

Note. This data is included in AFFA's Part I.

**PART I**

**ALL PORTFOLIOS ARE REQUESTED TO COMPLETE PART I.**

**If you cannot answer a question, please indicate whether the question is NOT APPLICABLE or if INFORMATION IS NOT AVAILABLE.**

**Section 1: Contact details**

1.1 Portfolio

1.2 Reporting and financial arrangements are governed by:  
(Please indicate with a 'X' whether one or more of the following Acts apply)

*Financial Management and Accountability Act 1997*

YES	NO
X	

*Commonwealth Authorities and Companies Act 1997*

YES	NO
	X

Other

1.3 Contact Officer

Position

Phone

Fax

Email

Address

**This section asks about your portfolio’s total revenues, charges and expenses (but not including the revenues, charges and expenses of agencies that will be completing separate responses to this questionnaire - see Attachment A). All portfolios should complete this section, whether or not you consider you undertake cost recovery.**

**Section 2: Portfolio revenues, charges and expenses**

(Please indicate with a 'X' which response applies)

2.1 Has your portfolio charged any cost recovery fees, levies or other charges in the last five financial years?

YES	NO
X	

*Relevant charges include any fees, levies, taxes (including some customs and excise duties earmarked for specific purposes) or other charges which arise from the services, programs or business activities of your portfolio, and which are collected by your portfolio, or by another agency on your behalf. For example, application fees, processing charges, consultancy fees, publication sales, special industry duties, excises or levies other than general taxation.*

2.2 Were any of the appropriations allocated to your portfolio in the last five financial years linked (hypothecated) to revenue collected from fees, levies or charges (for example, levies paid to the Consolidated Revenue Fund but earmarked for allocation to your portfolio)? (Whether the revenue was collected by your portfolio or by another agency on your behalf).

YES	NO
X	

2.3 Has your portfolio considered introducing any cost recovery arrangements in the past that were not implemented?  
(Please attach any relevant reviews, analysis or other information.)

YES	NO
	X

2.4 Is your portfolio considering introducing any cost recovery arrangements in the future?  
(Please attach any relevant reviews, analysis or other information.)

YES	NO
	X

**If you answered NO to questions 2.1 and 2.2, you need not answer any further questions. Thank you for your cooperation. Please return the questionnaire to the Commission (see front sheet for instructions).**

**If you answered YES to EITHER question 2.1 OR question 2.2 OR both, please complete section 3 below, and Part II on the following worksheet.**

**Section 3: Portfolio revenues and expenses**

**Please do not include the revenues and expenses in this section of agencies that will be completing separate responses to this questionnaire (see Attachment A).**

3.1 Does your portfolio classify revenues and expenses as agency and administered?  
*Agency revenues and expenses are those controlled by the department/agency (for example, employee and administrative expenses). Administered revenues and expenses are those which are controlled by Government and managed or oversighted by the department/agency on behalf of the Government (for example, social security payments).*

YES	NO
X	

**If your portfolio classifies revenues and expenses as 'agency' and 'administered' then please fill in both tables below. If your portfolio does not classify revenues and expenses as 'agency' and 'administered' then please put all revenues and expenses in the 'agency' table below.**

**AGENCY portfolio revenues and expenses (Please use \$'000)**

	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Agency revenue from cost recovery (a)</b>					
3.2 Cost recovery revenue retained by your portfolio	0	0	0	0	117034
3.3 Cost recovery revenue paid to CRF and appropriated to your portfolio (or another agency for a specific purpose (ie. annotated, hypothecated or earmarked revenues)	102879	117375	125501	126534	19659
3.4 Cost recovery revenue paid to CRF and not specifically appropriated to your portfolio (or another agency)	0	0	0	0	0
<b>3.5 Total agency revenue from cost recovery</b>	<b>102879</b>	<b>117375</b>	<b>125501</b>	<b>126534</b>	<b>136693</b>
<b>Agency revenue from other sources</b>					
3.6 Other appropriations	70507	69672	78041	52937	37225
3.7 Other sources (eg. asset sales, dividends, interest, funding from other government agencies)	16188	1559	9952	12076	4972
<b>3.8 Total agency revenue from other sources</b>	<b>86695</b>	<b>71231</b>	<b>87993</b>	<b>65013</b>	<b>42197</b>
<b>3.9 Total portfolio agency revenue</b>	<b>189574</b>	<b>188606</b>	<b>213494</b>	<b>191547</b>	<b>178890</b>
<b>3.10 Total agency expenses</b>	<b>183365</b>	<b>187685</b>	<b>189963</b>	<b>194716</b>	<b>178161</b>

**CRF Consolidated Revenue Fund**

(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your portfolio, and which is paid to your portfolio, to another agency or to the Consolidated Revenue Fund.

**ADMINISTERED portfolio revenues and expenses (Please use \$'000)**

	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Administered revenue from cost recovery (a)</b>					
3.11 Cost recovery revenue retained by your portfolio					
3.12 Cost recovery revenue paid to CRF and appropriated to your portfolio (or another agency for a specific purpose (ie. annotated,					
3.13 Cost recovery revenue paid to CRF and not specifically appropriated to your portfolio (or another agency)					
<b>3.14 Total administered revenue from cost recovery</b>	0	0	0	0	0
<b>Administered revenue from other sources</b>					
3.15 Other appropriations					
3.16 Other sources (eg. asset sales, dividends, interest, funding from other government agencies)					
<b>3.17 Total administered revenue from other sources</b>	0	0	0	0	0
<b>3.18 Total portfolio administered revenue</b>	0	0	0	0	0
<b>3.19 Total administered expenses</b>					

**CRF Consolidated Revenue Fund**

(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your portfolio, and which is paid to your portfolio, to another agency or to the Consolidated Revenue Fund.

**End of Part I. Please complete Part II, which is on a separate worksheet.**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part. Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in

### PART II(a)

Name of sub-unit, agency, program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax)</p> <p><i>fees for service, registration charges, documentation fees, quantity charges</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant</p>
4.3	<p>Who pays the cost recovery charges?</p> <p><i>Exporters of goods that require export certification. For example, processors of meat for export or grain exporters.. Importers of goods that are subject to quarantine. For example, brokers, importers, shipping companies, air couriers, approved premises. Australia Post pays the imposts relating to international mail.</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p><i>Export certification - producers, exporters, end consumers and Australians through increased export activity which leads to increased employment and economic prosperity. Quarantine services (import) - benefits Australia's major exporting industries, human health and the environment by protecting the country from exotic pest and disease incursions.</i></p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p><i>AQIS has a variety of performance indicators that measure the benefits. Performance indicators include cost efficiency of providing services, effectiveness and client feedback. An example of a performance indicator is the Post Entry Animal Quarantine program records the number of exotic diseases detected at stations on a monthly basis.</i></p>
4.6	<p>Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)</p> <p><i>Arrangements for co-regulation, Quality Assurance and third party systems are restricted to some extent by importing country requirements which require certification by a government agency. For example, importing country requirements for export meat dictate that the service be provided by the Australian Government. Where possible, quality arrangements have been introduced and clients have assumed responsibility for certain functions. Importers of plants may use State government operated facilities. Private stations are also approved for hatching eggs, horses, zoo and lab animals and an offshore private quarantine station for ruminants. Co-regulation arrangements are also being progressed with industry. Companies may also operate on Approved Quarantine</i></p>

4.7 When was this cost recovery arrangement introduced?

Between 1979 and 1988 the Commonwealth Government introduced 50 percent cost recovery for all quarantine and export inspection services. This was increased to 60 percent from 1 July 1988. Full cost recovery has been in place since 1 January 1991, with a requirement for costs to be recovered on a program basis being introduced in mid 1993.

