



**Parliament of Australia  
The Senate Reference Committee on Rural and Regional Affairs  
and Transport**

**Inquiry into  
Biosecurity and Quarantine Arrangements**

***Management of removal of fee rebate for AQIS export  
certification functions***

**A Submission by  
Nursery & Garden Industry Australia (NGIA)**

**July 2011**

Prepared by

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## **BACKGROUND**

Nursery & Garden Industry Australia (NGIA) is the peak national industry body representing producers, retailers and allied traders involved in the production of plants across all states and territories of Australia. In partnership with state and territory peak bodies, NGIA is responsible for overseeing the national development of the Australian nursery industry. The nursery industry is a significant sector of the Australian horticultural industry and employs over 45,000 people in more than 20,000 small to medium sized businesses with a combined supply chain market value in excess of \$15 billion annually.

Nursery & Garden Industry Australia represents nursery businesses across Australia that export plant material to overseas markets. The majority of nursery businesses that export nursery stock (plants, plant products and tissue culture) often export small quantities on a frequent basis with the majority of consignments under 200 kg. Moreover, there are several nursery businesses that focus on export of nursery stock as their principle business activity. It is therefore imperative that all nursery businesses exporting nursery stock are adequately supported enabling development and growth in the global market. Over the last four years, the value of nursery exports has declined by 41% (\$31.32 million in 2006 to \$18.28 million in 2010<sup>1</sup>). Therefore, it is crucial that any reform proposed to the horticultural export sector stimulates this sector in order to prevent any further decline.

NGIA welcomes the opportunity to make a submission to the Senate Reference Committee on Rural and Regional Affairs and Transport inquiry into ***Biosecurity and Quarantine Arrangements - Management of removal of fee rebate for AQIS export certification functions***. NGIA has been represented on the joint Industry – AQIS Horticulture Export Ministerial Taskforce (MTF) since 1 April 2009. During this time, NGIA has been present in the majority of meetings, whether face-to-face or through teleconferencing to ensure that the Australian nursery industry maintains its presence in a sector dominated by larger horticultural industries such as citrus, cherries and grapes. Although the process was initiated with great enthusiasm in the hope that industry would work constructively with AQIS to deliver genuine savings, efficiency gains and necessary reform to the Export Certification function of AQIS, unfortunately, none of these have eventuated. In a previous submission by NGIA to the Senate Reference Committee on Rural and Regional Affairs and Transport inquiry into ***Biosecurity and Quarantine Arrangements*** (dated August 2010), it was stated that:

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<sup>1</sup> Wayne Prowse, Export Development Manager, Horticulture Australia Limited. March 2011.

***“NGIA express concern in relation to progress toward achieving reform of Australian Quarantine and Inspection Service (AQIS) export fees and charges under the Australian Governments Export Certification Reform Package (ECRP). To date, progress has been slow with NO identifiable outcomes towards improving efficiencies and reducing export fees relating to the horticultural export program (HEP).***

Currently, at 26 July 2011 and at the end of the ECRP, little has changed. Indeed, at the end of the 20 month process, the HEP has reverted back to the pre ECRP fees and charges model with the removal of the 40% fee rebate. This has occurred despite \$2.429 million being allocated towards the reform process by the Australian Government. This in its own right clearly demonstrates the inability for AQIS to progress the reforms they were tasked to deliver to the horticultural industries by the Australian Government. In this submission, several key areas are highlighted that demonstrate the inability of AQIS to work constructively with industry to reform and deliver a robust, efficient and world class HEP. A brief summary of the events that transpired during NGIA participation on the Horticulture MTF follow. The main areas discussed in this submission relate to the:

1. Inability of the Horticulture MTF to reach consensus in developing a robust Fees and Charges model for the delivery of horticultural export inspections and export certification.
2. Uncertainty surrounding the efficiencies gained through the delivery of the proposed AQIS Approved Officers (AAOs) service delivery model.
3. Uncertainty surrounding the future of the current Approved Arrangements service delivery model.
4. Inability to identify and execute genuine reforms to the HEP.

The submission concludes with five key recommendations. They are noted below, however should be interpreted in the context of the entire submission.

#### **RECOMMENDATIONS**

1. ***The reinstatement of the 40% rebate to cover AQIS centralised costs and Department of Agriculture, Fisheries and Forestry (DAFF)/Biosecurity Services Group (BSG) overheads paid for by the Australian Government.***
2. ***Support for an industry Fees and Charges model that drives export growth without unrealistic upfront registration costs.***
3. ***Support for current AAs for phytosanitary certification.***
4. ***An independent review of AAOs to identify whether they will deliver market access improvements.***
5. ***Support for NGIA’s BioSecure HACCP on-farm programs for issuances of export permits for nursery products to non-phyto markets.***

## **Fees and Charges Model**

Appendix 1 provides a historical summary of the process of developing a suitable Fees and Charges model for the HEP. This document was prepared by AQIS and clearly denotes the myriad of issues the Horticulture MTF faced during the final three months of the Horticulture MTF. Indeed, the first model was presented to industry at a face-to-face meeting on 24 March 2011 (Horticulture MTF Meeting Number 22), only 14 weeks from the 1 July 2011 date it was to take effect. NGIA was very concerned with this model for a number of reasons, including the 845% rise (from \$550 at present to \$5,195) in base registration charges and lack of detail behind the volume data and assumptions AQIS had used to support this model. NGIA believed that this model would see many nurseries cease to export nursery stock and did not support this proposed model. This view was shared by the majority of the Horticulture MTF industry delegates at this meeting.

