations 2016, vessels will no longer be referred to as greater than or less than 25 metres. Vessels are referred to as either 'non-commercial' or 'vessels other than non-commercial' in status. Non-commercial vessels are vessels that are used, or are intended to be used, wholly for recreational purposes. Commercial vessels are all other vessels.

4 Proposed changes to regulatory charges for biosecurity activities

As noted earlier, the biosecurity cost recovery arrangement was last comprehensively reviewed following the introduction of new legislation in 2016. Since this review, only minor price changes have been implemented as follows:

- 2018 – increases to approved arrangements fees and vessel arrival charges
- 2020 – increases to Full Import Declaration (FID) and vessel arrival charges
- 2023 – increase to the Sea FID charge.

These increases were to fund additional work across the biosecurity system and implement decisions of government. Fees and charges for biosecurity activities have largely remained static since 2015. This means for the last 8 years a large proportion of our revenue has remained fixed, while our costs and effort have continued to increase.

4.1 The review of the biosecurity cost recovery arrangement

From July 2021 to December 2022, the department undertook a comprehensive review of the biosecurity cost recovery arrangement to determine the adjustments needed to stabilise the cost base. This included surveying current regulatory effort and biosecurity activities, validating data (cost and effort) and modelling the impacts on prices across all charge points. The outcome of the review is the proposed changes to regulatory fees and charges shown in Table 2 and Table 3.

As noted earlier, most prices are proposed to increase. In some cases, prices will decrease reflecting the reduced risk and effort for those activities.

4.1.1 Post Entry Quarantine (PEQ)

The largest proposed changes are those relating to PEQ activities at Mickleham. PEQ costs have been under-recovered across streams for several years and our charges needed realignment with our effort and costs. The proposed changes address this under-recovery going forward, noting our proposal to use indexation in future years (section 3.2 Indexation and annual review of prices).

Price increases reflect the high costs to maintain some facilities (hatching eggs) or are the result of low import volumes for some species (live birds, bees, ruminants) where a facility needs to be maintained regardless of import volumes.

In the case of live birds, bees and ruminants, we maintain facilities at the PEQ and may not receive any consignments for several years. Adequate cost recovery is challenging. This issue will be explored further as part of the sustainable funding agenda. For now, we have increased prices for bees and ruminants at a similar rate to that for horses, however, this will not recover all of our costs for these compounds.

Our costs for the importation of hatching eggs and live birds are significant due to the type of facilities provided at the PEQ and the current high cost of electricity and gas required to run them. Prices are reflective of these increased costs and effort.

Conversely, the cost of husbandry for live birds and hatching eggs has reduced, partly due to better techniques and the involvement of industry in the husbandry process. The large increase for hatching eggs still maintains a competitive price when compared to the cost of using a private facility.

Plant quarantine charges are proposed to increase resulting from a combination of previous under-recovery, high running costs for the facility, especially electricity and gas, and increased staff numbers to manage growing volumes. However, the PEQ is also looking at measures to reduce costs through updates to the hothouses, such as using solar energy generation.

4.1.2 Fees

Fee-for-service prices are harmonised across 4 activities – inspection, document assessment, supervision and audits. The increase in fee-for-service prices reflect salary and travel cost increases, which have increased by around 20% from 2015 prices.

4.1.3 Full import declarations (FIDs)

FIDS for air and sea cargo have modest increases in line with increased staffing costs, growing complexity of cargo imports and the effort required to manage the biosecurity system.

4.1.4 Approved arrangements

Approved arrangements allow operators to manage biosecurity risks without constant supervision by the department and with occasional compliance monitoring or auditing. Regulatory costs for approved arrangements have increased. However, at the same time the types of approved arrangements have expanded and increased partnership and collaboration with industry. This continues through joint development of compliance and assurance models that mean faster clearance and reduced costs for industry.

4.2 Comparison of current and proposed regulatory charges

Table 2 and Table 3 set out current (on 16 January 2023) and proposed new fees and charges for biosecurity regulatory activities in 2023–24.

Table 2 Comparison of current and proposed charges for biosecurity regulatory activities

Type of charge	Charge point	Unit	Current Price (\$)	Proposed Price (\$)	Movement
Charges	Full Import Declaration charge – air	Per import declaration	38	43	Increase
	Full Import Declaration charge – sea	Per import declaration	58	63	Increase
	Non-commercial vessel arrival charge	Per vessel	120	155	Increase
	Vessel, other than a non-commercial vessel arrival charge	Per vessel	1,054	1,354	Increase

Proposed changes to regulatory charging for biosecurity activities: Consultation paper

Type of charge	Charge point	Unit	Current Price (\$)	Proposed Price (\$)	Movement
	Permit application charge	Per application	120	122	Increase
	Approved arrangement application charge	Per application	180	194	Increase
	Approved arrangement – AEPCOMM entry	Per item	18	20	Increase
	Approved arrangement – single site	Per item	2,500	2,680	Increase
	Approved arrangement – multi site	Per item	2,900	3,110	Increase
	Approved arrangement – broker	Per item	500	536	Increase
	Compliance agreement – imported foods	Per item	2,500	2,680	Increase
	PEQ importation charge – horses Includes both the importation charge and the husbandry fee for 14 days under the current arrangement	Per animal	3,840	5,068	Increase
	PEQ importation charge – ruminants or animal >25 kgs other than a cat or dog	Per animal	3,000	5,024	Increase
	PEQ importation charge – cat, dog or other animal ≤25 kgs	Per animal	1,200	1,265	Increase
	PEQ importation charge – bees	Per bee consignment	2,500	4,187	Increase
	PEQ importation charge – avian (fertile eggs)	Per hatching egg consignment	39,130	65,543	Increase
	PEQ importation charge – avian (live bird)	Per live bird consignment	14,050	23,534	Increase
	PEQ importation charge – plants	Per m ²	110	291	Increase

Table 3 Comparison of current and proposed fees for fee bearing biosecurity regulatory activities

Type of charge	Charge point	Unit	Current Price (\$)	Proposed Price (\$)	Movement
Fee for service – assessment, approval, inspection, treatment, and audit	In-office fee during ordinary hours of duty, including virtual inspections	Per 15 minutes	30	37	Increase
	Out-of-office fee during ordinary hours of duty	Per 15 minutes	50	62	Increase
	Out-of-office fee during ordinary hours of duty	Daily	1,000	1,221	Increase
	In-office fee outside ordinary hours – weekday	Per 15 minutes	45/90	55/110	Increase

Proposed changes to regulatory charging for biosecurity activities: Consultation paper

Type of charge	Charge point	Unit	Current Price (\$)	Proposed Price (\$)	Movement
	Lower rate charged only when activity is provided immediately before or after ordinary hours				
	In-office fee outside ordinary hours – weekend	Per 30 minutes	100	120	Increase
	Out-of-office fee outside ordinary hours – weekday	Per 30 minutes	65/130	80/160	Increase
	Lower rate charged only when activity is provided immediately before or after ordinary hours only				
	Out-of-office fee outside ordinary hours – weekend	Per 30 minutes	140	170	Increase
	Diagnostic testing	Per 15 minutes	30	37	Increase
Fee for service – husbandry	PEQ husbandry fee – horses	Per animal per day	60	0	Decrease Now included in import charge
	PEQ husbandry fee – horses that overstay the initial 14-day period	Per animal per day over 14 days	0	44	Proposed new charge for overstay of horses
	PEQ husbandry fee – other animals >25 kgs, other than a cat, dog or horse	Per animal per day	60	101	Increase Excludes horses
	PEQ husbandry fee – other animals ≤ 25 kgs, cat or dog	Per animal per day	29	50	Increase
	PEQ husbandry fee – avian (fertile eggs)	Per egg consignment per day	200	76	Decrease
	PEQ husbandry fee – avian (live birds)	Per live bird consignment per day	150	57	Decrease
	PEQ husbandry fee – bees	Per bee consignment monthly	280	469	Increase
	PEQ husbandry fee – plants	Per m ² monthly	20	60	Increase
Fee for service— assessment of permit application	Assessment category 1 permit application	Each application	60	74	Increase
	Assessment category 2 permit application	Each application	120	148	Increase
	Assessment category 3 permit application	Each application	240	296	Increase
	Assessment category 4 permit application	Each application	360	444	Increase
	Assessment category 5 permit application	Each application	480	592	Increase

Proposed changes to regulatory charging for biosecurity activities: Consultation paper

Type of charge	Charge point	Unit	Current Price (\$)	Proposed Price (\$)	Movement
	Out-of-hours fee – weekday (permit assessment only)	Per 15 minutes	15	18	Increase
	Out-of-hours fee – weekend (permit assessment only)	Per 15 minutes	20	23	Increase
Fee for service – temporary storage in relation to international travellers and their baggage	Temporary storage at premises owned or managed by the Commonwealth for baggage brought into Australian territory	Per 30 days per item of baggage	30	45	Increase
Fee for service – special processing areas, agreed fee in relation to international travellers and their baggage	Any period up to 3 hours during which one or more fee bearing activities are carried out	First 3 hours for each person carrying out those activities	At least \$420 but not more than \$840	At least \$518, but not more than \$1036	Increase
	Immediately following the first 3 hours during which those activities are carried out	Per 15 minutes immediately following first 3 hours for each person carrying out those activities	At least \$35 but not more than \$70 for each	At least \$41, but not more than \$82	Increase

5 The biosecurity system

Australia's animal, plant, human and environmental health outcomes rely on strong biosecurity. That is, the controls and measures used to manage and minimise the risk of pests, weeds and diseases entering, emerging, establishing or spreading within Australia. Strong biosecurity outcomes facilitate trade and the movement of plants, animals, people and products. It is a responsibility that is shared by all Australians.

Our biosecurity system is critical to protect Australia's economy, environment and way of life. By reducing the impacts of pests and diseases, an effective biosecurity system supports the sustainability, profitability and competitiveness of Australia's agriculture, fisheries and forestry industries – exports are forecast to be \$75 billion in 2022-23 (Greenville 2023) – which helps drive a stronger Australian economy. For example, our agricultural supply chain is estimated to support more than 1.6 million jobs and our tourism sector contributed over \$50 billion to GDP in 2019-20 (DAWE, 2021). The reduction in pest and disease impacts also contributes to the health of the environment through better functioning ecosystems, protecting Australia's environmental assets worth more than \$5.7 trillion (DAWE, 2021).

5.1 A changing biosecurity system

While ever-changing, our biosecurity environment has experienced significant events and challenges over the past few years. Recent global disruptions, like the COVID-19 pandemic, combined with increases in international trade and travel, and the changing biosecurity risk profiles of near neighbours and trading partners, have placed additional pressure on the biosecurity system and our ability to respond with speed and scale to emerging threats.