## PART II(b)

Name of sub-unit, agency, program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

### Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued) (Please use \$'000)

#### Program or activity, output or outcome revenues

4.8	Cost recovery revenue paid to CRF earmarked for appropriation	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation	\$	19,659	Airports
4.10	Cost recovery revenue paid to CRF and not earmarked for particu	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	19659	4.12 includes Ballast
4.12	Cost recovery not paid into CRF	\$	116265	Water
4.13	Total cost recovery revenue	\$	135924	
4.14	Appropriations not related to cost recovery	\$		37225
4.15	Other sources (please specify)	\$		5760
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>178909</b>

#### Program or activity, output or outcome expenses

4.17	Direct expenses	\$	171,347	
4.18	Indirect expenses (including corporate overheads)	\$	6,814	Management Sec
4.19	Third party expenses (a)	\$		include State exp?
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>178161</b>	

#### Administration costs

4.21 What costs are associated with administering the cost recovery a \$

\*\*Revenue is after transfers\*\*

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery

## **PART II(c)**

Name of sub-unit, agency,  
program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

### **Section 5: Institutional arrangements**

5.1	What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second	Decisions to introduce cost recovery arrangements in AQIS related to various Government's policies to, where possible, recover costs of providing services to industry where services could be regarded as a normal business expense.
5.2	What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)	
	Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	Export - Export Control Act 1982 Import - s 86E Quarantine Act 1908, s 36 Imported Food Control Act 1992, Export Inspection and Meat Charges Collection Act 1985, Export Inspection (Establishment Registration Charges) Act 1985, Export Inspection (Quantity Charge) Act 1985, Export Inspection (Service Charge) Act 1985.
	Subordinate legislation (eg. regulations, standards)	Export - Reg 3 Export Control (Orders) Regulations 1982, Export Inspection (Registration Charges) Regulations 1985, Export Inspection (Quantity Charge) Regulations 1985, Export Inspection (Service Charge) Regulations 1985, Export Control (Fees) Orders. Import - Quarantine Determination, Imported Food Control Regulations 1993. Quarantine Service Fees 2000-02 (Australia Post) Determination 2000.
	Co-regulation or quasi-regulation	
	Commonwealth/State/Territory	



<p>Voluntary arrangements (eg. codes of practice) Other</p>	
<p>5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)</p>	
<p>Commonwealth government Other governments (state, Industry Consumers Other</p>	<p>Instructions from the Department of Finance.</p> <p>Appropriate industry bodies were consulted.</p>
<p>5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)</p>	<p>Various legal advice, "Guidelines for Costing of Government Activities", issued by the then Department of Finance. Decisions of the High Court of Australia, such as <i>Airservices Australia v Canadian Airlines International</i> and <i>Air Calendonie International v The Commonwealth</i>.</p>
<p>5.5 Which agency is responsible for the following activities? (Please name relevant agency)</p>	
<p>Policy setting Price setting Administration Revenue collection</p>	<p>AQIS/Biosecurity Australia AQIS AQIS AFFA's Management Services area provides revenue services to AQIS, including invoicing, receipting and debt management.</p>
<p>5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies)</p>	
<p>Commonwealth government (DOFA etc)</p>	<p>The Minister is informed of all cost recovery arrangements. Regulation Impact Statements are submitted to the Office of Regulation Review, which is part of the Productivity Commission.</p>
<p>Other governments (state, Industry</p>	<p>Industry Consultative Committees (ICC) are consulted on the development of an appropriate fee and charging structure for each program.</p>
<p>Consumers</p>	
<p>Other</p>	<p>Quarantine and Exports Advisory Council (QEAC)</p>
<p>5.7 Please describe these consultation arrangements.</p>	<p>ICCs meet on a regular basis, usually every three months. AQIS reports to the ICC on the financial status of the program, and any proposal to change the fee and charging structure is discussed.</p>
<p>5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)</p>	<p>AQIS's cost recovery systems were formally reviewed by the Australian National Audit Office (ANAO) in 2000. The ANAO reported that, in general, AQIS's cost recovery systems are "mature and stable". In a recent external review conducted by SMS Consulting on AQIS's consultative mechanisms, the mechanisms were considered to be a "model for other government bodies to follow".</p>

## **PART II(d)**

Name of sub-unit, agency,  
program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

### **Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Fees and charges are determined on a program by program basis. AQIS's fees and charges comprise of a mix of fee-for-service imposts and taxing imposts. Fees-for-service imposts are used when there is an identifiable service, which can be rendered to the person paying and the fee charged is related to the cost of providing the service to the user group as a whole. AQIS imposes charges under taxation powers to recover costs of a more general nature, such as overhead costs. A general principle underpinning AQIS's fees and charging structure is that annual imposts, such as registration charges, are designed to cover a program's fixed costs, while fees-for-service cover variable costs. However, the overall structure of a program's fees and charges may differ from this rationale if it can be readily justified and agreement has been reached with the appropriate Industry Consultative Committee. A program identifies all direct and indirect costs to ensure that the fee and charging mechanisms in place will fully recover the costs of delivering the service at a program level. All fees and charges a
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or	Imposts are directly related to the costs of providing the overall service to the client of a specific program and fees and charges set to align as closely as possible with the provision of service types.

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	Both the direct and indirect costs of the program.
(ii) What proportion of these costs do charges aim to recover? (%)	AQIS programs operate on full cost recovery, ie 100% of costs
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprivation or	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	
(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to an individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common impost determined for the category. Uniform fees are set for the whole of Australia.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers,	

(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Indirect costs are allocated using a range of cost drivers. For example, rent is allocated either on the basis of staff numbers or floor space.
6.4	Are there any price controls on these charges?	AQIS overhead costs are capped at each year's budget estimate. Should an area be over budget at the end of the year, the area is expected to recover the over-run in the following year of operation. Should an overhead area finish under budget, it is passed on as a reduced cost to the program areas in the same year.
6.5	How often is the level of charges changed?	All program fees and charges are reviewed twice a year as part of AQIS budget and mid term budget review process. It is unusual however for fees and charges to be changed more than once a year.
6.6	What happens if revenue recovered is greater than costs incurred?	Over-recovered funds are treated as an AQIS liability. Over-recoveries are placed into one of the following three accounts: Income Equalisation Reserve (IER); Revenue Rebate or Industry Initiative account. The principle purpose of the IER account is to enable AQIS and industry to overcome unforeseen downturns in the recovery of expenditure within each industry over a period of years. IER, Revenue Rebate and Industry Initiative accounts are established with the agreement of industry through ICCs. Funds placed in the Revenue Rebate account are used to temporarily reduce the level of fees or charges applied for services performed by the program, as agreed with industry. Funds placed in the Industry Initiative account are used in consultation with industry for projects of benefit to industry, such as research and development.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**







e relevant bodies.)







































































## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.  
Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p> <p><i>The program charges fees to cover the costs associated with housing imported animals for the period of quarantine specified by the relevant import protocol.</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p> <p><i>Fees are charged for specific services (eg collecting animal from airport, daily accomodation rates) See attachment</i></p>
4.3	<p>Who pays the cost recovery charges?</p> <p><i>Individual importers of animals that require quarantine on arrival in Australia</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p><i>Australian livestock industries and Australians generally.</i></p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p><i>The program record the number of exotic diseases detected at the stations on a monthly basis.</i></p>



4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)

*Yes, private stations are approved for hatching eggs (2), horses (3), zoo and lab animals, and an offshore private quarantine station for ruminants. The program is currently developing a standard for operators of private quarantine facilities for dogs and cats - the largest client group of the program. The standard will be put out for public consultation in the next two months, in conjunction with a paper discussing the options for the management of quarantine facilities by private firm rather than by government.*

4.7 When was this cost recovery arrangement introduced?

Jan-91

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome

Post Entry Animal Quarantine Stations

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12	Cost recovery not paid into CRF	\$	2414	
4.13	Total cost recovery revenue	\$	2414	
4.14	Appropriations not related to cost recovery	\$		480
4.15	Other sources (please specify)	\$		5
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>2899</b>

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	2659
4.18	Indirect expenses (including corporate overheads)	\$	241
4.19	Third party expenses (a)	\$	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>2900</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements? \$

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

### **PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 86E Quarantine Act 1908
Subordinate legislation (eg. regulations, standards)	Quarantine Determination
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)

Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

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5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

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5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