Following this meeting of 24 March 2011, the Australian Horticultural Export Association (AHEA) was proactive in developing a subsequent model (Model 2) which was discussed via teleconference on 20 April 2011. AQIS indicated they were uneasy with the AHEA model due to the methodology employed by AHEA in allocating costing's against the Australian Government Cost Recovery Guidelines. They expressed several areas of concern, however indicated they would work constructively with industry to rework this model in order to adhere to these guidelines. A subsequent model (Model 3) was presented to industry at the 5 May 2011 Horticulture MTF face-to-face meeting (Horticulture MTF Meeting Number 23), in addition to an AQIS generated table of 'pros and cons' relating to parameters within this model. Indeed, it became clear at this meeting that AQIS did not support this industry model and stated that this model would:

***“...confuse true costs to industry participants .....would not be enforceable....would result in potential inequality....be difficult to ensure certainty of recovery in the short term.”***

***(Appendix 1)***

At the 5 May 2011 Horticulture MTF meeting, AQIS tabled an updated model (Number 4) for consideration. NGIA was once again very concerned with this model for a number of reasons, including the 800% rise (from \$550 at present to \$4,400) in base registration charges and lack of detail behind the volume data and assumptions AQIS had used to support this model. Indeed, the volumes listed under the line item relating to 'Fee for Service' had risen from 46,736 quarterly hour units to 49,279 quarterly hour units without any justification. NGIA did not support this proposed model. This view was shared by the majority of Horticulture MTF industry delegates at this meeting.

A subsequent model (Number 5) was presented to industry at the 26 May face-to-face meeting (Horticulture MTF Meeting Number 24), following a period of consultation with industry. The model was fundamentally similar to the previous AQIS model; however AQIS had apportioned the registration charge based on the degree of 'back room' costs aligned to certain commodities and importing country requirements. Once again, there was insufficient detail behind the volume data and assumptions AQIS had used to support this model. Indeed, the volumes listed under the line item relating to 'Fee for Service' had once again risen from 49,279 quarterly hour units to 59,575 quarterly hour units without any justification. In addition, industry once again raised significant concern with the proposed registration fees which would have seen an exporter facing a base charge of \$16,995, up from \$550 before they even contemplated exporting product (equivalent to a 3,100% increase). NGIA did not support this proposed model. This view was shared by the majority of Horticulture MTF industry delegates at this meeting.

During this meeting, NGIA (represented by Dr Anthony Kachenko) and Mango Exports (represented by Mr Peter Dellis) presented an industry model (Number 6) based on the best available volume data (2009/10 Cost Recovery Impact Statement available freely on the AQIS website). In developing and presenting this model to the Horticulture MTF, it became clear that the volume data AQIS had been using in previous models was grossly incorrect and misleading. For example, up until this point, AQIS has proposed a total of 26,384 electronic permits to be issued in 2011/12 as opposed to 48,700 as projected in the 2009/10 Cost Recovery Impact Statement as discovered by NGIA and Mango Exports. Similarly, AQIS also proposed 751 manual permits to be issued in 2011/12 as opposed to 8,840 projected in the 2009/10 Cost Recovery Impact Statement. Up until this stage, AQIS did not share with industry 2009/10 or 2010/11 (year to date) volume data for industry to use in developing a suitable fees and charges model. One would have thought that accurate and recent historical data would be beneficial in forecasting future budgets? Despite repeated request, industry was fed piecemeal snippets of data. After the model was presented, the industry participants provided in principal support for the approach taken by NGIA and Mango Export and asked AQIS to explore this model further. AQIS immediately critiqued the model at the meeting and indicated that the model would lead to a:

***“...problem with funds not being equally distributed across fee-for-service and documentation.”***

***(Horticulture MTF Meeting Number 24 Minutes)***

In addition, AQIS also:

***“...advised that nursery stock, cut flowers and foliage, bulbs and tubers and tissue culture would be better suited under the grains program.”***

***(Horticulture MTF Meeting Number 24 Minutes)***

NGIA agreed that this may be ideal, however did not commit to this until a finalised Fees and Charges model had been signed off on by the Grains MTF. **To date, NGIA has not been provided with the finalised Grains Program Fees and Charges model.**

At a subsequent face- to-face meeting on 9 June 2011 (Horticulture MTF Meeting Number 25), AQIS dismissed the NGIA and Mango Exports Fees and Charges model and indicated that:

***“The expenditure that was under registration could not be wholly moved to certification as those who pay for certificates are then covering the majority of program management costs and those who pay for fee-for-service activities are not. This becomes difficult to justify in a Cost Recovery Impact Statement and is unlikely to be approved by the Department of Finance and Deregulation.”***

***(Horticulture MTF Meeting Number 25 Minutes)***

Conversely, AQIS email correspondence after the 9 June 2011 meeting, stated that:

***“There are no legislative impediments to the proposal presented by Peter Delis and Anthony Kachenko at the 26<sup>th</sup> May meeting. The primary issue with the proposed model rests in the cost allocation methodology used to distribute Program infrastructure costs. The proposal disproportionately applies Program infrastructure costs to certification and results in a certificate price that does not reflect the cost of the service. This approach is inconsistent with the Australian Government Cost Recovery Guidelines.”***

***(AQIS Email Correspondence to Horticulture MTF Dated 16/6/2011)***

Indeed, in a separate email circulated to the Horticulture MTF shortly after this email, it was stated that:

***“If we (AQIS) can support Anthony/Peters effort to develop a fees model that hopefully has broad industry support we should do everything we can.”***

***(AQIS Email Correspondence to Horticulture MTF Dated 17/6/2011)***

At the June 9 2011 face-to-face meeting, AQIS tabled a further Fees and Charges model (Number 7) that again contained data that was misleading, incorrect and poorly supported. Once again, there was insufficient detail behind the volume data and assumptions AQIS had used to support this model. Indeed, the volumes listed under the line item relating to ‘Fee for Service’ had risen from 59,575 quarterly hour units to 91,855 quarterly hour units without any justification. In addition, industry once again raised significant concern with the proposed registration fees which would have seen an exporter facing a base charge of \$12,323, up from the current \$550 before even considering exporting product (equivalent to a 2,200% increase). NGIA did not support this proposed model. This view was shared by the majority of Horticulture MTF industry delegates at this meeting. Indeed, the model tabled at this meeting had not been circulated prior to the meeting and although discussed, was outright rejected based on this reason alone. At this meeting, industry delegates asked AQIS to explain the rapid rise in electronic and manual volume data as the previous models that had been proposed had a total of 26,384 electronic permits as opposed to the 40,060 electronic permits proposed in the 9 June 2011 model. AQIS advised that earlier figures represented the de-prescription of horticulture and:

***“There is no need to be involved in product to non-phyto markets.”***

***(Horticulture MTF Meeting Number 25 Minutes)***

Up until this point, industry had not been consulted on this significant change. Industry advised that the repercussions of this would be enormous as it would be difficult to trace shipments to non-phytosanitary markets and indicated that without traceability, Australia could not defend its reputation if contaminants were found in overseas markets. It is disappointing that sound biosecurity measures were given less importance than efficiency gains.