5.1.1 Cargo volumes

Cargo volumes have grown exponentially in recent years shown in Figure 1. This is especially evident in low value cargo imported through on-line channels, largely driven by consumer behaviour in response to constraints of the global pandemic and its continuing effects.

Consumers' shopping habits changed to more regular buying from home and paying for delivery, rather than going to shops, changing the supply chain by becoming a key component within it.

Figure 1 Growth in cargo volumes



5.1.2 Factors driving change and the increased complexity of biosecurity threats

Box 1 describes some of the many factors driving changes across the biosecurity system which are contributing to the increased complexity of biosecurity threats.

Box 1 Factors driving change and increased complexity of biosecurity threats

Climate change is impacting the global environment, causing changes in weather patterns and more extreme weather events. It is altering the habitat, range and distribution of many pests, weeds and diseases, as well as increasing their ability to spread and establish in new areas. This has seen an increase in seasonal pests such as [brown marmorated stink bug](#) (BSMB).

BSMB utilise a very wide range of hosts and affects many plants, particularly tree nuts. While originally from eastern Asia, it has recently been introduced to North America and Europe, quickly having a significant impact on agriculture. Given Australia’s broad range of trading partners and commodities imported, this is just one of many hitchhiker pests we need to be vigilant in monitoring and keeping out of our country.

Shifting trade and travel patterns have seen Australia’s supply chains and demand for goods change and increase in complexity, changing the pathways through which biosecurity risk enters our borders, impacting how we work with trading partners and each other.

Predicted increases in trade and vessel movements will result in a greater likelihood of the introduction of marine pests like [Asian green mussel](#) (*Perna viridis*), which poses a serious threat to our aquaculture, native species and ability to export seafood.

Changing land uses are altering the interface between urban and non-urban areas and the environment. As cities expand and scattered and dispersed urban growth increases, the risk of the introduction and spread of pests, weeds and diseases may also increase through land development, habitat loss and the movement of people and goods into new areas.

Illegal activity has increased in recent years, leading to a higher risk of biosecurity threats. The growth and increasing complexity of trade and online shopping – exacerbated by the COVID-19 pandemic – has inadvertently opened new pathways for illegal plants and animals to reach Australia.

Major global disruptions such as the COVID-19 pandemic, can shock supply chains and impact the movement of goods and people. While these changes are often temporary, they can act as a catalyst for permanent changes in behaviour and supply chain pathways. For example, many businesses, unsure of when goods might arrive, moved from purchasing ‘just in time’ to ‘just in case’ to ensure supply.

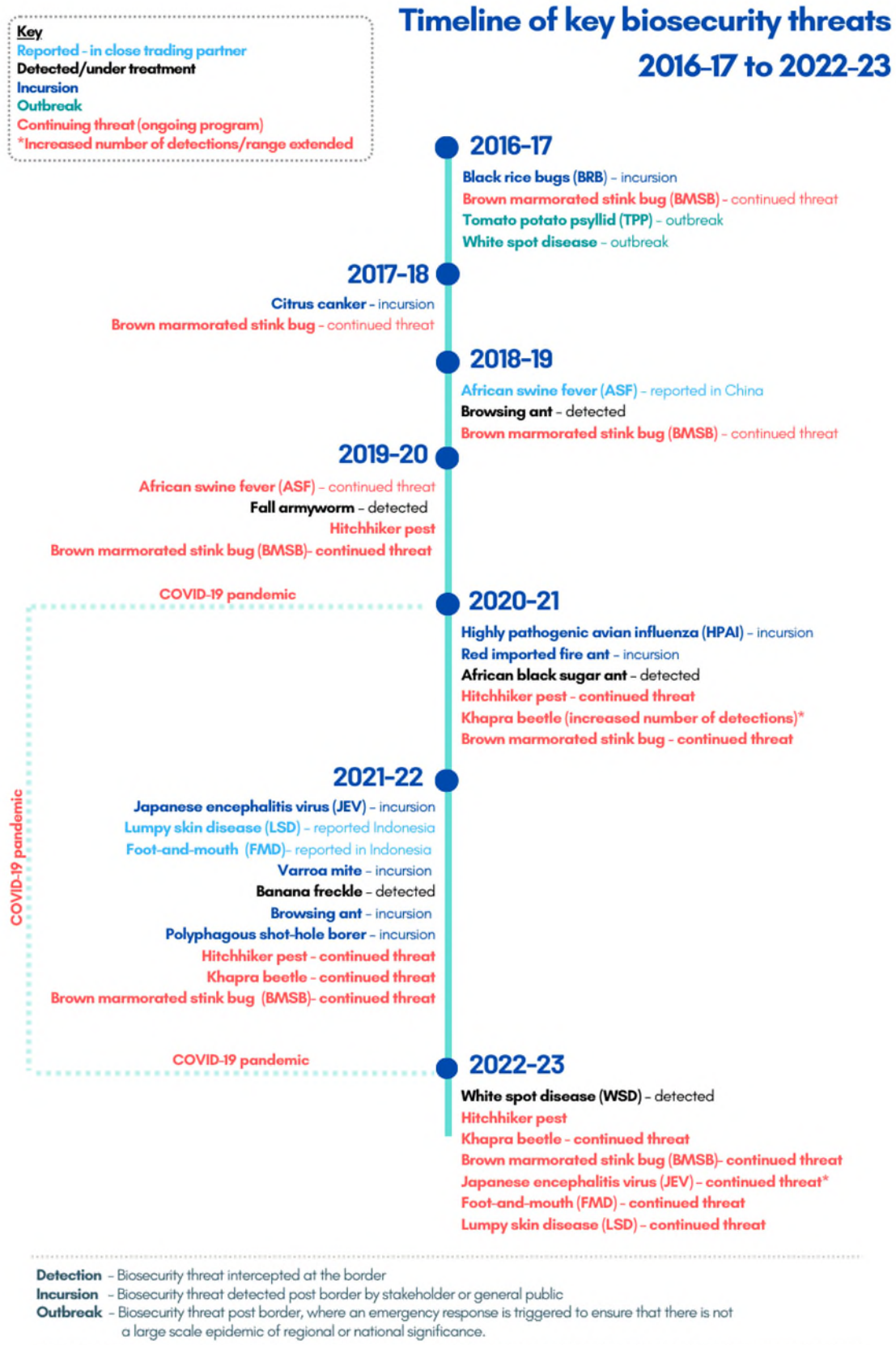
Further information about the changing and emerging biosecurity risk and the department’s strategic biosecurity future can be found in both the [Commonwealth Biosecurity 2030](#) and [The National Biosecurity Strategy](#).

Figure 2 Snapshot of biosecurity threats since 2016 to presents a snapshot of some of the key biosecurity threats the department has faced since 2016. This is not an exhaustive list; rather it highlights the importance of a strong biosecurity system. In addition to the threats managed across the 2022 calendar year the department identified in the order of 26,000 pest and disease incidents.

The impact of these threats on our response capability is dependent on the threat risk level and ranges from implementing programs for ongoing management, to being highly responsive – an immediate need to increase or divert resources from other biosecurity functions.

Responding to biosecurity threats does not come without a cost. The management of these threats can have long lasting consequences on the allocation of resources and place significant pressure on the department’s ability to respond to and manage these threats.

Figure 2 Snapshot of biosecurity threats since 2016 to 2023



5.2 Risk creators

Participants in the biosecurity system – such as international travellers, those who import goods as cargo or receive goods through the mail pathway, those who operate conveyances (vessels and aircraft) – have the potential to introduce pests and diseases into Australia. In this context, all participants are ‘risk creators’ and drive the need for a strong biosecurity system.

5.3 Strengthening the biosecurity system

The current and future success of our biosecurity system relies on partnerships with stakeholders, working collaboratively and proactively towards a common goal – an effective biosecurity system which supports the sustainability, profitability and competitiveness of Australia’s agriculture, fisheries and forestry industries.

In addition to developing options to deliver a long-term sustainable funding model for biosecurity, the department continues to focus on collaboration and building strong partnerships with industry through a range of initiatives including (Box 2):

- compliance and assurance
- investment in self-service platforms
- improved risk management and detection techniques
- advances in science and technology
- enhancements to information management systems
- strengthening data analytics capability.

By undertaking these actions, together we build a fast and safe clearance process reducing the cost burden on industry. We must continue building on the examples described in Box 2.

Box 2 Examples of biosecurity reform, initiatives and benefits to industry

Approved arrangements – *industry collaboration to manage risk*

The establishment of new approved arrangement classes has provided opportunities for industry to adopt increased responsibilities for the management of biosecurity risks through the performance of activities using their own sites, facilities, equipment and people, with compliance monitoring provided by the department. This gives control to industry on how they manage risk and allocate resources to meet the department’s expectations.

Risk based compliance schemes – *rewarding compliant behaviour*

Industry is benefiting from the development of risk-based compliance schemes that move away from 100 per cent interventions and rewards industry participants with reduced need for inspection resulting in quicker clearance for compliant participants.

Self-service platforms – *industry drive bookings*

By using integrated self-service platforms across the department’s regulatory functions, industry benefits from real-time changes to their bookings to fit their schedules and minimise any downtime.

A consolidated Post Entry Quarantine (PEQ) – *better risk management*

A consolidation of post entry quarantine operations from 5 facilities across 4 states, means all imported animals and plants can complete their post entry quarantine at a single state-of-the-art facility. The new facility has greater capacity to manage biosecurity risk and is a central point of contact for stakeholders across commodities.

Science education partnerships – *reduced quarantine times*

These partnerships have resulted in the development of innovative diagnostics that reduce quarantine times and enables the extension of import permit validity periods. Industry benefits from shorter quarantine periods and a reduced need to renew import permits.

Diagnostics capability in the field – *faster clearance*

The introduction of devices that extends some of the diagnostics capability to the field, enabling faster pest identification and quicker clearance of goods for importers. The early detection of risks prevents additional cost and reduces disruption to importers and agricultural production.

Data and analytics – *more accurate risk profiling*

Strengthening our data analytics capability, data collection and information management systems that support risk-based compliance schemes, approved arrangements, and better management and allocation of resources, enables more accurate risk profiling. Departmental interventions only occur where they are needed. This reduces the impact on importers of low-risk commodities.

Enhancements to existing systems – *more efficient clearance*

Enhancements to the Maritime and Aircraft Reporting System (MARS) means pratique can be automatically granted when vessels arrive at 12 nautical miles from our shores. Management of non-commercial vessel data in MARS enables streamlining of the non-commercial vessel arrival process and better management of biosecurity threats posed by sea vessels. In addition, aircraft arrival information managed through MARS supports a more efficient clearance process for commercial aircraft.