*ANAO audit report 10, 2000-2001. Fees last reviewed by the program in January 1999, and will be reviewed again in March 2001.*

**PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome

Post Entry Animal Quarantine Stations

**Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6 What happens if revenue recovered is greater than costs incurred?	If revenue recovered is greater than costs incurred, the government subsidy is adjusted accordingly in the following year, in accordance with the Memorandum of Understanding with DoFA.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Post Entry Plant Quarantine

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p>	<p>Service charge applied to all post-entry quarantine services provided to imported plants performing post-entry quarantine.</p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p>	<p>Clients are charged fees according to the services provided.</p>
4.3	<p>Who pays the cost recovery charges?</p>	<p>Clients of the Commonwealth government plant quarantine stations eg plant importers, universities, plant breeders, fruit improvement associations, scientific researchers, seed companies, State Departments of Agriculture, orchardists, private nurseries, botanical gardens, members of the public etc.</p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p>	<p>All AQIS clients involved in the importation of all plant material into Australia through the AQIS plant quarantine stations and for all Australians whose interests are protected by the exclusion of exotic pests and diseases of plants.</p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p>	<p>Yes. The Program's Business Plan describes the performance indicators that are used to measure the effectiveness of the Program.</p>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	Yes. Importers also have the option of quarantining their plants/seed lines in a State government operated facility. These facilities are operated under compliance arrangements and are audited by AQIS to ensure that quarantine standards relating to disease screening are maintained and applied at all times.
4.7 When was this cost recovery arrangement introduced?	Full cost recovery for AQIS was introduced in 1991. The Program recovers the user attributable costs for providing pest and disease testing and plant maintenance and establishment.

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Post Entry Plant Quarantine

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12 Cost recovery not paid into CRF		\$	298
4.13 Total cost recovery revenue		\$	298
4.14 Appropriations not related to cost recovery			\$ 1106
4.15 Other sources (please specify)			\$ 3
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 1407</b>

**Program or activity, output or outcome expenses**

4.17 Direct expenses	\$	1128
4.18 Indirect expenses (including corporate overheads)	\$	280
4.19 Third party expenses (a)	\$	
<b>4.20 Total program or activity, output or outcome expenses</b>	\$	<b>1408</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements?	\$	
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CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome Post Entry Plant Quarantine

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 86E Quarantine Act 1908
Subordinate legislation (eg. regulations, standards)	Quarantine Determination
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	

Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

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5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

The cost-recovery arrangements for AQIS were recently reviewed by the Australian National Audit Office.

### **PART II(d)**

Name of sub-unit, agency, program or 

Post Entry Plant Quarantine
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activity, output or outcome

## Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6 What happens if revenue recovered is greater than costs incurred?	If revenue recovered is greater than costs incurred, the government subsidy is adjusted accordingly in the following year, in accordance with the Memorandum of Understanding with DoFA.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Seaports

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p> <p><i>Fee for service charged for quarantine clearance of vessels arriving in Australia from international waters.</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p> <p><i>Each vessel / agent issued with a Record of Service for detailing quarantine services and costs - monthly invoices issued for payment.</i></p>
4.3	<p>Who pays the cost recovery charges?</p> <p><i>Shipping Industry / Vessel Agents, Owners, Masters</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p><i>Shipping Industry / Vessel Agents, Owners, Masters / AFFA / Commonwealth Department of Health and Aged Care</i></p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p><i>The Seaports Program uses a series of performance indicators to measure Program efficiency and effectiveness.</i></p>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	<i>The Seaports Program uses Customs and AFP officers to perform some Program functions in remote ports.</i>
4.7 When was this cost recovery arrangement introduced?	1991

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Seaports

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$	87	
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	87	
4.12 Cost recovery not paid into CRF		\$	4304
4.13 Total cost recovery revenue	\$	4391	
4.14 Appropriations not related to cost recovery			\$ 67
4.15 Other sources (please specify)			\$ 10
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 4468</b>

**Program or activity, output or outcome expenses**

4.17 Direct expenses	\$	3457
4.18 Indirect expenses (including corporate overheads)	\$	783
4.19 Third party expenses (a)	\$	
<b>4.20 Total program or activity, output or outcome expenses</b>	\$	<b>4240</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements?	\$	
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CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome

Seaports

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

--

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)

s 86E Quarantine Act 1908

Subordinate legislation (eg. regulations, standards)

Quarantine Determination

Co-regulation or quasi-regulation

--

Commonwealth/State/Territory agreement

--

Voluntary arrangements (eg. codes of practice)

--

Other

--

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)

--

Other governments (state, territory, local)

--



Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

--

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

*The Seaports Program is currently undergoing a comprehensive review of activities and charges.*

### **PART II(d)**

Name of sub-unit, agency, program or 

Seaports
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activity, output or outcome

## Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.  
Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)	<i>Service charge for training and consultancy</i>
4.2	Basic description of arrangements: (Please attach any relevant documents.)	<i>Development and delivery of training and consultancy to the meat industry and broad food industry.</i>
4.3	Who pays the cost recovery charges?	<i>Meat and food industry clients.</i>
4.4	Who benefits from the program or activity, output or outcome?	<i>Food and meat industry .</i>
4.5	Do you attempt to measure these benefits? If YES, how?	<i>Retention rates of staff, productivity through wastage, improved food hygiene standards and operational outputs and increase in market share / clients.</i>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	<i>There are no providers of the full service ATS offers (ie. Food and meat processing operationally, food safety auditing, QA and leadership for export registered establishments).</i>
4.7 When was this cost recovery arrangement introduced?	1993

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome	AQIS Training Services
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**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12 Cost recovery not paid into CRF		\$	1476
4.13 Total cost recovery revenue		\$	1476
4.14 Appropriations not related to cost recovery			\$ 0
4.15 Other sources (please specify)			\$ 14
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 1490</b>

**Program or activity, output or outcome expenses**

4.17 Direct expenses	\$	1462
4.18 Indirect expenses (including corporate overheads)	\$	107
4.19 Third party expenses (a)	\$	
<b>4.20 Total program or activity, output or outcome expenses</b>	\$	<b>1569</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements?	\$	
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CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome AQIS Training Services

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s31 FMA
Subordinate legislation (eg. regulations, standards)	
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	

Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

--

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

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### **PART II(d)**

Name of sub-unit, agency, program or 

AQIS Training Services
------------------------



activity, output or outcome

## Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')

Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy

(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)

Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)

The charges aim to recover direct and indirect costs.

(ii) What proportion of these costs do charges aim to recover? (%)

100%

(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)

There is no specific requirement for the valuation of assets.

(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)

(v) Do charges include a user cost of capital?

No

(vi) If 'YES' to (iv), how is it calculated?

(vii) Do charges include return on assets? (eg. profit)

No

(viii) If 'YES' to (vii), on what basis?

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Airports

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p>	<p>Fee for service - including include treatment of imported goods, stowage, in office or out of office quarantine services. Overtime charges apply when in office or out of office quarantine services are performed outside normal office hours. These charges provide about \$650k <i>per annum</i>. The Airports Program receives a share of the the Passenger Movement Charge collected on out-going ticket sales. The amount provided from this source is linked to passenger numbers.</p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p>	<p>Fee for service and overtime charges applied consistent with Airports Program and AQIS charging policies. Current PMC arrangements agreed between DoFA and AQIS for the 00-01 and 01-02 financial years.</p>
4.3	<p>Who pays the cost recovery charges?</p>	<p>Fee for service clients include international passengers arriving in Australia, airlines, private aircraft owners and military agencies. PMC contributors include the majority of passengers purchasing tickets to travel from Australia to an overseas destination (some exemptions apply - the Australian Customs Service collects the PMC and would be able to specify these exemptions).</p>