By this stage, several members of the Horticulture MTF were concerned with the handling of the reform process. A further face-to-face meeting (Horticulture MTF Meeting Number 25) was held in Canberra on 29 June 2011 to discuss all the issues raised throughout the reform process, particularly those relating to the Fees and Charges models. A further four Fees and Charges models (Model 9a, 9b, 9c, 9d) were presented to the Horticulture MTF for discussion. NGIA did not support these models as the registration charge would prohibit smaller exporters from exporting nursery stock and would work against driving growth in the export market. AQIS indicated that \$1.19 million to cover Central Office expenditure as well as \$1.88 million to cover Department of Agriculture, Fisheries and Forestry (DAFF) and Biosecurity Services Group (BSG) overheads (These two fees amass 43% of the HEP budget – see Appendix 2) had to be apportioned through a base fee collected through the proposed registration fee. Furthermore, the rationale behind the data used in the modeling was again unclear and made it difficult for industry to support any of the tabled models. AQIS were tasked with reviewing the models at the close of the meeting for discussion at a 21 July 2011 Teleconference. Discussion also continued around the deprescription of horticultural produce to non-phyto markets. Industry proposed that existing industry assurance programs such as the Australian nursery industry 'BioSecure HACCP' on-farm biosecurity program could satisfy issuances of export permits for nursery products to non-phyto markets. AQIS were tasked with drafting an options paper for the 21 July 2011 Teleconference on systems to verify non-phyto consignments.

Prior to the 21 July 2011 Horticulture MTF Teleconference, a further model (Model 10a and 10b) was circulated via email.

Within this model, it was noted that:

***"All time spent in-office and in-field, where an individual can be identified as the direct beneficiary of a service, will be charged for."***

***(Appendix 1)***

The model also stated that:

***"Chargeable activities include but are not limited to:***

- ***Bookings***
- ***Phytosanitary inspections***



- *Late cancellations of bookings*
- *Treatment monitoring*
- *Issuance of all documentation*
- *Invoicing*
- *Assisting with held consignments*
- *Audits including preparation time, desk audits, writing up of reports and corrective actions*
- *Closing out Corrective Action Requests*
- *Time taken to assess amendments to procedures*
- *Assessing Approved Arrangement manuals*
- *Reading of Japan in-transit data*
- *Country specific registrations*
- *Industry training”*

***(Appendix 1)***

This statement offered industry absolutely no certainty nor transparency with what it will cost to export nursery stock. To include the statement ***‘Not limited to’*** gives AQIS the opportunity to introduce chargeable activities without any consultation with industry.

During this meeting, and via email correspondence to AQIS on 13 July 2011, NGIA requested that AQIS provide industry with Charging Guidelines so that industry could understand how they would be charged. **To date, this has not been actioned.**

The 29 June 2011 Horticulture MTF meeting was the last formal Horticulture MTF meeting. To date, although there have been multiple versions of a HEP Fees and Charges model, the Horticulture MTF has been unable to agree on a suitable model due to the lack of robust and accurate data, lack of information and the lack of overall cooperation from AQIS.

#### **AQIS Approved Officers (AAOs)**

In addition to the aforementioned issues surrounding Fees and Charges, another key area of concern for industry participants on the Horticulture MTF was the AQIS recommended option for service delivery, referred

to as AQIS Authorised Officer (AAO). This proposal was first tabled to industry on 25 November 2010 by AQIS and discussed in a way that gave industry the impression that it would bring significant benefits to the Australian horticulture industry. AQIS indicated that these benefits would be derived from increasing the flexibility of the system to meet market demands and could include:

1. flexible, responsive systems that support industry's operating hours;
2. national standards to improve consistency in inspection;
3. amended orders and schedules to remove prescriptive elements and become outcome focussed; and
4. quicker integration and adoption of alternative inspections technologies and techniques.

Industry provided 'in principal' support for this model, however requested more information, particularly in terms of what it would cost to transition exporters across to this new service delivery arrangement. **To date, this data has never been presented to industry despite repeated request.**

Although on paper AAO's appear to have benefits for the Australian nursery and garden industry, there is no certainty that these arrangements will offer any efficiency gains and the cost for an individual to become an AAO remains unknown. This has been discussed at several Horticulture MTF meetings, particularly by industries that export to sensitive phyto-markets. Indeed, AQIS have not been able to provide Horticulture MTF members with assurances that these sensitive markets would accept these new AAO's. **To date, AQIS has not advised that any of these sensitive markets have accepted the AAO service delivery model.**

In addition, industry has not been provided with the ability to have input into the E-learning modules that are designed for growers. Furthermore, *The Plant Export Operations Manual* although available on the AQIS website is extremely misleading as it does not detail the full suite of options available for those wishing to export. For example, the Horticulture MTF has been assured that the existing Approved Arrangements (AA) will continue, however AQIS have indicated that:

***"No new Approved Arrangements (AAs) will occur after new legislation is in place. AQIS will then continue to review the need for AAs as AAO uptake increased."***

***(Horticulture MTF Meeting Number 26 Minutes)***

This is problematic as the AAO and AA service delivery models serve different purposes with the AAO model providing an individual the authorisation to export and the AA model providing the business with authorisation to export. Businesses may wish to keep AAs due to the flexibility they offer, rather than designating a staff member(s) the responsibility, particularly in the interim until (if) there is recognition for AAO's by Australia's trading partners.