Investment in our workforce – *building a skilled, efficient and agile workforce*

The establishment of the Biosecurity Training Centre to increase the department's frontline capability. Industry benefits from increased capability that focuses on high-risk consignments and quickly clears commodities that are low risk.

5.3.1 Funding the biosecurity system

Options for a long-term sustainable funding model for biosecurity is being developed. Funding for biosecurity is delivered through a combination of government appropriation and regulatory charging via cost recovery through fees and charges.

The department is analysing the feedback it received during the recent stakeholder consultation on [Sustainable funding and investment to strengthen biosecurity](#). This cost recovery review aligns to the government's commitment to strengthening biosecurity work but relates to the current biosecurity cost recovery arrangement which is part of the overall sustainable funding model.

5.3.2 Cost recovery

The department commenced partial cost recovery of selected biosecurity activities in 1979 and full cost recovery from 1 January 1991 for activities within scope of the [Australian Government Charging Framework](#).

Industry cost-recovery arrangements must be consistent with policy from the government and international trade law obligations, as well as domestic legislation. Our current fees and charges are

established through biosecurity and imported foods legislation, set out in Appendix A: Biosecurity cost recovery charging framework.

The department determines appropriate regulatory cost recovery for biosecurity activities after establishing the activity costs and expected volumes. We use a combination of regulatory fees and charges depending on whether an activity is for a specific individual or organisation, or group of recipients.

- Fees are used to recover the costs of direct intervention and certification activities undertaken for particular importers or regulated entities, or a particular consignment.
- Charges are imposed when regulatory activities are provided to a group of individuals or organisations and help recover costs to manage the overall biosecurity system.

The costs recovered in delivering specific regulatory activities and the fees and charges to be applied to those activities, are set out in the department's [Biosecurity Cost Recovery Implementation Statement \(CRIS\)](#).

Proposed fees and charges for 2023-24 are shown in Table 2 Comparison of current and proposed charges for biosecurity regulatory activities and Table 3.

6 The biosecurity cost recovery arrangement

The government charges the non-government sector for a range of regulatory activities by recovering some or all of the costs of those activities. Regulatory charging is appropriate for biosecurity activities because they are provided to a clearly identifiable group – individuals and organisations that participate in the biosecurity system and create the risks. This means the recipients or beneficiaries of biosecurity regulatory activity bear the costs, rather than the general public.

The department has authority for regulatory charging of biosecurity activities to prevent, respond to and recover from pests and diseases that threaten the economy and environment. We call our activities under this authority the biosecurity cost recovery arrangement.

6.1 Three streams

The biosecurity cost recovery arrangement is comprised of 3 streams that assist us in managing the related activities:

- Import Clearance
- Seaports
- Post Entry Quarantine (PEQ):
 - Horses
 - Non-horse - cats, dogs, ruminants, bees, hatching eggs and avian imports
 - Plants.

6.2 Four key user groups

We identify 4 key user groups across these streams that the department provides biosecurity activities to:

- Importers
- Conveyance (vessel and aircraft) operators
- Arrangement participants
- Passengers, to a limited extent.

Regulatory fees and charges apply to these groups when cost-recovered biosecurity activities are provided, as described in Table 4.

Table 4 Regulatory activities provided to user groups

User group	Regulatory activities
Importers	Inspection, assessment and management of the biosecurity risks associated with imported goods and packaging, including air and sea cargo, containers, international mail, food, live animals and plants.

User group	Regulatory activities
	This also includes husbandry activities associated with the quarantine of live animals and plants prior to release into Australia, such as horses, dogs, cats, hatching eggs, birds, ruminants, bees, nursery stock and viable seeds.
Conveyance operators	Vessels and aircraft entering Australia. This includes assessments and inspections to manage the risks posed by the vessel itself, contaminants on the vessel, human biosecurity risks, ballast water and biofouling on vessels, and aircraft disinsection (where non-compliant on arrival) and assessment of aircraft for release from biosecurity control.
Arrangement participants	Managing the administration as well as policy, processes and conditions-setting for regulatory arrangements approved by the department, including biosecurity approved arrangements and imported food compliance agreements.
Passengers	Assessment and management of biosecurity risks posed by baggage accompanying passengers. Can also include the treatment and disposal of goods. Inspection and assessment of baggage is only cost recovered when provided outside of designated international airports or seaports.

6.3 Regulatory activities

Regulatory activities are generally activities provided where the government seeks to control or influence behaviour, manage risk and/or protect the community.

The purpose of biosecurity regulatory activity is to manage biosecurity risk, safeguarding Australia's animal and plant health status and protecting the economy and environment from the impact of exotic pests and diseases.

Biosecurity regulatory activities are grouped into 4 categories set out in Table 5.

Table 5 Regulatory activity categories

Category	Description
Program management and administration	Administrative activities that support us to deliver our biosecurity regulatory activities.
Assurance	Activities that mitigate risks to collective user groups by assessing departmental controls of systems and processes to ensure they operate in accordance with their intended design.
Incident management	Activities that respond to incidents concerning alleged breaches of Australian regulation or import conditions
Intervention	Activities provided directly to an individual, business or organisation to meet import requirements, such as inspection, audit or assessment of a permit application.

These categories are described in detail in Appendix A: Biosecurity cost recovery charging framework, in the Charge and fee related activities and associated outputs section.

7 Changing costs

The changing biosecurity environment has placed increasing pressure on the department to deliver regulatory activities and continue to manage biosecurity risk both efficiently and effectively. Like any other business, our costs have increased and we need to adjust our charges to meet the actual cost of delivering our activities.

7.1 Changes in the total cost of the biosecurity arrangement

In the 2015–16 financial year the total cost of the biosecurity cost recovery arrangement was approximately \$226.7 million. Costs in 2023–24 are forecast to be \$348.8 million, an increase over 8 years of over \$122.1 million or 53.9%.

Some of this increase has been driven by additional activity funded through budget measures which the government has decided to cost recover, including:

- *Expanded cost recovery for regulatory biosecurity activities* on behalf of the Government (\$23.0 million per annum from 1 January 2020), which changed the funding source of some biosecurity activities from government funding to cost recovery.
- *Management of the biosecurity risk posed by hitchhiker pests* arriving in imported cargo (\$11.7 million in 2021–22, \$18.0 million in 2022–23, \$15.5 million in 2023–24).

For 2023–24, these measures make up \$38.5 million of the total increase in forecast costs, leaving around \$83.6 million as the increase on the 2015–16 effort required to manage biosecurity regulatory activities. This amount is a combination of:

- Inflation on all of our costs – salaries and wages for public servants and contractors, suppliers, consultants, ICT, utilities, rent – past prices have been modelled with little by way of inflationary measures so have not kept pace with actual inflation.
- Increased effort to manage the changing risk profiles – more staff managing more threats and more cargo that could contain those threats.
- Increased complexity in logistics – there are simply more things for us to consider, for example, when containers arrive with multiple consignments and multiple commodities.
- Changed approaches to biosecurity system management – the costs would be higher without some efficiency gains in our regulatory activities achieved through reform and innovation.
- Challenges from government policies limiting the number of public servants employed, often referred to as the FTE cap. Contractors have been used in the past to fulfil roles on both the frontline and in back-office support, however, we are slowing bringing more of these people into our FTE cap.
- Investment in technology and innovation to improve clearance times at the border, as noted in Section 5.3, comes with a cost once the projects are implemented.

The graphs in Figures 3, 4 and 5 are various views of the biosecurity cost recovery arrangement and how costs have increased over time.

Figure 3 Changes in biosecurity cost recovery arrangement costs

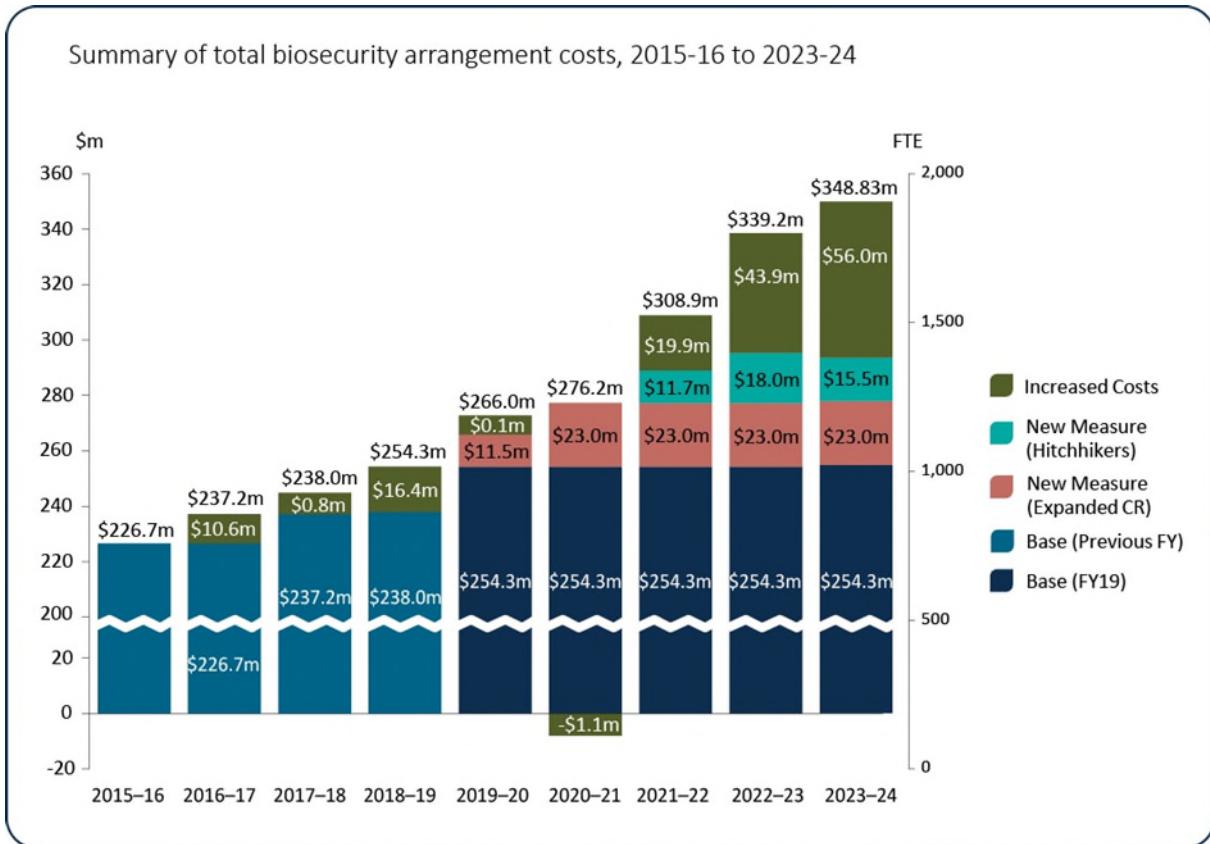


Figure 3 presents the changes in the total cost of the biosecurity cost recovery arrangement from the 2015–16 financial year through to 2023–24 financial year.