4.4 Who benefits from the program or activity, output or outcome?	The person/agency requesting quarantine services benefits directly from the services delivered, in that they are allowed to bring the treated item into Australia/discharge their passengers or cargo etc. The beneficiaries of the PMC services include all passengers arriving in Australia subject to normal aircraft clearance procedures and normal passenger processing requirements. Aircraft and passengers that do not fit within the normal arrangements are subject to the additional charges, due to the higher levels of service provided and the additional cost to AQIS of providing those services. The public benefit of all these services is the reduced probability of an exotic pest or disease entering the country.
4.5 Do you attempt to measure these benefits? If YES, how?	The Airports Program does measure the benefit of these services. At the top level, we report monthly on the number of seizures made (high risk or prohibited quarantine material). Beneath this level, AQIS analyses the nature of the seizures (ie, country of origin, plant/animal material etc), to determine the potential quarantine risk of the items. AQIS Scientific Support staff undertake pathology and taxonomic identifications to specify risks. AQIS will soon commence a project whereby a risk rating can be applied to products seized at the border, which will enable measurement of effectiveness and efficiency.
4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	There are no apparent third party providers of passenger processing services at airports. Any third party provider would need to have access to a workforce with good scientific skills and a strong knowledge of quarantine legislation. Current employees are required to undertake a year long training program prior to becoming fully effective quarantine officers. AQIS has implemented aircraft clearance by exception arrangements, therefore reducing the workload of this task. AQIS is implementing compliance agreement arrangements for disposal of quarantine waste, and this means airlines and other service providers will continue to deliver this role, with AQIS reviewing compliance. Services that could be readily supplied by third parties include audit services, vector monitoring services and treatment services.
4.7 When was this cost recovery arrangement introduced?	AQIS moved to partial cost recovery in 1991, and to full cost recovery in 1995.

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome

Airports

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**

**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$	19572	
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	19572	
4.12	Cost recovery not paid into CRF	\$		439
4.13	Total cost recovery revenue	\$	20011	
4.14	Appropriations not related to cost recovery	\$		0
4.15	Other sources (please specify)	\$		48
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>20059</b>

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	14700
4.18	Indirect expenses (including corporate overheads)	\$	5465
4.19	Third party expenses (a)	\$	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>20165</b>

**Administration costs**

4.21	What costs are associated with administering the cost recovery arrangements?	\$	
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CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

**PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

Airports

**Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

--

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 86E Quarantine Act 1908
Subordinate legislation (eg. regulations, standards)	Quarantine Determination
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	
Industry	
Consumers	
Other	

5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting	
Price setting	
Administration	
Revenue collection	

5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	
Industry	
Consumers	
Other	

5.7 Please describe these consultation arrangements.

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

The Airports Program internally reviewed its treatment fees and identified some variance between current charges and actual costs. This process will be repeated for delivery of other quarantine services at airports during 2000-01. The Airports Program is reviewing its charging policy, taking into account broader AQIS charging arrangements and Australian National Audit Office recommendations.

**PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome

Airports

**Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')

Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy



(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program
6.2	If charges are directly related to the costs of particular activities, outputs or outcomes:
(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	
(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	

(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6 What happens if revenue recovered is greater than costs incurred?	As almost all of the funding for this program is received by a hypothecated appropriation (ie via the Passenger Movement Charge) over and under recoveries are managed through the adjustments of expenditure budgets in the following financial year.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part. Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)	<i>Registration Fee, Documentation and Exemption Fee, Service charge for audits,</i>
4.2	Basic description of arrangements: (Please attach any relevant documents.)	<i>The dairy export program is responsible under the Export Control Act 1982 and subsidiary legislation for the inspection and certification of prescribed dairy products.</i>
4.3	Who pays the cost recovery charges?	<i>Dairy Export Registered Establishments, Dairy Exporters</i>
4.4	Who benefits from the program or activity, output or outcome?	<i>Dairy Industry including farmers, processing establishments and exporters through access to export markets</i>
4.5	Do you attempt to measure these benefits? If YES, how?	<i>Value of exports is one indication of the benefits to the Dairy Industry</i>

- 4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe) *The Dairy Review Unit reviews the performance of the dairy export inspection system by State Dairy Authorities where they elect to perform the function. AQIS continues to provide the service in SA and NT where the relevant authorities have not chosen to perform the function. The Export Control (Processed Food) Orders enable Third Party Inspection Options but no companies have elected to use this option.*
- 4.7 When was this cost recovery arrangement introduced? *50% fee for service in 1988 and 100% fee for service in 1990*

### **PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Dairy Export

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$			
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$			
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$			
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0		
4.12	Cost recovery not paid into CRF			\$ 1095	
4.13	Total cost recovery revenue			\$ 1095	
4.14	Appropriations not related to cost recovery				\$ 0
4.15	Other sources (please specify)				\$ 3
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>				<b>\$ 1098</b>

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	531
4.18	Indirect expenses (including corporate overheads)	\$	566
4.19	Third party expenses (a)	\$	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>1097</b>

**Administration costs**

4.21	What costs are associated with administering the cost recovery arrangements?	\$	
------	--	----	--

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome Dairy Export

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 25 Export Control Act 1982; Export Inspection (Establishment Registration Charges) Act 1985; Export Inspection (Quantity Charge) Act 1985; Export Inspection (Service Charge) Act 1985.
Subordinate legislation (eg. regulations, standards)	Export Control (Orders) Regulations 1982; Export Control (Fees) Orders; Export Inspection (Establishment Registration Charges) Regulations 1983;
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	

Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

--

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

*The Dairy Export Industry Consultative Committee Charging Subcommittee reviews charging arrangements at least once per year and considers the costs to the industry for the program and how best to recover the costs.*

## **PART II(d)**

Name of sub-unit, agency, program or Dairy Export

Dairy Export
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activity, output or outcome

## Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.



6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Fish Exports

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)	Four revenue streams - Fee for Service, documentation, fish levy, registrations
4.2	Basic description of arrangements: (Please attach any relevant documents.)	FFS - activities by inspectors to verify exports (eg auditing). Documentation - issuance of export permits, health certificates. Fish levy - a rate of \$1 per 100kg or part thereof. AQIS registration - required for vessels/landbased establishments processing seafood products for export
4.3	Who pays the cost recovery charges?	Industry - including exporters, agents, freight forwarders, owners/occupiers of registered establishments
4.4	Who benefits from the program or activity, output or outcome?	Export industry clients, overseas health authorities, State/Territory governments, Federal Government, Australian and overseas communities and consumers.
4.5	Do you attempt to measure these benefits? If YES, how?	By performance indicators eg ratio of program costs to export value. Volume of exports v documentation provided, level of overseas rejections etc

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	Four third party service providers have been accredited with AQIS to carry out auditing functions in registered fish establishments.
4.7 When was this cost recovery arrangement introduced?	1991

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Fish Exports

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12 Cost recovery not paid into CRF		\$	3836
4.13 Total cost recovery revenue	\$	3836	
4.14 Appropriations not related to cost recovery			\$ 0
4.15 Other sources (please specify)			\$ 9
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 3845</b>

**Program or activity, output or outcome expenses**

4.17 Direct expenses	\$	2806
4.18 Indirect expenses (including corporate overheads)	\$	1065
4.19 Third party expenses (a)	\$	
<b>4.20 Total program or activity, output or outcome expenses</b>	\$	<b>3871</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements?	\$	
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CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome Fish Exports

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 25 Export Control Act 1982; Export Inspection (Establishment Registration Charges) Act 1985; Export Inspection (Service Charge) Act 1985.
Subordinate legislation (eg. regulations, standards)	Export Control (Orders) Regulations 1982; Export Control (Fees) Orders; Export Inspection (Establishment Registration Charges) Regulations 1983;
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	

Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

--

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

Independently reviewed as part of a Fish Program Review by QEAC. Subject to review by ANAO in 1999.