### **Ernst and Young (EY) Benefits Realisation Report**

Towards the final stage of the Horticulture MTF, EY were engaged by AQIS to deliver a *Benefits Realisation Report* on the key achievements for all MTF's. Using their own methodology and the Horticulture MTF workplan, EY worked to identify the benefits, assign a value and provide a mechanism to track the ongoing benefits realised through the reforms. The project was due to finish in mid-February 2011 but continued until mid-March 2011. A preliminary estimate of potential ECRP benefits to the horticulture export sector was estimated to be \$0.5 to \$0.9 million. At the 9 June 2011 meeting, it was noted that:

***“EY didn't know access with AAOs was not available for all phyto markets but assumed they could.”***

***(Horticulture MTF Meeting Number 25 Minutes)***

Indeed, EY were told by AQIS that there would be an 80% uptake of AAOs, a figure that is unachievable in 2011/12. EY were told during the meeting that AAOs would not be accepted by Japan, South Korea or Taiwan for phytosanitary certification. EY indicated that they did not know this until the 9 June 2011 meeting.

Industry members requested AQIS to ask EY to correct their forecasted savings with the benefit of the knowledge they had gained from attending and presenting at the 9 July 2011 Horticulture MTF meeting. It was advised by AQIS that any improvements to EY numerical assessments could not be corrected in their report, instead only permitting a statement of constraints.

**The report should be dismissed as it is based on misinformation and conveys fallacies that potential benefits have been delivered.**

## **Recommendations**

This submission details a number of serious issues surrounding the AQIS handling of the ECRP and the overall lack of desirable and reportable outcomes achieved for the HEP. In writing this submission, it is with great regret that nothing of substance has been achieved over the reform process with nil improved efficiency neither identified nor executed. Despite AQIS having reduced their operating budget for 2011/12, this should not be perceived as an achievement of the reform process. Indeed this has primarily come from the removal of core services and lowered staffing levels (see Appendix 3 for more details). To date, AQIS have not articulated how they propose to provide these core services to industry, aside from saying they will become 'fee for service'. With many of these services being crucial for the growth of the Australian horticultural export sector, NGIA would argue that the outcomes of the ECRP will indeed prevent future export opportunities, reduce current export levels and diminish this once thriving sector even further.

Therefore, NGIA would like to see:

- 1. The reinstatement of the 40% rebate to cover AQIS centralised costs and Department of Agriculture, Fisheries and Forestry (DAFF)/Biosecurity Services Group (BSG) overheads paid for by the Australian Government.***
- 2. Support for an industry Fees and Charges model that drives export growth without unrealistic upfront registration costs.***
- 3. Support for current AAs for phytosanitary certification.***
- 4. An independent review of AAOs to identify whether they will deliver market access improvements.***
- 5. Support for NGIA's BioSecure HACCP on-farm programs for issuances of export permits for nursery products to non-phyto markets.***

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Robert Prince  
**Chief Executive Officer**  
Nursery & Garden Industry Australia  
26/7/2011

## Appendix 1 - History of Horticulture Fees and Charges models

Model 1 : Model as presented in the first fees paper presented on 24<sup>th</sup> March

### 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Proposed Charge	Variance \$	Variance %	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 3,509,189							\$ 3,509,189	\$ -
Base Registration charge		per reg estab	\$ 550	\$ 5,195	\$ 4,645	845%	483	\$ 2,509,189	
Additional Reg Charge		per import country	\$ 1.90	\$ 2,000			500	\$ 1,000,000	
<b>FEE FOR SERVICE</b>	\$ 3,130,067							\$ 3,130,067	\$ -
Fee for Service		1/4 hr units	\$ 68	\$ 66.97	\$ (1)	-2%	46,736	\$ 3,130,067	
<b>CERTIFICATION</b>	\$ 616,886.67							\$ 616,887	\$ -
Manual Permit		Permit	\$ 51	\$ 100	\$ 74	285%	374	\$ 37,365	
Manual Certificate		Certificate	\$ 51	\$ 100	\$ 49	96%	377	\$ 37,665	
Manual Other Documentation		Other Doc	\$ 51	\$ 100	\$ 50	100%		\$ -	
Electronic Permit		Permit	\$ 26	\$ 20.16	\$ (6)	-22%	13,192	\$ 265,903	
Electronic Certificate		Certificate	\$ 26	\$ 20.16			13,192	\$ 265,903	
Electronic Other Documentation		Other Doc	\$ 26	\$ 20.16				\$ -	
Replacement Certificate		Certificate	\$ 50	\$ 500			20	\$ 10,050	
<b>Total</b>	<b>\$ 7,256,143</b>							<b>\$ 7,256,143</b>	<b>\$ -</b>

Significant data supplied to AHEA on 1<sup>st</sup> April 2011 by Jacinta

Additional info supplied to AHEA on 18<sup>th</sup> April 2011 in response to queries in following picture