Indicated in the breakdown is the base cost of the biosecurity cost recovery arrangement, the costs associated with additional regulatory activities to implement new budget measures, and the increased costs for new effort due to the factors described earlier.

The additional \$56 million indicated in 2023–24 represents the accumulated value of inflation and our additional effort required in response to the growth and complexity experience over the past 8 years.

Figure 4 Changes in biosecurity cost recovery arrangement costs by stream

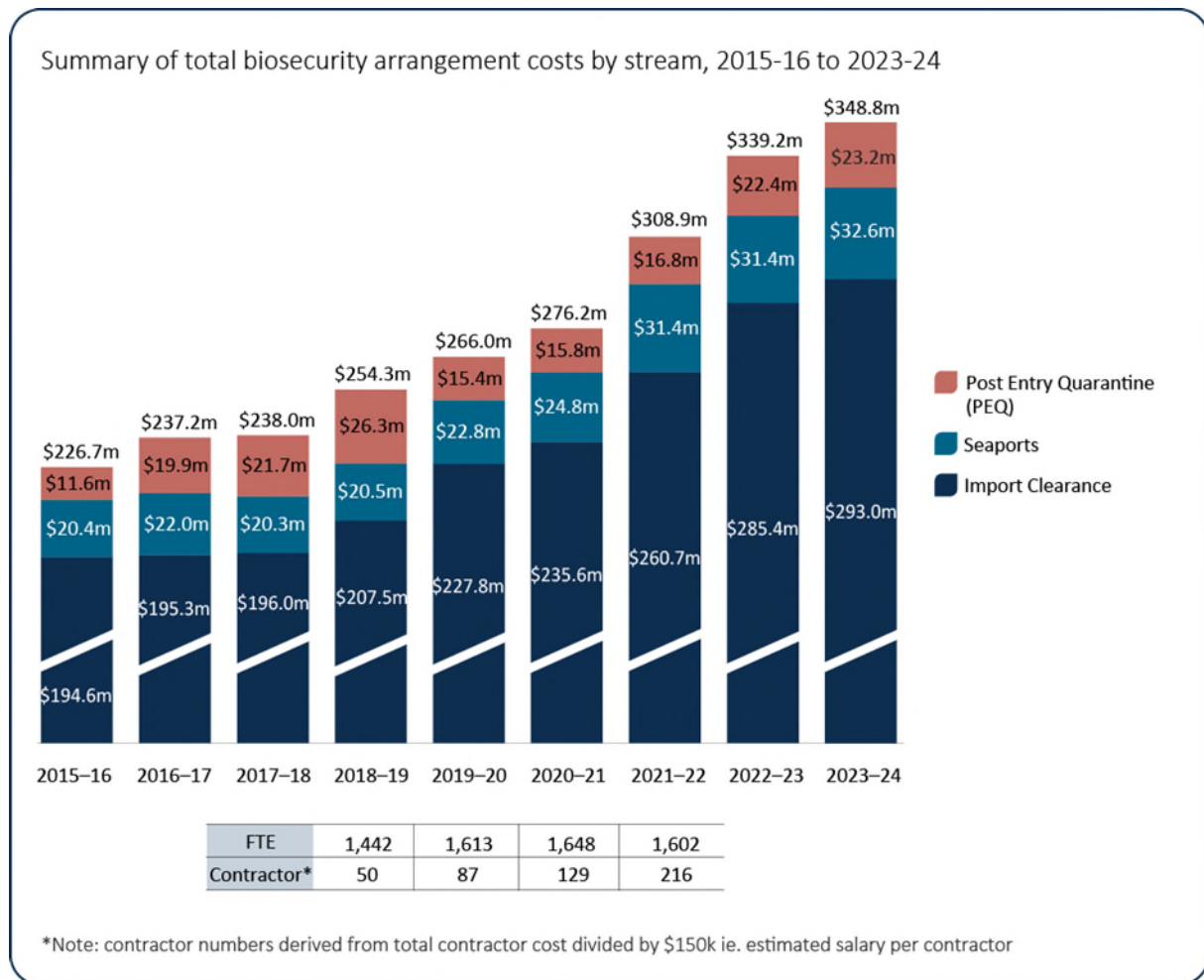


Figure 4 outlines the changes in costs and human resources across the biosecurity cost recovery arrangement streams since 2015–16.

An additional 170 full time staff were recruited in 2019–20, increasing the workforce from 1,442 to 1,613, or by 11.8%. At the same time, the contractor workforce also increased by 37 people, or 74%. These increases were needed to deliver the expanded cost recovered biosecurity activities measure described in section 7.1.

While the total departmental and contractor numbers have largely remained static, additional resources are still required to manage risks and meet standards for import clearance activities. Our challenge is to recruit, train and maintain new staff in a low unemployment environment.

Staffing will increase again in 2022–23 and 2023–24, but as we transition away from contractors to public servants, modelling for this will be included in a new CRIS.

Figure 5 Post entry quarantine cost by stream

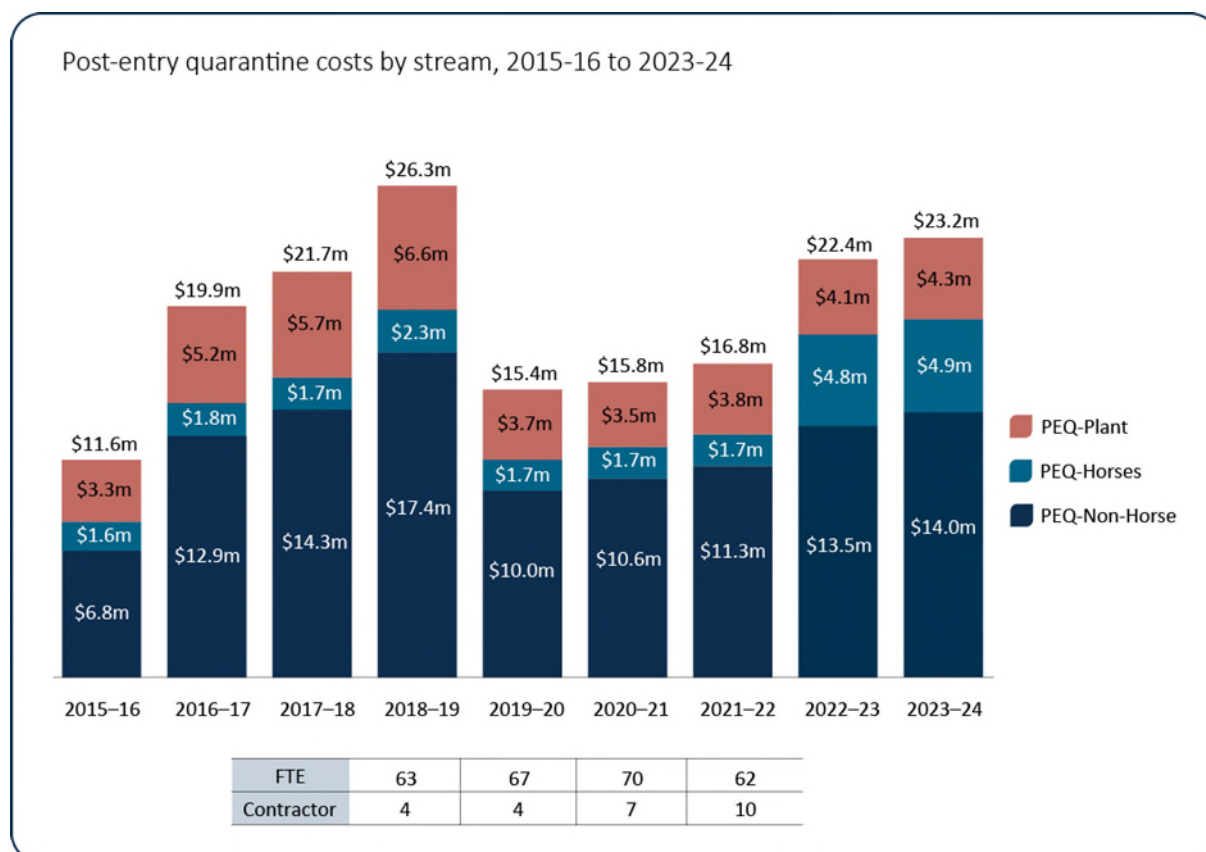


Figure 5 shows the movement in costs across the PEQ streams since 2015–16.

Prior to 2015, multiple PEQ facilities operated around Australia. The PEQ facility in Mickleham, Victoria was opened in 2015, marking the first stage of the department’s move to a single PEQ facility. In 2018, stage 2 was completed offering quarantine for imported plants and animal species, except for avian imports. The capacity to house avian consignments commenced later, with the first consignment of live birds arriving in 2019 and hatching eggs in 2020.

The significant decrease in costs evident from 2018–19 to 2019–20 reflects the transition and closure costs associated with consolidation of multiple PEQ facilities. However, our costs for the new PEQ continue to rise through supplier, utility and wage costs, plus the increased volume of plants and animals that are coming through the PEQ facilities post the height of the COVID-19 pandemic.

7.2 Current cost to deliver biosecurity regulatory activities

In 2023–24 the estimated total cost for the biosecurity cost recovery cost recovery is around \$348.8 million, comprised of:

- \$269.0 million in charge related activity
- \$79.8 million in fee related activity

Table 6 shows the direct and indirect costs for regulatory charges and fees proposed for 2023–24.

Table 6 Biosecurity cost recovery arrangement cost breakdown, 2023–24

Cost recovery charges and fees	Direct costs (\$)	Indirect costs (\$)	Total (\$)
Charges	168,272,216	100,752,010	269,024,226
Full import declaration charges	139,161,722	79,097,118	218,258,840
Approved arrangements and food import compliance agreements	5,283,238	2,312,238	7,595,476
Vessel arrival charges	14,509,884	9,927,669	24,437,553
Permit applications	968,479	661,442	1,629,921
PEQ importation charge	8,348,893	8,753,543	17,102,436
Fees	75,577,356	4,226,310	79,803,666
Assessment	28,869,946	1,366,528	30,236,474
Inspection	36,779,726	2,516,560	39,296,286
Audit	3,482,917	106,195	3,589,112
Husbandry	3,850,121	132,597	3,982,718
Diagnostics	2,594,646	104,430	2,699,076
Total	243,849,572	104,978,320	348,827,892

Direct costs can be directly attributed to the provision of an activity, for example, inspections, audit and assessments. They comprise staff salaries and supplier costs including direct capital expenses, which includes plant, property and depreciation. Indirect costs support the effective and necessary provision of our direct expense activity. Indirect expenses include corporate employee salaries and overheads such as information technology, finance, human resource costs, and indirect capital expenses, which includes plant, property and depreciation.