### **PART II(d)**

Name of sub-unit, agency, program or 

Fish Exports
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activity, output or outcome

## Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	
(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based

(x)	If 'YES' to (ix), on what basis?	
(xi)	Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4	Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5	How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**



## **PART II**

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### **PART II(a)**

Name of sub-unit, agency, program or activity, output or outcome

Grain Exports

#### **Section 4: Cost recovery arrangements in 1999-2000**

##### Descriptive material

- |     |  |  |
|-----|--|--|
| 4.1 | Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc) | <i>Service charge - (fee for service time based, and volume charge)</i>  |
| 4.2 | Basic description of arrangements: (Please attach any relevant documents.)                                 | <i>The grain export program is responsible under the Export Control Act 1982 and subsidiary legislation for the inspection and certification of prescribed grains and other non prescribed plants and plant products requiring some form of government to government certificate by the importing country.</i>   |
| 4.3 | Who pays the cost recovery charges?  | <i>Exporters of grain, plants or plant products.</i>   |
| 4.4 | Who benefits from the program or activity, output or outcome?  | <i>All persons directly or indirectly involved with the production, storage, handling, transport and marketing of grain</i>  |
| 4.5 | Do you attempt to measure these benefits? If YES, how?   | Regular reviews are conducted to ascertain effectiveness, efficiency and benefits of activities, outputs and outcomes, and an environmental analysis is conducted, and discussed with the AQIS Grains Industry Consultative Committee each year. Recent Reviews follow:- 1. QEAC/AQIS Review and Evaluation of the AQIS Grain Export Program (February 1998). 2. Review of Grain, Plants and Plant Products Orders (September 2000). 3. Review of Sampling and Inspection Methodology (April 2000) |

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	AQIS has the responsibility for all tasks under the legislation, so will always recover the costs of discharging that responsibility. Currently the program has third party providers contracted directly to AQIS (Skilled Engineering). Other tasks are performed by industry through a range of co-regulation options.
4.7 When was this cost recovery arrangement introduced?	1963 for volume charges, 50% fee for service in 1988, 100% fee for service in 1990.

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Grain Exports

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$	0	
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$	0	
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$	0	
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12 Cost recovery not paid into CRF		\$	6809
4.13 Total cost recovery revenue	\$	6809	
4.14 Appropriations not related to cost recovery			\$ 0
4.15 Other sources (please specify)			\$ 14
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 6823</b>

**Program or activity, output or outcome expenses**

4.17 Direct expenses	\$	5271
4.18 Indirect expenses (including corporate overheads)	\$	1552
4.19 Third party expenses (a)	\$	0
<b>4.20 Total program or activity, output or outcome expenses</b>	\$	<b>6823</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements? \$  

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

**PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

Grain Exports

**Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)

s 25 Export Control Act 1982; Export Inspection (Quantity Charge) Act 1985;

Subordinate legislation (eg. regulations, standards)

Export Control (Orders) Regulations 1982; Export Control (Fees) Orders; Export Inspection (Quantity Charge) Regulations 1985

Co-regulation or quasi-regulation

Commonwealth/State/Territory agreement

Voluntary arrangements (eg. codes of practice)

Other

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)

Other governments (state, territory, local)

Industry

Consumers

Other

5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)	
5.5 Which agency is responsible for the following activities? (Please name relevant agency) Policy setting Price setting Administration Revenue collection	
5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.) Commonwealth government (DOFA etc) Other governments (state, territory, local) Industry Consumers Other	
5.7 Please describe these consultation arrangements.	
5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)	<i>The cost recovery arrangements are formally reviewed each year through the budget process, and through the AQIS Grain Industry consultative Committee.</i>

**PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome	Grain Exports
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**Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)	
(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy

(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program
--	---

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprivation or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	
(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	

6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6 What happens if revenue recovered is greater than costs incurred?	The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## **PART II**

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### **PART II(a)**

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1 Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)	<i>Present system based on fee for service, registration and document fees. Presently under review. Details attached.</i>
4.2 Basic description of arrangements: (Please attach any relevant documents.)	<i>See Attached details of Charges.</i>
4.3 Who pays the cost recovery charges?	<i>Those businesses that incur a direct financial liability for AQIS services. These can include exporters, growers and packers.</i>
4.4 Who benefits from the program or activity, output or outcome?	<i>Businesses/organisations (in industry or State Government) that may have an interest in or be indirectly affected, either financially or otherwise, by the delivery of AQIS services as part of the export process.</i>
4.5 Do you attempt to measure these benefits? If YES, how?	<i>Yes. AGB McNair Surveys, Quarantine Export and Advisory Council Review. Regular meetings with peak industry bodies and Industry Consultative Committee as well as end of season meetings in regional areas.</i>
4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	<i>No competition for services because of obligation of government to service international agreements. However, where possible contractors used in some remote areas and co-regulation arrangements (already used by some clients) being pursued with industry.</i>

4.7 When was this cost recovery arrangement introduced?

Full Cost Recovery was introduced in the early 1990's.

### **PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome

Horticulture Export Program

#### **Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued) (Please use \$'000)**

##### **Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12	Cost recovery not paid into CRF	\$		4691
4.13	Total cost recovery revenue	\$		4691
4.14	Appropriations not related to cost recovery			\$ 0
4.15	Other sources (please specify)			\$ 13
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>4704</b>

##### **Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	3698	
4.18	Indirect expenses (including corporate overheads)	\$	1649	
4.19	Third party expenses (a)	\$		
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>5347</b>	

##### **Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements? \$

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

### **PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

Horticulture Export Program



**Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

--

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 25 Export Control Act 1982; Export Inspection (Establishment Registration Charges) Act 1985
Subordinate legislation (eg. regulations, standards)	Export Control (Orders) Regulations 1982; Export Control (Fees) Orders; Export Inspection (Establishment Registration Charges) Regulations 1983
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	
Industry	
Consumers	
Other	

5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting	
Price setting	
Administration	

Revenue collection	
5.6	Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)
	Commonwealth government (DOFA etc)
	Other governments (state, territory, local)
	Industry
	Consumers
	Other
5.7	Please describe these consultation arrangements.
5.8	Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)
	<i>Quarantine and Export Advisory Council Report June 1999. ANAO Audit 2000. KPMG Independent Review of Finance 2000 (presently with the Minister of Agriculture Forestry and Fisheries)</i>

### **PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome	Horticulture Export Program
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#### **Section 6: Price setting arrangements**

6.1	How are these cost recovery charges determined? (Please attach any relevant documents)
(i)	How are charges set? (eg. by formula in legislation or based on 'market prices')
	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii)	Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)
	Charges are set to recover the full cost of the program
6.2	If charges are directly related to the costs of particular activities, outputs or outcomes:
(i)	What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)
	The charges aim to recover direct and indirect costs.

(ii)	What proportion of these costs do charges aim to recover? (%)	100%
(iii)	Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv)	If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v)	Do charges include a user cost of capital?	No
(vi)	If 'YES' to (iv), how is it calculated?	
(vii)	Do charges include return on assets? (eg. profit)	No
(viii)	If 'YES' to (vii), on what basis?	
(ix)	Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on
(x)	If 'YES' to (ix), on what basis?	
(xi)	Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4	Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.

6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6 What happens if revenue recovered is greater than costs incurred?	The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p> <p><i>Predominantly fee for service. A number of services are applied using unit charges (eg. compile, containers, documentation clearances). Also approved premises registration charges.</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p> <p><i>The Import Clearance Program is divided into four major industry streams, each with separate client groups (eg. Permit Issuing, Cargo Risk Management, Entry Management, Treatments/Inspections). Fees have been set, in consultation with the AQIS/Industry Cargo Consultative Committee (AICCC), to recover the operating costs of each industry stream.</i></p>
4.3	<p>Who pays the cost recovery charges?</p> <p><i>Brokers, Importers, Shipping Companies, Air Couriers, and Approved Premises.</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p><i>The Import Clearance Program benefits Australia's major exporting industries, human health and the environment through provision of quarantine services aimed at protecting the country from exotic pest and disease incursions. The protection is paid for by users of import clearance services, namely importers, brokers and shipping/air courier companies.</i></p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p><i>Yes, through reporting and monitoring the number of pest and disease incursions.</i></p>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe) Yes, companies operate on Approved Quarantine Directives (AQD's) arrangements whereby they perform quarantine functions on behalf of AQIS, with AQIS solely providing a monitoring role. A range of co-regulation arrangements are also being progressed with industry.