**Analysis of AQIS Charging Model options**

**Table 1 : Analysis of AQIS Cost Allocation by function for Budgeting & Modeling purposes**

Cost	Amt	Overhead	Inspections	Audits	Documentation
<b>Central Office</b>					
wages	\$ 1,074,573.00				
telcom	\$ 10,520.00				
IT	\$ 31,728.00				
office services	\$ 100.00				
travel	\$ 56,500.00				
vehicles	\$ 900.00				
general office	\$ 6,500.00				
fin admin	\$ 6,600.00				
depn	\$ 3,800.00				
interest	\$ 500.00				
<b>TOTAL</b>	<b>\$ 1,191,721.00</b>				
<b>Regional office</b>					
wages	\$ 2,773,682.00				
telecom	\$ 47,488.00				
IT	\$ 119,878.00				
services	\$ 4,900.00				
conferences	\$ 700.00				
travel	\$ 91,000.00				
vehicles	\$ 338,052.00				
general	\$ 20,404.00				
governance	\$ 5,400.00				
fin admin	\$ 85,100.00				
depn	\$ 16,900.00				
int exp	\$ 95,400.00				
<b>TOTAL</b>	<b>\$ 3,603,204.00</b>				
<b>Export program</b>					
Services					
Exec Mgr	\$ 77,869.00				
GM	\$ 136,006.00				
Exr register	\$ 21,732.00				
Ex Doc	\$ 191,828.00				
Doc services Gp	\$ 12,793.00				
AMS	\$ 141,529.00				
<b>TOTAL</b>	<b>\$ 581,757.00</b>				
<b>Overheads</b>					
BSG	\$ 334,197.00				
DAFF	\$ 1,545,263.00				
<b>TOTAL</b>	<b>\$ 1,879,460.00</b>				
<b>TOTAL</b>	<b>\$ 7,256,142.00</b>				

PLEASE ADVISE THE % OF EACH BUDGET ITEM HERE THAT IS APPLICABLE TO AQIS STAFF THAT DO THE ACTUAL PHYSICAL QUARANTINE PHYTO INSPECTIONS, PACKING EST AND FARM AUDITS AND OTHER FIELD AUDITS AND THE % THAT WOULD COVER REGIONAL MANAGEMENT AND GENERAL ADMINISTRATION STAFF

← AMS - WHAT DOES THIS COVER

PLEASE PROVIDE DETAIL AS TO WHAT THIS COVERS

Model 2 : AHEA modelling supplied on 20<sup>th</sup> April and discussed via teleconference at 9:00am 21<sup>st</sup> April.

## AHEA AQIS ALTERNATIVE CHARGING COST MODEL COMPARISONS

			AQIS Current Charge 2010-11		AQIS proposed for 2011-12		AHEA Proposed for 2011-12	
description	Unit	Projected Units	Charge	Projected Revenue	Charge	Project Revenue	Charge	Project Revenue
OVERHEADS								
REGISTRATION								
Packing Shed- AQIS	1	483	\$ 550.00	\$ 265,650.00	\$ 5,195.00	\$ 2,509,185.00		\$ -
Packing Shed- AHEA	1	518					\$ 550.00	\$ 284,900.00
Import Country Charge	1	500			\$ 2,000.00	\$ 1,000,000.00		
Grower	1	674					\$ 550.00	\$ 370,700.00
Treatment facility	1	80					\$ 550.00	\$ 44,000.00
Exporter	1	221					\$ 550.00	\$ 121,550.00
Volume Charge	per kg/tonne	325,000,000kg	\$1.90/tonne	\$ 617,500.00			\$ 0.00895	\$ 2,908,750.00
TOTAL OVERHEADS		\$ 3,728,244.50		\$ 883,150.00		\$ 3,509,185.00		\$ 3,729,900.00
VARIABLE COSTS								
INSPECTION COSTS								
FFS - inspection time	1/4hr units	46,736	\$ 68.00	\$ 3,178,048.00	\$ 66.97	\$ 3,129,909.92	\$ 26.15	\$ 1,222,146.40
FFS- travel time	1/4hr units	44,426					\$ 26.15	\$ 1,161,739.90
FFS- km charge		296,635	\$ 0.85	\$ 252,139.75			\$ 0.85	\$ 252,139.75
TOTAL INSPECT COSTS		\$ 2,635,169.88		\$ 3,430,187.75		\$ 3,129,909.92		\$ 2,636,026.05
AUDIT COSTS								
FFS- Audit time	1/4hr units	2,191	\$ 68.00	\$ 148,988.00			\$ 21.57	\$ 47,259.87
FFS - travel time	1/4hr units	2,000					\$ 21.57	\$ 43,140.00
FFS - Km charge		21,973	\$ 0.85	\$ 18,677.05			\$ 0.85	\$ 18,677.05
TOTAL AUDIT COST		\$ 109,071.36		\$ 167,665.05				\$ 109,076.92
DOCUMENTATION								
Manual Permit		374	\$ 51.00	\$ 19,074.00	\$ 100.00	\$ 37,400.00	\$ 51.00	\$ 19,074.00
Manual certificate		377	\$ 51.00	\$ 19,227.00	\$ 100.00	\$ 37,700.00	\$ 51.00	\$ 19,227.00
Manual other doc			\$ 51.00		\$ 100.00		\$ 51.00	
Electronic Permit		13192	\$ 26.00	\$ 342,992.00	\$ 20.16	\$ 265,950.72	\$ 26.00	\$ 342,992.00
Electronic Certificate		13192	\$ 26.00	\$ 342,992.00	\$ 20.16	\$ 265,950.72	\$ 30.43	\$ 401,432.56
Electronic other doc			\$ 26.00		\$ 20.16		\$ 26.00	
Replacement Certificate		20	\$ 50.00	\$ 1,000.00	\$ 500.00	\$ 10,000.00	\$ 50.00	\$ 1,000.00
TOTAL DOCUMENTATION		\$ 783,656.26		\$ 725,285.00		\$ 617,001.44		\$ 783,725.56
TOTAL VARIABLE COSTS		\$ 3,527,897.50		\$ 3,597,852.80		\$ 3,129,909.92		\$ 3,528,828.53
TOTAL BUDGET COSTS		\$ 7,256,142.00		\$ 4,481,002.80		\$ 6,639,094.92		\$ 7,258,728.53