8 Changes in activity volumes

Since 2015 there has been an overall increase of almost 20% in the volume of biosecurity fee and charge related activities, aligning with the increased growth evident in the cost base since the 2015–16 financial year, shown in Figure 3.

Figure 6 and Figure 7 show the volumes of fee and charge related activity since 2015–16 and forecast to 2023–24.

Figure 6 Summary of the total volume of biosecurity charge-related activity

Charge Point	Financial Year								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Charges									
Full Import Declaration charge- air	1,064,835	1,971,850	2,089,979	2,156,246	2,091,330	2,182,909	2,292,757	2,309,601	2,301,773
Full Import Declaration charge- sea	917,054	1,726,733	1,793,945	1,765,994	1,692,865	1,927,027	1,875,024	1,965,186	1,924,350
Permit Application Charge	8,954	14,384	14,406	14,470	14,191	14,501	14,466	13,573	14,300
Approved Arrangement- AEP Comm				80,053	105,123	138,610	147,712	135,651	141,000
Approved Arrangement Application Charge	60	114	106	78	94	116	72	120	100
Approved Arrangement- Single Site					1,119	1,131	1,142	1,142	1,234
Approved Arrangement- Multi Site					393	398	419	419	451
Approved Arrangement- Broker					1,858	1,865	1,870	374	388
Approved Arrangement- Annual Charge	-	1,860	1,868	1,849					
PEQ importation charge—animal > 25 kgs	334	444	469	489	508	409	713	650	850
PEQ importation charge—animals ≤ 25 kgs	-	6,607	6,204	6,377	5,081	4,705	5,770	4,999	5,600
PEQ importation charge—bees	-	-	-	-	-	1	-	-	1
PEQ importation charge—fertile eggs	-	3	2	2	4	3	3	9	9
PEQ importation charge—live bird	-	1	2	2	1	1	-	2	1
PEQ importation charge—plants		2,253	2,911	3,679	3,910	7,208	7,520	8,241	6,655
Vessel (≥25m) arrival charge	17,412	18,048	17,836	17,904	17,981	17,404	17,782	17,635	18,000
Vessel (<25m) arrival charge	578	484	568	661	494	104	176	135	540
Total (Charges)	2,009,228	3,742,781	3,928,295	4,047,804	3,934,952	4,296,392	4,365,426	4,457,737	4,415,252

Greyed out areas show where there is insufficient data available to reflect true growth patterns.

A dash indicates nil volume.

The charge point breakdown does not include volumetrics for outside ordinary hours activity, part year approved arrangement charges, or consumables charged at cost.

2015–16 figures are indicative and represent half the 2015–16 financial year. 2015–16 was a transition year and prior to this, the biosecurity arrangement was separated into individual arrangements by stream.

Charging for approved arrangements were not categorised by number of sites or type of arrangements until 2019–20, which coincides with the removal of the annual charge.

Figure 7 Summary of the total volume of biosecurity fee-related activity

Charge Point	Financial Year								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Fees									
Fee for service – assessment, approval, inspection, treatment, and audit									
In-office fee	522,435	964,260	1,024,344	1,111,802	1,061,498	1,097,643	987,084	1,097,964	960,712
Out-of-office fee	207,747	465,773	534,931	576,965	604,471	669,442	622,367	634,215	622,202
Fee for service— husbandry									
PEQ husbandry fee—animals > 25 kgs	5,377	6,448	6,384	6,937	6,930	5,877	10,001	9,100	11,900
PEQ husbandry fee—animals ≤ 25 kgs	-	64,095	68,610	63,842	51099	48,996	58,624	49,990	56,000
PEQ husbandry fee—avian (fertile eggs)	-	336	183	168	339	259	286	783	783
PEQ husbandry fee—avian (live birds)	-	35	76	70	43	35	-	70	10
PEQ husbandry fee—bees	-	-	-	-	-	4	-	-	-
PEQ husbandry fee—plants	-	2,541	2,829	3,753	3,946	7,259	7,602	8,241	6,900
Total (Fee for service)	735,559	1,503,488	1,637,357	1,763,537	1,728,326	1,829,515	1,685,964	1,800,363	1,658,507

A dash indicates nil activity which means there is insufficient data available to reflect true growth patterns.

2015–16 figures are indicative and represent half the 2015–16 financial year.

2015–16 was a transition year and prior to this, the biosecurity arrangement was separated into individual arrangements by stream.

9 How will changed prices affect user groups?

This section sets out scenarios describing how the proposed price changes would be applied, comparing current and proposed fees and charges.

9.1 Importing cats

Sally is importing her 2 cats from the United Kingdom (Group 3 country) in a single consignment. An import permit is required for each animal. The cats must undergo all required pre-export checks and vaccinations as part of their import permit application process. These are provided by a third party, who Sally pays directly for this service. The department charges Sally for an application and assessment of 2 separate import permits (first cat and additional cat).

Sally books the cats into the PEQ facility. The cats and their paperwork are assessed at the PEQ facility on arrival, and they remain in PEQ for the scheduled 30 days. Sally's fees and charges are described in Table 7.

Table 7 Change in cost for importing cats

Fees and charges	2022–23 Current prices		Proposed prices	
Import permit application (lodgement)	2 x \$120	\$240	2 x \$122	\$244
Assessment of Category 4 permit application (first cat)	-	\$360	-	\$444
Assessment of Category 2 permit application (additional cat)	-	\$120	-	\$148
PEQ charge	2 x \$1,200	\$2,400	2 x \$1,265	\$2,530*
In-office inspection (Cats against permit conditions)	2 x 2 x \$30	\$120	2 x 2 x \$37	\$148
In-office inspection (Veterinary health check)	2 x 2 x \$30	\$120	2 x 2 x \$37	\$148
Husbandry daily fee (30 days x 2 cats)	30 x 2 x \$29	\$1,740	30 x 2 x \$50	\$3,000
Total	-	\$5,100	-	\$6,662
Total change in cost	-	-	-	\$1562

*20% taken when booking made and is proposed to become non-refundable, balance payable when booking is confirmed.

9.2 Importing strawberries and associated husbandry in PEQ

Damien is importing 1 strawberry variety and requires 1 m² of space (1 m² of bench per cultivar) at the PEQ facility. The strawberries will need to be in PEQ for a minimum period of 12 months. Damien will need to pay for the lodgement and assessment of a permit in addition to inspection charges, plant monthly space, husbandry charges, and any testing charges. PEQ charges (excluding any testing charges) for this import are described in Table 8.

Table 8 Change in cost to import strawberries

Fees and charges	2022–23 Current prices		Proposed prices	
Import permit application (lodgement)	1 X \$120	\$120	1 X \$122	\$122
Assessment of Category 2 permit application	-	\$120	-	\$148
Inspection by biosecurity officer (2 x ¼ hour units)	2 x \$30	\$60	2 x \$37	\$74
PEQ Plant monthly charge (1 m ² x 12 months)	1 x 12 x \$110	\$1,320	1 x 12 x \$291	\$3,492
Plant husbandry (1 m ² x 12 months x \$20)	1 x 12 x \$20	\$240	1 x 12 x \$60	\$720
Total	-	\$1,860	-	\$4,556
Total change in cost	-	-	-	\$2696

9.3 Operating 2 sites under an approved arrangement

Each year the business is audited a total of 4 hours for each arrangement. This includes 2 hours in-office and 2 hours out-of-office including the work undertaken in preparation for the audit and reporting after the audit is conducted. The fees and charges are described in Table 9.

Table 9 Change in cost to operate 2 sites under an approved arrangement

Fees and charges	2022–23 Current prices		Proposed prices	
Annual charge	-	\$2,900	-	\$3,110
In-office Audit fee (8 x 15 minutes)	8 X \$30	\$240	8 X \$37	\$296
Out-of-office Audit fee (8 x 15 minutes)	8 X \$50	\$400	8 X \$62	\$496
Total	-	\$3,540	-	\$3,902
Total change in cost	-	-	-	\$362

9.4 Importing plant-based stockfeed from the Solomon Islands

A stock feed producer has lodged an import permit application for a plant-based stockfeed product from the Solomon Islands to be used in animal feed. The complexity of the application means that the time taken to assess and approve the permit is a total of 4 hours, which is longer than the expected 3 hours of assessment for a Category 4 permit. The fees and charges are described in Table 10.

Table 10 Change in cost to Import plant-based stockfeed from the Solomon Islands

Fees and charges	2022–23 Current prices		Proposed prices	
Import permit application (lodgement)	1 X \$120	\$120	1 X \$122	\$122
Assessment of Category 4 permit application	3 x \$120	\$360	3 x \$148	\$444
In-office assessment fee (one additional hour or 4 x ¼ hour units)	4 x \$30	\$120	4 x \$37	\$148
Total	-	\$600	-	\$714
Total change in cost	-	-	-	\$114

9.5 Full Import Declaration and assessment by a biosecurity officer with inspection

Kim is importing a container of rice. She submits documents to the department for assessment. It takes 8 minutes for the biosecurity officer to conduct the in-office assessment. An inspection of the rice is required. Kim books an appointment for an inspection at her warehouse. There is no officer permanently stationed there and the inspection takes 25 minutes. The fees and charges are described in Table 11.

Table 11 Change in cost when a FID, assessment and inspection is required

Fees and charges	2022–23 Current prices	Proposed prices		
Full import declaration charge – sea	-	\$58	-	\$63
In-office assessment fee (1 x ¼ hour unit)	1 x \$30	\$30	1 x \$37	\$37
Out-of-office inspection fee (2 x ¼ hour units)	2 x \$50	\$100	2 x \$62	\$124
Total	-	\$188	-	\$224
Total change in cost	-	-	-	\$36

9.6 Importing a consignment of used vehicles

RefurbAuto imports a consignment of containerised used vehicles with parts and used spare tyres. On arrival, the vehicles are directed to an approved arrangement site for inspection that takes 4 hours. One of the vehicles is contaminated and requires treatment at the site. The vehicle is re-inspected after it is cleaned which takes 30 minutes. RefurbAuto's fees and charges are described in Table 12.