4.7 When was this cost recovery arrangement introduced? 1994

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome Import Clearance Program

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12	Cost recovery not paid into CRF	\$		35198
4.13	<b>Total cost recovery revenue</b>	\$		<b>35198</b>
4.14	Appropriations not related to cost recovery	\$		150
4.15	Other sources (please specify)	\$		85
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>35433</b>

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	27702
4.18	Indirect expenses (including corporate overheads)	\$	7844
4.19	Third party expenses (a)	\$	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>35546</b>

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements? \$

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## PART II(c)

Name of sub-unit, agency, program or activity, output or outcome Import Clearance Program

### Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 86E Quarantine Act 1908; s 36 Imported Food Control Act 1992'
Subordinate legislation (eg. regulations, standards)	Quarantine Determination; Imported Food Control Regulations 1983
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	

Industry Consumers Other	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>					
5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)	<table border="1"> <tr><td> </td></tr> </table>					
5.5 Which agency is responsible for the following activities? (Please name relevant agency) Policy setting Price setting Administration Revenue collection	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>					
5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.) Commonwealth government (DOFA etc) Other governments (state, territory, local) Industry Consumers Other	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>					
5.7 Please describe these consultation arrangements.	<table border="1"> <tr><td> </td></tr> </table>					
5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)	<table border="1"> <tr> <td data-bbox="757 1085 1680 1264"> <i>The cost recovery arrangements for the Import Clearance program are constantly being reviewed by the AQIS/Industry Cargo Consultative Committee (AICCC). This process lead to a revised charging structure, implemented on 13 December 1999. A further review is now underway to refine the cost recovery structure even further.</i> </td> </tr> </table>	<i>The cost recovery arrangements for the Import Clearance program are constantly being reviewed by the AQIS/Industry Cargo Consultative Committee (AICCC). This process lead to a revised charging structure, implemented on 13 December 1999. A further review is now underway to refine the cost recovery structure even further.</i>				
<i>The cost recovery arrangements for the Import Clearance program are constantly being reviewed by the AQIS/Industry Cargo Consultative Committee (AICCC). This process lead to a revised charging structure, implemented on 13 December 1999. A further review is now underway to refine the cost recovery structure even further.</i>						

**PART II(d)**



Name of sub-unit, agency, program or activity, output or outcome

Import Clearance Program

**Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

International Mail

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p>	<p><i>Full fee for service for the provision of quarantine services in the clearance of international mail in Australia Post facilities. This activity involves the screening of mail articles by quarantine officers for goods imported into Australia that are subject to quarantine representing high risk. Additionally, fees for service for treatment of mail items are collected from individual users of the mail system.</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p>	<p><i>Payment for quarantine services are payable by Australia Post. Fees for individual treatments are also collected.</i></p>
4.3	<p>Who pays the cost recovery charges?</p>	<p><i>Australia Post and individuals taking up treatment options</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p>	<p><i>The AQIS International mail program contributes to the protection of Australia's animal, plant and human health and the environment from the potential introduction of exotic pests and diseases through the postal system by the application of risk profiles, surveillance, screening and clearance of mail</i></p>

4.5 Do you attempt to measure these benefits? If YES, how?	The Australian community benefits through the protection of Australia's animals, plants, fish, the public and natural environment from pests & diseases. Benefits are monitored by a range of corporate indicators such as to number of high risk seizures .
4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	<i>The Australian Customs Service is involved in screening on behalf of AQIS, but is reliant on advice from AQIS. No alternative provider has the expertise to substitute for AQIS.</i>
4.7 When was this cost recovery arrangement introduced?	<i>Australia Post has been required to pay for these services since 1 July 1997 under administrative arrangements with AQIS. However, Quarantine determination effective June 26th 2000, for three years is the legal instrument.</i>

### **PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome	International Mail
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**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11 Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12 Cost recovery not paid into CRF		\$	2246
4.13 Total cost recovery revenue		\$	2246
4.14 Appropriations not related to cost recovery			\$ 0
4.15 Other sources (please specify)			\$ 5
<b>4.16 Total program or activity, output or outcome revenues</b>			<b>\$ 2251</b>
<b>Program or activity, output or outcome expenses</b>			
4.17 Direct expenses	\$	1582	
4.18 Indirect expenses (including corporate overheads)	\$	689	

4.19 Third party expenses (a) \$

4.20 **Total program or activity, output or outcome expenses** \$

**Administration costs**

4.21 What costs are associated with administering the cost recovery arrangements? \$

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

**PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

**Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 86E of the Quarantine Act 1908
Subordinate legislation (eg. regulations, standards)	Quarantine Service Fees 2000-03, (Australia Post) Determination 2000. Fees for individual treatments are collected under the Quarantine Determination of 13 December 1999.
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

- Commonwealth government (DOFA etc)
- Other governments (state, territory, local)
- Industry
- Consumers
- Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

--

5.5 Which agency is responsible for the following activities? (Please name relevant agency)

- Policy setting
- Price setting
- Administration
- Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

- Commonwealth government (DOFA etc)
- Other governments (state, territory, local)
- Industry
- Consumers
- Other


5.7 Please describe these consultation arrangements.

--

5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

*Cost recovery arrangements are regularly reviewed with the client (Australia Post) via the AQIS Business Planning Process. Arrangements for recovery of fees for service for treatments are currently being revised in consultation with regional staff.*

## **PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome

International Mail

### **Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')

Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy

(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)

Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)

The charges aim to recover direct and indirect costs.

(ii) What proportion of these costs do charges aim to recover? (%)

100%

(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)

There is no specific requirement for the valuation of assets.



(iv)	If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v)	Do charges include a user cost of capital?	No
(vi)	If 'YES' to (iv), how is it calculated?	
(vii)	Do charges include return on assets? (eg. profit)	No
(viii)	If 'YES' to (vii), on what basis?	
(ix)	Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x)	If 'YES' to (ix), on what basis?	
(xi)	Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4	Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.

6.5 How often is the level of charges changed?

Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## **PART II**

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### **PART II(a)**

Name of sub-unit, agency, program or activity, output or outcome

Live Animal Exports

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1 Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)	The Live Animal Exports Program (LAEP) is fully cost recovered, through Fee-For-Service charges.
4.2 Basic description of arrangements: (Please attach any relevant documents.)	Fees and charges are recovered for all services provided including pre-export preparation, animal treatment and inspection and issuance of export certification (attachment - AQIS Charging Guidelines)
4.3 Who pays the cost recovery charges?	The users of LAEP services pay the program charges, including live animal exporters and 3rd party veterinarians.
4.4 Who benefits from the program or activity, output or outcome?	Live animal exporters (various livestock groups), 3rd party veterinarians, Australian livestock producers, Australian pet producers, transport companies (shipping, air and trucking), welfare groups, importing countries.
4.5 Do you attempt to measure these benefits? If YES, how?	One benefit is measured as program cost per value of live animals exported. The total benefit of the program on the community is not fully measured.
4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	Third party veterinarians have been accredited to carry out pre-export treatment and inspection of livestock. The exporter is able to utilise the services of either an accredited veterinarian or an AQIS officer to perform these services.
4.7 When was this cost recovery arrangement introduced?	1-Aug-92

### **PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome

Live Animal Exports

#### **Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued) (Please use \$'000)**

Program or activity, output or outcome revenues	
4.8 Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$ 0
4.9 Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$ 0
4.10 Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$ 0
4.11 Cost recovery revenue paid to CRF (subtotal)	\$ 0
4.12 Cost recovery not paid into CRF	\$ 1770

4.13	Total cost recovery revenue	\$	1770	
4.14	Appropriations not related to cost recovery	\$		0
4.15	Other sources (please specify)	\$		4
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$		<b>1774</b>
<b>Program or activity, output or outcome expenses</b>				
4.17	Direct expenses	\$	1447	
4.18	Indirect expenses (including corporate overheads)	\$	371	
4.19	Third party expenses (a)	\$	0	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>1818</b>	
<b>Administration costs</b>				
4.21	What costs are associated with administering the cost recovery arrangements?	\$	0	

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

### **PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome Live Animal Exports

**Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 25 Export Control Act 1982
Subordinate legislation (eg. regulations, standards)	Export Control (Orders) Regulations1982; Export Control (Fees) Orders
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	
Other governments (state, territory, local)	
Industry	
Consumers	
Other	

5.4	What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)	
5.5	Which agency is responsible for the following activities? (Please name relevant agency)	
	Policy setting	
	Price setting	
	Administration	
	Revenue collection	
5.6	Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)	
	Commonwealth government (DOFA etc)	
	Other governments (state, territory, local)	
	Industry	
	Consumers	
	Other	
5.7	Please describe these consultation arrangements.	
5.8	Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)	The most recent review of the LAEP fees was finalised in May 2000. The outcome was the implementation of a revised fee schedule, endorsed by the Minister (attachment - AQIS/Industry Review - May 2000).

**PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome	Live Animal Exports
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**Section 6: Price setting arrangements**

6.1	How are these cost recovery charges determined? (Please attach any relevant documents)	
(i)	How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii)	Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program
6.2	If charges are directly related to the costs of particular activities, outputs or outcomes:	
(i)	What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii)	What proportion of these costs do charges aim to recover? (%)	100%
(iii)	Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.

(iv)	If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v)	Do charges include a user cost of capital?	No
(vi)	If 'YES' to (iv), how is it calculated?	
(vii)	Do charges include return on assets? (eg. profit)	No
(viii)	If 'YES' to (vii), on what basis?	
(ix)	Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x)	If 'YES' to (ix), on what basis?	
(xi)	Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4	Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area be over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that passed on as a reduced cost to the program area in the same year.
6.5	How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.
6.6	What happens if revenue recovered is greater than costs incurred?	The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part.

Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

### PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Meat Inspection Program

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material		
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p>	<p>Fee for Service, Annual Registration Charge, Documentation Fees</p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p>	<p>The Meat Inspection Program provides support to the export meat industry through the provision of inspection staff, quality systems and technical reform. International market access is maintained through the provision of essential inspection and certification services on a fully cost recovered basis. Australian meat exports are facilitated and the country's competitive position as a dominant supplier of safe meat products is enhanced through the provision of expert advice and the maintenance of the highest standards of food safety.</p>
4.3	<p>Who pays the cost recovery charges?</p>	<p>Processors of meat for export (abattoirs and non-slaughtering establishments), export brokers.</p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p>	<p>Producers, Exporters, end consumer and all Australian's through increased export activity which leads to increased employment and economic prosperity.</p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p>	<p>Cost efficiency of service, effectiveness (measured by rejection rates of exports), client feedback.</p>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)

Importing country requirements dictate that the service be provided by Government. Where possible quality arrangements have been introduced and clients have assumed responsibility for certain functions.

4.7 When was this cost recovery arrangement introduced?

Full cost recovery commenced on 1 January 1991. Prior to this date user-pays was introduced in a number of stages with period various periods of partial cost recovery.

**PART II(b)**

Name of sub-unit, agency, program or activity, output or outcome

Meat Inspection Program

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$		
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$		
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0	
4.12	Cost recovery not paid into CRF		\$	49681
4.13	Total cost recovery revenue		\$	49681
4.14	Appropriations not related to cost recovery			\$ 3799
4.15	Other sources (please specify)			\$ 487
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>			<b>\$ 53967</b>

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	46894
4.18	Indirect expenses (including corporate overheads)	\$	7012
4.19	Third party expenses (a)	\$	
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>53906</b>

**Administration costs**



4.21 What costs are associated with administering the cost recovery arrangements? \$

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery arrangements.

## **PART II(c)**

Name of sub-unit, agency, program or activity, output or outcome

### **Section 5: Institutional arrangements**

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.)

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	s 25 Export Control Act 1982; Export Inspection and Meat Charges Collection Act 1985; Export Inspection (Establishment Registration Charges) Act 1985
Subordinate legislation (eg. regulations, standards)	Export Control (Orders) Regulations 1982; Export Control (Fees) Orders; Export Inspection (Establishment Registration Charges) Regulations 1983
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)

Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)

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5.5 Which agency is responsible for the following activities? (Please name relevant agency)

Policy setting  
Price setting  
Administration  
Revenue collection


5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)

Commonwealth government (DOFA etc)  
Other governments (state, territory, local)  
Industry  
Consumers  
Other


5.7 Please describe these consultation arrangements.

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5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)

The Program's cost recovery arrangements have been subject to numerous reviews over the past decade including the Australian National Audit Office (ANAO), Cooper and Lybrand, an industry initiated review by Breese and Associates and an internal review with findings reported to Government.

**PART II(d)**

Name of sub-unit, agency, program or activity, output or outcome

Meat Inspection Program

**Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Charges are set to recover the cost of each program overall. Refer to attached extract of draft Charging Policy
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets)	Charges are set to recover the full cost of the program

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	The charges aim to recover direct and indirect costs.
(ii) What proportion of these costs do charges aim to recover? (%)	100%
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost)	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it calculated?	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	

(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to each individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common charge determined for the category.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	
(xii) If 'YES' to (xi), on what basis?	
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Refer Attachment
6.4 Are there any price controls on these charges?	When budgets have been set for all indirect costs, the impact on program budgets is capped to that amount. Should an indirect cost area by over budget at the end of the year then no more cost is charged to the program area than the original budget amount. The indirect cost area is expected to recover the over-run in the following year of operation. Should an indirect cost area finish under budget then that is passed on as a reduced cost to the program area in the same year.
6.5 How often is the level of charges changed?	Formal business plan review procedures occur every six months. As part of the business plan review process, programs are required to review their charges.

6.6 What happens if revenue recovered is greater than costs incurred?

The overall principle is that any over-recoveries are returned to the relevant industry except where the over-recovery is recovering a deficit incurred in prior years. AQIS has negotiated with each industry to create Income Equalisation Funds (IEF) - where an over-recovery occurs the over-recovered funds are initially transferred to the funds which are recognised as a liability. These funds are capped at generally 10% of the program expenditure. Where the over-recovered funds exceed the limit of the IEF the remaining funds are either transferred to a Revenue Rebate Account to be returned to industry or to an Industry Initiative Account to fund specific projects agreed with industry.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**

## PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part. Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in

### PART II(a)

Name of sub-unit, agency, program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

#### **Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax)</p> <p><i>fees for service, registration charges, documentation fees, quantity charges</i></p>
4.2	<p>Basic description of arrangements: (Please attach any relevant</p>
4.3	<p>Who pays the cost recovery charges?</p> <p><i>Exporters of goods that require export certification. For example, processors of meat for export or grain exporters.. Importers of goods that are subject to quarantine. For example, brokers, importers, shipping companies, air couriers, approved premises. Australia Post pays the imposts relating to international mail.</i></p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p><i>Export certification - producers, exporters, end consumers and Australians through increased export activity which leads to increased employment and economic prosperity. Quarantine services (import) - benefits Australia's major exporting industries, human health and the environment by protecting the country from exotic pest and disease incursions.</i></p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p><i>AQIS has a variety of performance indicators that measure the benefits. Performance indicators include cost efficiency of providing services, effectiveness and client feedback. An example of a performance indicator is the Post Entry Animal Quarantine program records the number of exotic diseases detected at stations on a monthly basis.</i></p>
4.6	<p>Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)</p> <p><i>Arrangements for co-regulation, Quality Assurance and third party systems are restricted to some extent by importing country requirements which require certification by a government agency. For example, importing country requirements for export meat dictate that the service be provided by the Australian Government. Where possible, quality arrangements have been introduced and clients have assumed responsibility for certain functions. Importers of plants may use State government operated facilities. Private stations are also approved for hatching eggs, horses, zoo and lab animals and an offshore private quarantine station for ruminants. Co-regulation arrangements are also being progressed with industry. Companies may also operate on Approved Quarantine</i></p>

4.7 When was this cost recovery arrangement introduced?

Between 1979 and 1988 the Commonwealth Government introduced 50 percent cost recovery for all quarantine and export inspection services. This was increased to 60 percent from 1 July 1988. Full cost recovery has been in place since 1 January 1991, with a requirement for costs to be recovered on a program basis being introduced in mid 1993.