Cost of a typical 2 hour Export Inspection and Certification to a Phyto/ non phyto market

units/ type		AQIS CURRENT MODEL		AQIS PROPOSED MODEL		AHEA PROPOSED MODEL	
Packing Shed Registration	Fixed	\$ 550.00		\$ 5,195.00		\$ 550.00	
Import Country charge				\$ 2,000.00			
Grower	Fixed					\$ 550.00	
Treatment facility	Fixed					\$ 550.00	
Exporter	Fixed					\$ 550.00	
Volume charge/ tonne/kg	22000	\$ 1.90	\$ 41.80			\$ 0.00895	\$ 196.90
<b>Inspection cost</b>							
FFS- Inspection time	8 x 1/4hr	\$ 68.00	\$ 544.00	\$ 66.97	\$ 535.76	\$ 26.15	\$ 209.20
FFS - travel time	8 X ¼ hr					\$ 26.15	
FFS- km charge	100	\$ 0.85	\$ 85.00			\$ 0.85	\$ 85.00
Ex Doc Permit	1	\$ 26.00	\$ 26.00	\$ 20.16	\$ 20.16	\$ 26.00	\$ 26.00
Ex Doc Certificate	1	\$ 26.00	\$ 26.00	\$ 20.16	\$ 20.16	\$ 30.43	\$ 30.43
<b>TOTAL COST OF INSPECTION</b>		<b>\$ 122.75</b>					

### Total Inspection & Certification costs

Non Phyto Market	\$ 67.80	\$ 20.16	\$ 222.90
Phyto Market	\$ 722.80	\$ 576.08	\$ 547.53

## analysis of AQIS budget costs 2001/12

Central office	amt	overhead	inspections	audits	documentation
wages	\$ 1,074,573.00				
telcom	\$ 10,520.00				
IT	\$ 31,728.00				
office services	\$ 100.00				
travel	\$ 56,500.00				
vehicles	\$ 900.00				
general office	\$ 6,500.00				
fin admin	\$ 6,600.00				
depn	\$ 3,800.00				
interest	\$ 500.00				
	<b>\$ 1,191,721.00</b>	<b>\$ 1,191,721.00</b>			
<b>Regional office</b>					
wages	<b>\$ 2,773,682.00</b>	\$ 180,289.33	\$ 2,146,829.87	\$ 88,757.82	\$ 357,804.98
telecon	<b>\$ 47,488.00</b>	\$ 3,086.72	\$ 36,755.71	\$ 1,519.62	\$ 6,125.95
IT	<b>\$ 119,878.00</b>	\$ 7,792.07	\$ 92,785.57	\$ 3,836.10	\$ 15,464.26
services	\$ 4,900.00		\$ 4,263.00	\$ 196.00	\$ 441.00
conferences	\$ 700.00	\$ 700.00			
travel	<b>\$ 91,000.00</b>	\$ 5,915.00	\$ 70,434.00	\$ 2,912.00	\$ 11,739.00
vehicles	<b>\$ 338,052.00</b>	\$ 21,973.38	\$ 261,652.25	\$ 10,817.66	\$ 43,608.71
general	\$ 20,404.00		\$ 17,751.48	\$ 816.16	\$ 1,836.36
goverence	\$ 5,400.00		\$ 4,698.00	\$ 216.00	\$ 486.00
fin adnmin	\$ 85,100.00	\$ 85,100.00			
depn	\$ 16,900.00	\$ 16,900.00			
depn	\$ 95,400.00	\$ 95,400.00			
int exp	\$ 4,300.00	\$ 4,300.00			
	<b>\$ 3,603,204.00</b>	<b>\$ 421,456.50</b>	<b>\$ 2,635,169.88</b>	<b>\$ 109,071.36</b>	<b>\$ 437,506.26</b>
<b>Export program Services</b>					
Exec Mgr	\$ 77,869.00	\$ 77,869.00			
GM	\$ 136,006.00	\$ 136,006.00			
Esr register	\$ 21,732.00	\$ 21,732.00			
Ex Doc	\$ 191,828.00				\$ 191,828.00
Doc services Gp	\$ 12,793.00				\$ 12,793.00
AMS	\$ 141,529.00				\$ 141,529.00
	<b>\$ 581,757.00</b>	<b>\$ 235,607.00</b>			<b>\$ 346,150.00</b>
<b>Overheads</b>					
BSG	\$ 334,197.00				
DAFF	\$ 1,545,263.00				
	<b>\$ 1,879,460.00</b>	<b>\$ 1,879,460.00</b>			
<b>TOTAL</b>	<b>\$ 7,256,142.00</b>	<b>\$ 3,728,244.50</b>	<b>\$ 2,635,169.88</b>	<b>\$ 109,071.36</b>	<b>\$ 783,656.26</b>

## Model 3 : Consolidated AHEA model emailed to industry on 27<sup>th</sup> April and presented at 5<sup>th</sup> May MTF meeting

### 2011/12 AHEA Fees and Charges

### Agenda Item 3a i

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Deficit
<b>REGISTRATION</b>	\$ 3,728,245					\$ 3,728,245	\$ -
Registered Establishment		per reg estab	\$ 550	<b>\$ 1,582</b>	518	\$ 819,495	
Volume Charge		per kg	\$ 0.00190	<b>\$ 0.00895</b>	325,000,000	\$ 2,908,750	
<b>FFS - Inspection</b>	\$ 2,635,169					\$ 2,635,544	\$ 375
Fee for Service 1/4 hour		1/4 hr units	\$ 68.00	<b>\$ 27.80</b>	45,707	\$ 1,270,655	
Travel Time		Hours		<b>\$ 27.80</b>	41,094	\$ 1,142,413	
Km Charge		Kilometres	\$ 0.85	<b>\$ 0.75</b>	296,635	\$ 222,476	
<b>FFS - Audit</b>	\$ 109,071					\$ 109,096	\$ 25
Fee for Service 1/4 hour		1/4 hr units	\$ 68.00	<b>\$ 13.38</b>	3,590	\$ 48,034	
Travel Time		Hours		<b>\$ 13.38</b>	3,332	\$ 44,582	
Km Charge		Kilometres	\$ 0.85	<b>\$ 0.75</b>	21,973	\$ 16,480	
<b>CERTIFICATION</b>	\$ 783,657					\$ 783,726	\$ 69
Manual Permit		Permit	\$ 51.00	<b>\$ 51.00</b>	374	\$ 19,074	
Manual Certificate		Certificate	\$ 51.00	<b>\$ 51.00</b>	377	\$ 19,227	
Manual Other Docs		Other Doc	\$ 51.00	<b>\$ 51.00</b>		\$ -	
Electronic Permit		Permit	\$ 26.00	<b>\$ 26.00</b>	13,192	\$ 342,992	
Electronic Certificate		Certificate	\$ 26.00	<b>\$ 30.43</b>	13,192	\$ 401,433	
Electronic Other Docs		Other Doc	\$ 26.00	<b>\$ 26.00</b>		\$ -	
Replacement Certificate		Certificate	\$ 50.00	<b>\$ 50.00</b>	20	\$ 1,000	
<b>Total</b>	<b>\$ 7,256,143</b>					<b>\$ 7,256,611</b>	<b>\$ 468</b>