Table 12 Change in cost when importing a consignment of used vehicles

	2022–23 Current prices	Proposed price		
Full import declaration charge – sea	-	\$58	-	\$63
In-office assessment fee (AIMS document, 1 x ¼ hour unit)	1 x \$30	\$30	1 x \$37	\$37
Out-of-office Inspection (4 hours x ¼ hour units)	16 x \$50	\$800	16 x \$62	\$992
Out-of-office Inspection (Re-inspection of vehicle, 2 x ¼ hour units)	2 x \$50	\$100	2 x \$62	\$124
In-office assessment fee (closing AIMS entry, 1 x ¼ hour unit)	1 x \$30	\$30	1 x \$37	\$37
Total	-	\$1,018	-	\$1,253
Total change in cost	-	-	-	\$235

9.7 Commercial vessel arriving to load

A bulk coal vessel is arriving in Newcastle to load export coal. It is classed as a commercial vessel.

The agent has submitted a Pre-Arrival Report, and Ballast Water Report in the Maritime and Aircraft Reporting System (MARS). MARS advises the vessel through the Biosecurity Status Document (BSD) that three of the tanks are ineligible for discharge.

The agent contacts the National Maritime Centre (NMC) to assist with rectifying the ballast issues prior to submission of a second ballast water report. This takes 15 minutes and is charged by the NMC. A Routine Vessel Inspection (RVI), Crew Change, Human Health and Waste Inspection were automatically created in MARS.

The officers prepare for the inspection and creates the appointment in MARS prior to leaving the office. This takes 15 minutes. The RVI inspection including the ballast water verification, human health, crew change, waste surveillance and landing order was completed in 2 hours and 15 minutes. The fees and charges that apply are described in Table 13.

Table 13 Change in cost for a commercial vessel arriving to load

	2022–23 Current prices		Proposed prices	
Vessel other than a non-commercial vessel arrival charge	-	\$1,054	-	\$1,354
In-office assessment fee (2 x 15 minutes)	2 x \$30	\$60	2 x \$37	\$74
Out-of-office inspection fee (9 x 15 minutes)	9 x \$50	\$450	9 x \$62	\$558
Total	-	\$1,564	-	\$1,986
Total change in cost	-	-	-	\$422

9.8 Importing horses

An international horse transportation company is importing 40 horses from Europe with 3 countries of origin. The importer or their agent will submit an import permit application based on the number of horses arriving from the same country of origin. All horses within the consignment undertake pre-export checks and vaccinations prior to export. The department applies a fee for the assessment of each import permit application.

The importer or their agent books the horse consignment into the PEQ facility*. Each horse and their paperwork are assessed on arrival, and the consignment remains in post entry quarantine for the minimum 14-day period. The fees and charges are described in Table 14.

Table 14 Change in cost to import horses

	2022-23 Current prices		Proposed prices	
Import permit application (lodgement)	3 x \$120	\$360	3 x \$122	\$366
Assessment of category 4 permit application	3 x \$360	\$1,080	3 x \$444	\$1,332
PEQ Booking assessment fee	1 x \$30	\$30	1 x \$37	\$37
PEQ Reservation charge (20% of PEQ importation charge)	-	-	40 x \$1014^	\$40,560
PEQ Importation charge (proposed price, remaining 80%)	40 x \$3,000	\$120,000	40 x \$4,054^	\$162,160

Proposed changes to regulatory charging for biosecurity activities: Consultation paper

Husbandry daily fee (14 days)	40 x 14 x \$60	\$33,600	-	\$0
Total	-	\$155,070	-	\$204,455
Total change in cost	-	-	-	\$49,385

*20% of PEQ Importation charge, taken when booking made and is proposed to become non-refundable.

^proposed PEQ Importation charge per horse is \$5,068 (20%=\$1,014, 80%=\$4,054).

Note: A husbandry fee of \$44 per day is proposed to apply for horses that 'overstay' the initial 14-day period at PEQ. Additional fees will apply for any additional test, disposal and/or equipment required during the quarantine period.

Appendix A: Biosecurity cost recovery charging framework

The Australian Government Charging Framework applies to all new and existing charging activities and relates to regulatory charging activities, and charging activities involving access to public resources, infrastructure and/or equipment.

Policy and statutory authority to cost recover

Under the Australian Government Charging Framework, regulatory charging requires both government approval and statutory authority. The following section provides information on government approval of regulatory charging for biosecurity activities and the legislation that enables us to collect fees and charges.

Statutory authority

Fees and charges for biosecurity regulatory activities are recovered under separate statutory authorities which are set out below.

Fees

The *Biosecurity Act 2015* is the primary biosecurity legislation in Australia. *The Imported Food Control Act 1992* is the primary food importation legislation. Subordinate legislation and supporting policies affect the management of ballast water, approved arrangements and import risk analysis.

The Biosecurity Regulation 2016 provides fees for different biosecurity regulatory activities. Section 592 of the *Biosecurity Act 2015* states that fees charged in relation to activities carried out by, or on behalf of the Commonwealth, are to be prescribed in regulations made under the Act.

The Imported Food Regulations 2019 provides fees for different chargeable services. Section 36 of the *Imported Food Control Act 1992* states that fees charged in relation to certain chargeable services, are to be prescribed in regulations made under this Act.

Charges

Charges are imposed through specific biosecurity, imported food charging acts, and associated delegated legislation, which provide powers to impose and collect charges for biosecurity and imported food regulatory activities.

- *Biosecurity Charges Imposition (Customs) Act 2015*
- *Biosecurity Charges Imposition (Excise) Act 2015*
- *Biosecurity Charges Imposition (General) Act 2015*
- *Imported Food Charges (Imposition—Customs) Act 2015*
- *Imported Food Charges (Imposition—Excise) Act 2015*
- *Imported Food Charges (Imposition—General) Act 2015*
- *Imported Food Charges (Collection) Act 2015*

Specific charges are prescribed in the Biosecurity Charges Imposition (Customs) Regulation 2016 and the Biosecurity Charges Imposition (General) Regulation 2016.

Specific charges are prescribed in the Imported Food Charges (Imposition—Customs) Regulation 2015 and the Imported Food Charges (Imposition—General) Regulation 2019.

Determining the cost of regulatory charging

The department uses an activity-based costing (ABC) system to determine the cost of biosecurity regulatory activities. The ABC allocation methodology reflects effort incurred in delivering regulatory activities to an individual or entity.

There are 2 expense categories used to calculate cost, direct and indirect.

- Direct costs can be directly attributed to the provision of an activity, for example, inspections, audit and assessments. They comprise staff salaries and supplier costs including direct capital expenses, which includes plant, property and depreciation.
- Indirect costs support the effective and necessary provision of our direct expense activity. Indirect costs include corporate staff salaries and overheads for services such as information technology, finance, human resources, and indirect capital expenses, which includes plant, property and depreciation.

Allocation of costs

The cost allocation process apportions indirect and direct costs to the processes and activities set out in Figure A1 Charge and fee related activities and associated outputs. Indirect costs are included in the cost base to reflect the systems and processes that assist with administration, which the cost recovered arrangement benefits from. The same methodology is applied to allocate indirect costs to activities funded by budget appropriation, in line with our internal cost allocation policy.

The ABC system allocates costs in a staged approach. The steps are:

- 1) Indirect costs are allocated to direct cost centres using a cost driver that estimates the relative use of each activity.

Cost drivers for corporate activities are described in Table A1.

Table A1 Cost drivers for corporate activities

Cost driver	Description
Workpoints	Distributes costs based on space occupied, with the workpoint count reflecting the space where a person may be able to work.
FTE	Distributes costs based on each program's full-time equivalent staff numbers.
PC count/IT assets	Distributes costs based on the number of IT assets in a program.
Transactions	Distributes costs based on the number of transactions incurred over a period. This driver is used to allocate expenses related to accounts receivable and accounts payable functions.
Headcount	Allocates costs based on the number of staff a program area has as a proportion of the total number of the department's total staff.

Custom drivers	Allocate costs to specific cost centres, primarily based on usage for shared program resources.
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Cost drivers are reviewed on an annual basis, or as required. Changes to direct cost drivers are substantiated through effort or other data.

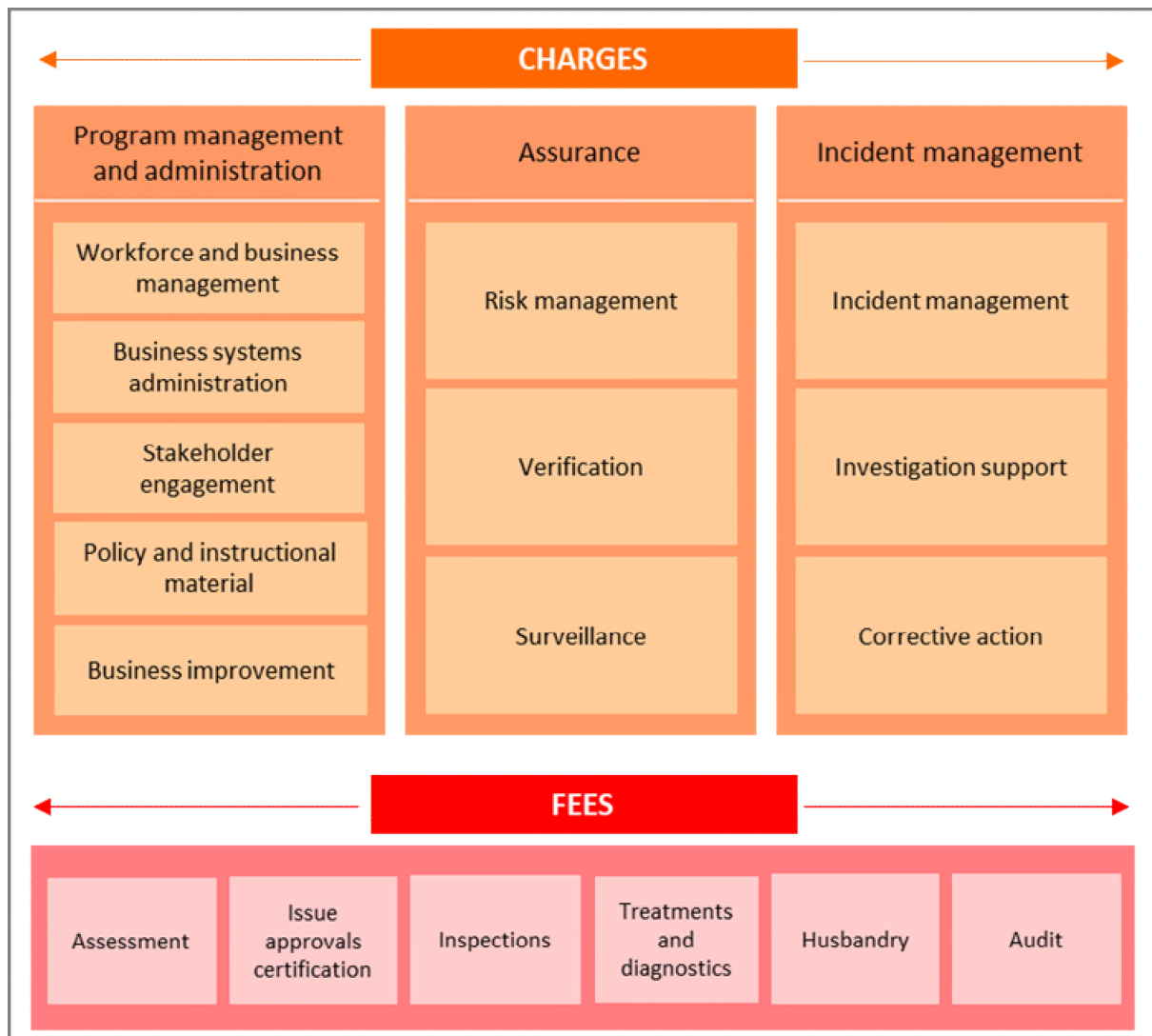
- 2) Direct costs (which now include the indirect costs allocated in step 1) are allocated to the activity and cost recovered arrangements that best reflect the activity undertaken. Time recording systems allow the accurate allocation of effort to specific activities and arrangements, particularly intervention activities.