## PART II(b)

Name of sub-unit, agency, program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

**Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)**  
**(Please use \$'000)**

**Program or activity, output or outcome revenues**

4.8	Cost recovery revenue paid to CRF earmarked for appropriation	\$	19,659	
4.9	Cost recovery revenue paid to CRF earmarked for appropriation	\$	19,659	Airports
4.10	Cost recovery revenue paid to CRF and not earmarked for particu	\$		
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	19659	4.12 includes Ballast
4.12	Cost recovery not paid into CRF	\$	116265	Water
4.13	Total cost recovery revenue	\$	135924	
4.14	Appropriations not related to cost recovery	\$	37225	
4.15	Other sources (please specify)	\$	5760	
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	<b>\$</b>	<b>178909</b>	

**Program or activity, output or outcome expenses**

4.17	Direct expenses	\$	171,347	
4.18	Indirect expenses (including corporate overheads)	\$	6,814	Management Sec
4.19	Third party expenses (a)	\$		include State exp?
4.20	<b>Total program or activity, output or outcome expenses</b>	<b>\$</b>	<b>178161</b>	

**Administration costs**

4.21 What costs are associated with administering the cost recovery a \$

\*\*Revenue is after transfers\*\*

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity and their costs are being recovered as part of the cost recovery

## **PART II(c)**

Name of sub-unit, agency,  
program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

### **Section 5: Institutional arrangements**

5.1	What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second	Decisions to introduce cost recovery arrangements in AQIS related to various Government's policies to, where possible, recover costs of providing services to industry where services could be regarded as a normal business expense.
5.2	What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)	
	Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	Export - Export Control Act 1982 Import - s 86E Quarantine Act 1908, s 36 Imported Food Control Act 1992, Export Inspection and Meat Charges Collection Act 1985, Export Inspection (Establishment Registration Charges) Act 1985, Export Inspection (Quantity Charge) Act 1985, Export Inspection (Service Charge) Act 1985.
	Subordinate legislation (eg. regulations, standards)	Export - Reg 3 Export Control (Orders) Regulations 1982, Export Inspection (Registration Charges) Regulations 1985, Export Inspection (Quantity Charge) Regulations 1985, Export Inspection (Service Charge) Regulations 1985, Export Control (Fees) Orders. Import - Quarantine Determination, Imported Food Control Regulations 1993. Quarantine Service Fees 2000-02 (Australia Post) Determination 2000.
	Co-regulation or quasi-regulation	
	Commonwealth/State/Territory	



<p>Voluntary arrangements (eg. codes of practice) Other</p>	
<p>5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)</p>	
<p>Commonwealth government Other governments (state, Industry Consumers Other</p>	<p>Instructions from the Department of Finance.</p> <p>Appropriate industry bodies were consulted.</p>
<p>5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)</p>	<p>Various legal advice, "Guidelines for Costing of Government Activities", issued by the then Department of Finance. Decisions of the High Court of Australia, such as <i>Airservices Australia v Canadian Airlines International</i> and <i>Air Calendonie International v The Commonwealth</i>.</p>
<p>5.5 Which agency is responsible for the following activities? (Please name relevant agency)</p>	
<p>Policy setting Price setting Administration Revenue collection</p>	<p>AQIS/Biosecurity Australia AQIS AQIS AFFA's Management Services area provides revenue services to AQIS, including invoicing, receipting and debt management.</p>
<p>5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies)</p>	
<p>Commonwealth government (DOFA etc)</p>	<p>The Minister is informed of all cost recovery arrangements. Regulation Impact Statements are submitted to the Office of Regulation Review, which is part of the Productivity Commission.</p>
<p>Other governments (state, Industry</p>	<p>Industry Consultative Committees (ICC) are consulted on the development of an appropriate fee and charging structure for each program.</p>
<p>Consumers</p>	
<p>Other</p>	<p>Quarantine and Exports Advisory Council (QEAC)</p>
<p>5.7 Please describe these consultation arrangements.</p>	<p>ICCs meet on a regular basis, usually every three months. AQIS reports to the ICC on the financial status of the program, and any proposal to change the fee and charging structure is discussed.</p>
<p>5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)</p>	<p>AQIS's cost recovery systems were formally reviewed by the Australian National Audit Office (ANAO) in 2000. The ANAO reported that, in general, AQIS's cost recovery systems are "mature and stable". In a recent external review conducted by SMS Consulting on AQIS's consultative mechanisms, the mechanisms were considered to be a "model for other government bodies to follow".</p>

## **PART II(d)**

Name of sub-unit, agency,  
program or activity, output or

Australian Quarantine and Inspection Service (AQIS)

### **Section 6: Price setting arrangements**

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

(i) How are charges set? (eg. by formula in legislation or based on 'market prices')	Fees and charges are determined on a program by program basis. AQIS's fees and charges comprise of a mix of fee-for-service imposts and taxing imposts. Fees-for-service imposts are used when there is an identifiable service, which can be rendered to the person paying and the fee charged is related to the cost of providing the service to the user group as a whole. AQIS imposes charges under taxation powers to recover costs of a more general nature, such as overhead costs. A general principle underpinning AQIS's fees and charging structure is that annual imposts, such as registration charges, are designed to cover a program's fixed costs, while fees-for-service cover variable costs. However, the overall structure of a program's fees and charges may differ from this rationale if it can be readily justified and agreement has been reached with the appropriate Industry Consultative Committee. A program identifies all direct and indirect costs to ensure that the fee and charging mechanisms in place will fully recover the costs of delivering the service at a program level. All fees and charges a
(ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or	Imposts are directly related to the costs of providing the overall service to the client of a specific program and fees and charges set to align as closely as possible with the provision of service types.

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

(i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads)	Both the direct and indirect costs of the program.
(ii) What proportion of these costs do charges aim to recover? (%)	AQIS programs operate on full cost recovery, ie 100% of costs
(iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets)	There is no specific requirement for the valuation of assets.
(iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or	
(v) Do charges include a user cost of capital?	No
(vi) If 'YES' to (iv), how is it	
(vii) Do charges include return on assets? (eg. profit)	No
(viii) If 'YES' to (vii), on what basis?	
(ix) Do charges discriminate between types of users?	AQIS does not make a precise calculation of the costs attributed to an individual - broad categories of user are adopted within the program, based on a reasonable commonsense commercial approach, and a common impost determined for the category. Uniform fees are set for the whole of Australia.
(x) If 'YES' to (ix), on what basis?	
(xi) Do charges allow for access and equity considerations (eg. waivers,	

(xii)	If 'YES' to (xi), on what basis?	
(xiii)	Other (Please describe other significant features)	
6.3	How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Indirect costs are allocated using a range of cost drivers. For example, rent is allocated either on the basis of staff numbers or floor space.
6.4	Are there any price controls on these charges?	AQIS overhead costs are capped at each year's budget estimate. Should an area be over budget at the end of the year, the area is expected to recover the over-run in the following year of operation. Should an overhead area finish under budget, it is passed on as a reduced cost to the program areas in the same year.
6.5	How often is the level of charges changed?	All program fees and charges are reviewed twice a year as part of AQIS budget and mid term budget review process. It is unusual however for fees and charges to be changed more than once a year.
6.6	What happens if revenue recovered is greater than costs incurred?	Over-recovered funds are treated as an AQIS liability. Over-recoveries are placed into one of the following three accounts: Income Equalisation Reserve (IER); Revenue Rebate or Industry Initiative account. The principle purpose of the IER account is to enable AQIS and industry to overcome unforeseen downturns in the recovery of expenditure within each industry over a period of years. IER, Revenue Rebate and Industry Initiative accounts are established with the agreement of industry through ICCs. Funds placed in the Revenue Rebate account are used to temporarily reduce the level of fees or charges applied for services performed by the program, as agreed with industry. Funds placed in the Industry Initiative account are used in consultation with industry for projects of benefit to industry, such as research and development.

**End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)**







e relevant bodies.)





































