#### Accompanying advice to Model 3

AQIS has run the principles AHEA put forward through the AQIS model and come up with the revised version (see attached).

This will be distributed as a paper on Friday for next week's meeting

If you have any questions on any of the changes please don't hesitate to contact me.

Regarding the email sent to Kylie last Thursday we are working through the comments at the moment and will reply to you tomorrow.

Please note:

1. This model is an updated representation of the AHEA model with amendments made to comply with legislation and to update the model for volume data (the table below describes some of the pros and cons with the proposed model based on Department of Finance and Deregulation principles.
2. Changes include:
  - a. Volumes for inspection time and inspection travel hours, and audit time and audit travel hours have been updated on Hort Program advice
  - b. Fee's for inspection, inspection travel, audit and audit travel have been updated to reflect the changes in volumes
  - c. Per kilometre rate - ATO rate of \$0.75 per kilometre has been used
  - d. The range of Registration charges have been consolidated into a single registered establishment charge.

The following table discusses some of the Pros and Cons of the AHEA suggested model.

Fee / Charge item	Pros	Cons
Updated cost allocation %		<ul style="list-style-type: none"> <li>• % allocations calculated on activity volumes are not consistent across expense lines</li> <li>• Not reallocating Regional Admin &amp; Mgt allocations to Audit, Inspection and Documentation ties more expense to Registration charges and allows DAFF less flexibility in reducing regional administration expenses in line with the shift to the AAO model</li> </ul>
Multiple Registration charges	<ul style="list-style-type: none"> <li>• Spreads Admin &amp; Mgt expense across a wider base</li> </ul>	<ul style="list-style-type: none"> <li>• Is not enforceable under current legislation</li> <li>• Confuses true costs to industry participants due to the potential for multiple layers of pass through costs to some participants</li> </ul>
Tonnage Charge	<ul style="list-style-type: none"> <li>• Spreads Admin &amp; Mgt expense across a wider base</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to ensure certainty of recovery in the short term, due to the very variable nature of volumes in the Hort industry</li> <li>• The tonnage charge recoups 78% of the Management &amp; Administration expenses,</li> </ul>



	<ul style="list-style-type: none"> <li>Provides a theoretical industry equalisation as larger participants incur greater charges</li> </ul>	<ul style="list-style-type: none"> <li>compounding the effect of the very variable tonnage charge</li> <li>Potential for inequity across the industry due to high volume low value versus low volume high value commodities</li> <li>Has potential to exceed the 10% of total expense cap for the industry equalisation account (due to very variable volume) (ie. may not be able to carry the surplus or deficit to the following year)</li> </ul>
Travel time charge	<ul style="list-style-type: none"> <li>Ties the travel time cost (officer time spent driving) more closely to the participant who creates the cost</li> </ul>	<ul style="list-style-type: none"> <li>Potential for inequity across the industry dependent on the distance at which the participant is located from the DAFF office and scheduling variances</li> </ul>
Kilometre charge	<ul style="list-style-type: none"> <li>Ties the vehicle cost more closely to the participant who creates the cost</li> </ul>	<ul style="list-style-type: none"> <li>Potential for inequity across the industry dependent on the distance at which the participant is located from the DAFF office (ie. the location of the DAFF office determines who wins and who loses)</li> <li>Only recovers a small amount in relation to the whole program (administratively costly to implement and results in minimal recovery)</li> </ul>
Maintenance of current Certification charges for most Certification categories	<ul style="list-style-type: none"> <li>Simpler transfer to new fees structure, as less individual fees change compared to current fees</li> </ul>	<ul style="list-style-type: none"> <li>Provides little incentive to move away from Manual and Replacement certificates.</li> <li>Demonstrates an imbalance in the true cost relationship between electronic versus manual versus replacement certificates.</li> </ul>

#### Model 4 : DAFF updated model presented at 5<sup>th</sup> May MTF meeting

##### 2011/12 Revised AQIS Fees and Charges Model

Agenda Item 3a ii

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Proposed Charge	Projected Units for 11/12	Projected Revenue
<b>REGISTRATION</b>	\$ 3,174,486					\$ 3,174,486
Base Registration charge		per reg estab	\$ 550	<b>\$ 4,400</b>	518	\$ 2,279,200
Exporter charge		per exporter		<b>\$ 5,969</b>	150	\$ 895,286
<b>FEE FOR SERVICE</b>	\$ 3,270,408					\$ 3,270,408
Fee for Service 1/4 hour		1/4 hr units	\$ 68	<b>\$ 66.34</b>	49,297	\$ 3,270,408
Fee for Service Annual		Annual		<b>\$ 101,120</b>	-	\$ -
<b>CERTIFICATION</b>	\$ 811,249					\$ 811,249
Manual Permit		Permit	\$ 51	<b>\$ 100</b>	374	\$ 37,365
Manual Certificate		Certificate	\$ 51	<b>\$ 100</b>	377	\$ 37,665
Manual Other Documentation		Other Doc	\$ 51	<b>\$ 100</b>		\$ -
Electronic Permit		Permit	\$ 26	<b>\$ 27.52</b>	13,192	\$ 363,085
Electronic Certificate		Certificate	\$ 26	<b>\$ 27.52</b>	13,192	\$ 363,085
Electronic Other Documentation		Other Doc	\$ 26	<b>\$ 27.52</b>		\$ -
Replacement Certificate		Certificate	\$ 50	<b>\$ 500</b>	20	\$ 10,050
<b>Total</b>	<b>\$ 7,256,143</b>					<b>\$ 7,256,143</b>