The primary variable used in the allocation of costs to a specific activity is effort. As a result, cost estimates vary with changes in activity. If actual activity levels change significantly during a financial year, the costs allocated to the biosecurity arrangement may require adjustment to realign effort.

- 3) Activity/arrangement costs from step 2, are allocated to charge points that identify the cost associated with that charge. A combination of regulatory fees and charges is used.

Figure A1 shows how we attribute cost recovered activities to either charges or fees.

Figure A1 Charge and fee related activities and associated outputs



Charge and fee related activities and associated outputs

This section describes the charge and fee related biosecurity activities the department provides to individuals or groups.

Box A1 Program management and administration activities (charge)

Workforce and business management

This activity comprises 4 categories:

- Workforce management activities include staff supervision, allocating workforce resources, managing employee performance, leave, training and other conditions, managing Work, Health and Safety requirements, recruitment and termination.
- Business management activities include business planning and continuity, requesting legal advice, procurement and contracts, program and project administration, assurance, design and management, management of fixtures, facilities, equipment, supplies and logistics.
- Financial management activities include billing and accounting, budgeting, charges and payments, collections and receivables, debt management, financial accounts, reporting and policy development.
- Information management activities include data management, information and records management, and information sharing and collaboration.

Business systems administration

Includes developing, acquiring, testing, implementing and supporting applications and business systems. It encompasses technical support and maintenance of all business systems including information and communication technology.

Stakeholder engagement

Involves proactive engagement with any person, business, or organisation including any associated travel. This includes, engaging with peak industry bodies, secretariat support and attendance at industry consultative committee meetings, consultation on new standards and requirements, publishing website content and other information.

Policy and instructional material

Includes developing, maintaining and communicating our policy and instructional material, such as operational and corporate policies, scientific advice, guidelines and work instructions, and associated training development and delivery. Examples include developing or revising policy, processes and developing new instructional material.

Business improvement

Includes assessment, monitoring and development of initiatives to improve performance. Examples include adjustments to improve program and service delivery, business performance reports against key performance indicators and similar activities.

Box A2 Assurance activities (charge)

Risk management

Involves assessing and managing the risks posed to Australia's biosecurity and imported food systems. This includes communicating results of risk analysis, modelling and forecasting to operational areas and the collection, receipt and use of data, information and intelligence to meet our compliance objectives. This work

also includes any associated travel and client assistance work, such as assessment of risks associated with cargo, vessels, plants, animals, food, biological and genetic material.

Verification

Includes activities that provide our executive and stakeholders with confidence that our systems and processes are operating in accordance with their intended design and associated documentation and managing the identified risk. For example, internal quality assurance systems and verification activities to ensure officers are following procedures, processes or instructional material and are making appropriate decisions.

Surveillance

Includes formal and informal monitoring to detect changes in Australia's pest or disease status, or the presence of food safety concerns which may affect imports and onshore production. Surveillance differs from an inspection as it is not conducted for a specific client.

It includes all pre and post work, travel and client assistance in relation to surveillance. Examples include deploying detector dogs, wharf surveillance, vector monitoring at first points of entry, new car surveillance, break bulk surveillance, monitoring the entry of exotic pests, weeds and disease across passenger and cargo pathways, monitoring of animal welfare issues and monitoring for microbiological or chemical hazards in food.

Box A3 Incident management activities (charge)

Incident management

Includes the department's effort in the coordination and management of any incident including post-border detections and biosecurity and imported food incidents. This includes all associated pre and post work, travel and client assistance in relation to an incident. It excludes cost-sharing for emergency responses under the formal national disease and pest response arrangements.

Investigation support

Involves providing support for enforcement activities relating to an alleged breach of portfolio legislation, including any related client assistance and travel. It does not include the work of the enforcement officers. Examples of investigation support include data extraction and analysis to support an investigation.

Corrective action

Includes actions taken in response to non-compliance with or contravention of legislation or procedures that are managed without a formal investigation by an Enforcement officer. Corrective action activities include advice and support to operational staff and clients on the management of non-compliance and the development of options to effectively manage the risk.

Box A4 Intervention activities (fee)

Assessment

Involves assessing information to determine if it meets the department's requirements. This includes the assessment of import-related documentation for cargo, vessels, plants, animals, food, biological and genetic material, including administration of applications.

Issue approvals and certification

Includes issuing of a decision in relation to an assessment for cargo, vessels, plants, animals, food, biological and genetic material. This includes the work from the end of the assessment period to the completion of the decision-notification process.

Inspection

Includes the physical examination and supervision of a physical examination, of cargo, vessels, plants, animals, food, biological and genetic material, to determine compliance with biosecurity and food safety requirements. Inspections also include activities related to post-quarantine detections of biosecurity-risk goods.

Treatments

Includes the physical treatment of cargo, vessels, plants, animals, food, biological and genetic material, other conveyances or premises, to prevent an adverse biosecurity outcome from occurring.

Husbandry

Includes activities relating to the care of plants and animals that we are responsible for, including transport of plants and animals, housing, daily monitoring, feeding, cleaning of facilities, administering of medication, bookings and client assistance.

Audit

Includes the examination of industry systems and processes to determine whether activities and related results comply with regulatory requirements. This includes desktop audits, remote audits, site audits, reviews of standard operating procedures for new and existing approved arrangement sites, overseas manufacturing facilities and pre-export quarantine facilities and their procedures.

Appendix B Government approval to cost recover

Table 1B describes the key Government approval for continued and expanded regulatory charging for biosecurity activities since 2017.

Table B1 Government approval for continued and expanded regulatory charging for biosecurity activities

Date of decision	Government decision
<p>May 2021</p>	<p>Better manage the risk of hitchhiker pests and diseases Importers</p> <p>Government committed \$96.9 million over 4 years to better manage the risk of hitchhiker pests and diseases that can cause considerable cost and disruption to agricultural production, the environment, and the way of life of all Australians.</p> <p>The program addresses the risk of major hitchhiker pests, for example khapra beetle and brown marmorated stink bug, which can be carried in and on containers and their contents (around 2.5 million containers arrive each year). Commencing 16 January 2023, the Sea FID increased from \$49 to \$58.</p>
<p>November 2019</p>	<p>Expansion of cost recovered regulatory activities</p> <p>Government decided to expand cost recovered regulatory activities to include \$23.0 million per year of biosecurity activities. These directly relate to our regulatory framework.</p> <p>From 1 January 2020 regulatory activities included in regulatory charges were expanded to include:</p> <ol style="list-style-type: none"> 1) Assurance and verification activities to provide confidence in compliance controls and support enforcement of regulation, contributing to the efficiency and effectiveness of the biosecurity system that facilitates importers to bring goods safely into Australia. This activity included: <ul style="list-style-type: none"> • applying best practice regulatory procedures and monitoring their implementation to verify ongoing effectiveness of regulatory activity • implementing and maintaining a decision-making tool that allows us to calculate benefits and risks of change in regulatory activity • investigations of importer compliance with biosecurity regulation to maintain the integrity of the system, including provision and monitoring of corrective actions. 2) Increased analytics and intelligence activities, including the use of data to identify trends to inform intervention and compliance activities. This was intended to minimise the risk of incursions and prevent harm to Australia’s agricultural production and environment. These activities included: <ul style="list-style-type: none"> • the application, maintenance and refinement of algorithms and work processes that analyse biosecurity data and inform coordination of biosecurity risk management measures and compliance controls. The intelligence helps us identify which imports are most likely to expose Australia to exotic pests and/or diseases. • This allows for more targeted risk management activities that streamline the border experience for importers and reduces intervention with importers with minimal risk. 3) The provision of technical and scientific advice to maintain up to date biosecurity risk management information within our Biosecurity Import Condition (BICON) system. Through BICON, we provide a single source of truth for biosecurity officers and importers to identify goods quickly and

	<p>easily, relevant import conditions and further biosecurity risk management options for the safe import of goods.</p> <p>4) Import pest and disease risk mitigation planning, which ensures that we have the capability to mitigate the impact of pest and disease incursions that result from the import of goods. The activities include the development and maintenance of risk mitigation processes and plans, including the maintenance of the capability required to implement actions in those plans, which facilitates the import of goods. Importers will be able to either choose to rely on publicly available plans or choose to develop their own plans subject to the department granting a permit.</p> <p>The effect of this decision to expand cost recovery for biosecurity activities was an increase in 4 charges:</p> <ul style="list-style-type: none"> • Full Import Declaration charge—air was \$33, to \$38. • Full Import Declaration charge—sea was \$42 to \$49. • Vessels greater than or equal to 25 metres—arrival charge was \$920, to \$1054. • Vessels less than 25 metres—arrival charge was \$100, to \$120.
<p>October 2018</p>	<p>Charging for approved arrangements</p> <p>Government approved a change to regulatory charging for biosecurity-approved arrangements. As part of this change, a new throughput charge was introduced, together with remissions for the annual charges payable by some industry participants.</p> <p>The new throughput charge applies to each entry made under the Automatic Entry Processing (AEP) for Commodities (AEPCOMM). A rate of \$18 is charged for each entry by a person covered by an approved arrangement, for goods to be brought or imported into Australian territory.</p> <p>The annual charge for biosecurity-approved arrangements is set at \$2,900 per year. As part of the introduction of the throughput charge, the annual charges payable for some industry participants have been able to be reduced by remission. Biosecurity approved arrangements operated at a single site – \$2,500 Biosecurity approved arrangements operated as an AEP Broker only – \$500. These operators will also pay a throughput charge of \$18 for each AEP entry they process.</p>
<p>May 2017</p>	<p>Vessel arrival charge</p> <p>As part of the 2017–18 Budget measures the Government directed us to increase the international vessel arrival charge to address the volume forecast and cost recover the expenses of the expanded ballast water biosecurity activities.</p> <p>The international vessel arrival charge for vessels over 25 metres in length increased from \$720 to \$920, with effect from April 2018.</p>

References

DAWE, 2021 [Commonwealth Biosecurity 2030 \(PDF 5.7 Mb\)](#), Department of Agriculture, Water and the Environment, Canberra, May 2021, accessed 14 February 2023.

Greenville, J 2023, [La Nina's last hurrah as drier conditions expected ahead](#), media release, Department of Agriculture, Fisheries and Forestry, Canberra 7 March 2023, accessed 9 March 2023.

Attachment B: Summary of stakeholder feedback

Timing/implementation	
Stakeholder feedback	Response
<p>Stakeholders had varied views on when implementation should occur- some prefer changes to prices to align with the calendar year or sought to delay commencement to a time that enables businesses to incorporate increased costs into forward contracts or otherwise pass costs on to clients.</p> <p>Some stakeholders suggested a staged approach where price increases are phased in through several incremental increases rather than all at once, lessening the impact of increased costs, particularly where a high percentage increase has been proposed.</p>	<p>The department commenced a comprehensive review of the biosecurity cost recovery arrangement in 2020-21. Industry engagement began at this time, with the department advising the review was underway, and providing progress updates, through industry consultative committees, industry advice notices and through information published in cost recovery implementation statements on the department’s website.</p> <p>Stakeholders were informed the outcome of the review were expected to result in changes to fees and charges, with an expected implementation date of 1 July 2023. Proposed price changes were socialised through a public consultation process from March 2023 to early May 2023.</p> <p>The proposed price changes are critical to stabilising the biosecurity arrangement and represent a one-off increase for inflation and additional effort.</p>
<p>The length of time since the last review of existing fees and charges was seen as a driver for such a significant change, and unmanageable for some industry sectors, with the magnitude of the proposed increase considered unacceptable within a short timeframe.</p>	<p>The biosecurity cost recovery arrangement was originally due for review in in 2019 -20. However, resources were directed to more pressing needs at the time, and in March 2020 COVID-19 was officially announced in Australia.</p> <p>The department recognises that a significant time has elapsed since the last comprehensive review and as a consequent, the magnitude of some price changes has been significant.</p> <p>To minimise the impact of future changes the department is intending to introduce an annual review cycle that will see charging arrangements reviewed at regular intervals and minimise the impact of price changes in future years. This allows for regular consideration of effort and cost to deliver regulatory activities and allows for decrease in price where effort reduces.</p>
Price increase	
Stakeholder feedback	Response
<p>Most stakeholders recognised the need for increases to prices. However, some strongly opposed either the size of the increase or any increase at all. Some challenged the justification for the current prices and hold views that prices are already too high.</p>	<p>The proposed new prices have been calculated following a comprehensive review that surveyed current regulatory effort for biosecurity activities, validated data costs and effort with operational areas, and forecast future year volumes to determine prices across all charge points. The comprehensive review identified the actual cost, and effort needed to deliver current regulatory activities.</p> <p>The method used is consistent with past pricing calculations. The Department of Finance has been engaged on the modelling methodology and compliance with the whole of government charging framework, which ensures the department is only charging for the</p>

	minimum efficient and reasonable costs for a particular activity.
Impact of prices increase	
Stakeholder feedback	Response
Stakeholders were concerned that large price increases proposed for the post entry quarantine (plant and avian) may increase the risk of unlawful importation as importers will see cost as prohibitive and further drive illegal imports – which is already a known risk, particularly in the avian and egg industry. The potential impact of an exotic disease outbreak from products not meeting our strict quarantine requirements, on both the environment and commercial industries is a key concern to stakeholders.	The department is aware of the risk that illegal importation poses and the potential impact an exotic disease outbreak could have on our pest and disease status. This risk is closely monitored, the department has a range of controls in place to manage, detect, and respond as necessary to prevent goods that have not meet our strict biosecurity requirements from passing through the border undetected.
Plant importers raised concerns about the potential for reduced competitiveness of plant industries resulting from a reduction in the importation of new plant species or varieties due to cost. Some noted they were intending to explore alternate quarantine options which may be to establish their own facility and have this approved by the department to undertake quarantine activities.	The department recognises price increases for plant stakeholders that use the Mickleham post entry quarantine facility is high. The proposed increases to plant quarantine charges are the result of a combination of previous under-recovery, and high running costs for the PEQ facility, especially electricity, water and gas, and increased staff numbers needed to manage growing volumes, and the risk associated with high-risk plant species. The department has been investing effort into measures to reduce costs at the PEQ facility through updates to the hothouses, such as using solar energy generation. The introduction of indexation and the annual review process will help to minimise the impact of price increases across future years.
Representatives from the university and research sector advised that current importation costs are impacting the research community, with some research already conducted overseas rather than in Australia. Further increases in costs would potentially make the cost of importing research material untenable.	The department is considering options for a risk-based approach to the application of charging, including for the research sector who import biological material and are holders of approved arrangements
Small business and infrequent importers noted that increased costs have a direct impact on the viability of a small businesses with low profit margins. Businesses who import large volumes and have many importing transactions noted the overall increase is considered significant, with broader effects as increased costs are passed to clients and consumers.	The department has noted these concerns and recognises that prices increase will affect all businesses. The cost to deliver our regulatory activities is greater than the amount the department is recovering, and this is unsustainable. To minimise the impact of future changes the department is intending to introduce an annual review cycle that will see charging arrangements reviewed at regular intervals and minimise the impact of price changes in future years.
Fee/charging structure	
Stakeholder feedback	Response
Custom brokers raised concerns about the existing fee structure and perceived inequities in how fees and charges are applied where industry is performing work on behalf of the department.	The department has identified some billing practices that require review to ensure a consistent approach and will implement further training for staff, in line with charging guidelines.
It was noted that higher fee-for-service rates for assessment, inspection or verification activities are not necessarily being applied when work is completed outside normal hours. Higher rates should apply when cancellation or poorly prepared goods are presented for clearance as an	The department has identified some billing practices that require review to ensure a consistent approach and will implement further training for staff, in line with charging guidelines.

incentive to reward compliant behaviour and reduce clearance times.	
Consideration could also be given to implementing price structures commensurate to the risk posed by the user group or commodity. For example, the department's Green Lanes currently in their infancy could be expanded to more commodities and pathways other than just cargo imported by large companies.	<p>A changed approach to charging will be explored further through ongoing annual reviews. A similar model of ensuring a compliant pathway and commodity could be met with less intervention at the border and periodic audit to ensure continue compliance with the Green Lane requirements.</p> <p>Industry is already and will continue benefiting from the development of risk-based compliance schemes that move away from 100 per cent interventions and rewards industry participants with reduced need for inspection resulting in quicker clearance for compliant participants.</p> <p>The department is continuing to build on existing models to extend partnerships with industry, where complaint behaviour results in less intervention and faster clearance of cargo.</p> <p>The department also notes that while there is a push for greater partnerships with industry, there has been slow take-up of industry in existing co-designed programs, such as some classes of approved arrangement - Automatic Entry Processing and Class 14.4 Rural Tailgate.</p>
Value for money and efficiencies	
Stakeholder feedback	Response
Several stakeholders commented that their service expectations were not currently met - they did not receive value for money due to the delays in cargo clearance, inspection and clearance processes, issues with the administration of approved arrangements, a perceived lack of expertise, inadequate resourcing, and lack of investment in technology and innovation.	<p>The department has and will continue to invest in biosecurity data and analytics activities which is critical to enable more efficient management of biosecurity risk. The better use of biosecurity data supports more targeted interventions based on risk and greater transparency of services and biosecurity performance. These investments provide a bedrock for other ICT investments to facilitate streamlined border movements.</p> <p>Through digitising services for pre-border cargo import processes on document assessment and inspections, initial efficiencies will be generated for low-risk consignments and containers with good compliance history. This in turn enables the workforce to consider shifting from low value to high value biosecurity interventions and better targeting of risks.</p> <p>Directly importing data aims to reduce the need to exchange import information manually and repeatedly, further improving efficiencies for importing businesses.</p> <p>The development of a skilled and efficient workforce is supported through the establishment of the Biosecurity Training Centre which will increase the department's frontline capability. Industry will see the benefit from increased capability that focuses on high-risk consignments and quickly clears commodities that are low risk.</p> <p>The biosecurity sustainable funding model, announced in the May 2023 budget, supports the department by providing the resource base required to manage our biosecurity system. Impacts will not be immediate as it will take 6-12 months to recruit and train new staff and build capacity.</p>
Stakeholders want greater transparency in costings that inform price calculations, so price modelling is better understood by industry. Calls for productivity reviews and	The department will continue to educate stakeholders through industry consultative committees and to receive their feedback on how the structure of the charging

<p>benchmarking exercises were made to enhance and streamline activities and look for efficiencies.</p>	<p>arrangement could be reviewed or where there may be different pricing options to recover the department's costs.</p> <p>Annual review processes will ensure regular opportunities to engage. Regulatory charging will continue to remain a critical part of a sustainable national biosecurity system to ensure that all users and risk-creators pay their share. Further information on how the department applies cost recovery is described in our cost recovery implementation statement.</p> <p>The department will continue to review the arrangement to keep pace with changes to biosecurity risk profiles, emerging risks, industry and trading partner challenges, and changes in cost to perform regulatory activities.</p>
<p>Stakeholders presented concerns of delays and perceived poor or inefficient services. There is a strong view that if industry is expected to pay more, they should receive a more efficient service. The expectation is that delays in cargo clearances will be reduced, and the department's service level will improve if industry pay more.</p>	<p>Without stabilisation of the biosecurity arrangement, and rebalancing resources with workload the risk of biosecurity failure in cargo pathways will increase.</p> <p>Improvements to services, in particular the clearance of cargo at the border, will not be immediate as recruitment, onboarding and training will take time.</p>