Meeting with Alastair Scott in Brisbane to work through modelling 19<sup>th</sup> May 2011

**Model 5 : Updated Fee paper provided to MTF meeting on 26<sup>th</sup> May with following model**

**11/12 calculated fees and charges**

Description	11/12 modelled expenditure	Sale Unit	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Deficit
<b>REGISTRATION</b>	\$ 3,174,486					\$ 3,174,754	\$ 268
Porter charge		per exporter		\$ 7,000	150	\$ 1,050,000	
1 - Basic phytos (no additional declarations)		per reg estab	1	\$ 1,428	98	\$ 139,944	
2 - Phytos with additional declarations		per reg estab	2	\$ 2,856	310	\$ 885,360	
3 - Protocol markets		per reg estab	7	\$ 9,995	110	\$ 1,099,450	
<b>FEE FOR SERVICE</b>	\$ 3,270,408					\$ 3,270,668	\$ 260
Fee for Service 1/4 hour		1/4 hr units		54.90	59,575	\$ 3,270,668	
Fee for Service Annual		Annual		\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 767,653					\$ 767,898	\$ 245
Manual Permit		Permit		\$ 100	374	\$ 37,365	
Manual Certificate		Certificate		\$ 100	377	\$ 37,665	
Manual Other Documentation		Other Doc		\$ 100		\$ -	
Electronic Permit		Permit		\$ 25.88	13,192	\$ 341,409	
Electronic Certificate		Certificate		\$ 25.88	13,192	\$ 341,409	
Electronic Other Documentation		Other Doc		\$ 25.88		\$ -	
Replacement Certificate		Certificate		\$ 500	20	\$ 10,050	
<b>Total</b>	<b>\$ 7,212,546</b>					<b>\$ 7,213,319</b>	<b>\$ 773</b>

**Model 6 : Peter Dellis & Anthony Kachenko model presented to MTF meeting on 26<sup>th</sup> May**

**2011/12 calculated fees and charges**

Description	Sale Unit	Proposed Charge	Projected Units for 11/12	Projected Revenue
<b>REGISTRATION</b>				
	per reg estab	\$1,000	518	\$ 518,000
<b>FEE FOR SERVICE</b>				
Fee for Service 1/4 hour	1/4 hr units	54.9	59,575	\$ 3,270,668
Fee for Service Annual	Annual	\$101,120		\$ -
Daily charge		\$481.52	78	\$ 37,559
Weekly Charge		\$2,407.62	16	\$ 38,522
Overtime rate - Continuous	1/4 hr	\$16.00	587	\$ 9,392
Overtime rate - Non-Continuous (\$240 callout fee 3	1/4 hr	\$240.00	630	\$ 151,200
<b>CERTIFICATION</b>				
Manual Permit (EX28,EX222)	Permit	\$75	4,770	\$ 357,750
Manual Certificate (Phyto)	Certificate	\$75	4,070	\$ 305,250
Manual Other Documentation	Other Doc	\$200		\$ -
Electronic Permit (RFP)	Permit	\$55	30,000	\$ 1,650,000
Electronic Certificate(Phyto)	Certificate	\$55	18,700	\$ 1,028,500
Electronic Other Documentation	Other Doc	\$55		\$ -
Replacement Certificate	Certificate	\$200	20	\$ 4,000
<b>Budget</b>				<b>\$ 7,213,319</b>
<b>Forecast</b>				<b>\$ 7,370,841</b>
<b>Variance</b>				<b>\$ 157,522</b>

**Model 7 : Updated Fee paper provided to MTF meeting as hard copy on 9th June**

**Horticulture 2011/12 calculated fees and charges**

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 1,936,436						\$ 1,936,530	\$ 94
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 - Basic phytos (no additional declarations)		per reg estab	\$ 550	1	\$ 1,761	50	\$ 88,050	
Tier 2 - Phytos with additional declarations		per reg estab		2	\$ 3,521	210	\$ 739,410	
Tier 3 - Protocol markets		per reg estab		7	\$ 12,323	90	\$ 1,109,070	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 2,005,702						\$ 2,018,258	\$ 12,556
Manual Permit		Permit	\$ 51		\$ 100	600	\$ 60,000	
Manual Certificate		Certificate	\$ 51		\$ 100	740	\$ 74,000	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	22	\$ 2,200	
Electronic Permit		Permit	\$ 26		\$ 46.00	20,400	\$ 938,400	
Electronic Certificate		Certificate	\$ 26		\$ 46.00	19,660	\$ 904,360	
Electronic Other Documentation		Other Doc	\$ 26		\$ 46.00	463	\$ 21,298	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	\$ 7,212,546						\$ 7,261,568	\$ 49,022

## Model 8 : Electronic copy (of manual model presented to 9th June MTF meeting) emailed to MTF on 16<sup>th</sup> June

### Horticulture 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Deficit
<b>REGISTRATION</b>	\$ 1,936,436						\$ 1,936,530	\$ 94
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 - Basic phytos (no additional decl's)		per reg estab	\$ 550	1	\$ 1,761	50	\$ 88,050	
Tier 2 - Phytos with additional decl's)		per reg estab		2	\$ 3,521	210	\$ 739,410	
Tier 3 - Protocol markets		per reg estab		7	\$ 12,323	90	\$ 1,109,070	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36.00	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 2,005,702						\$ 2,023,551	\$ 17,849
Manual Permit		Permit	\$ 51		\$ 100	600	\$ 60,000	
Manual Certificate		Certificate	\$ 51		\$ 100	740	\$ 74,000	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	22	\$ 2,200	
Electronic Permit		Permit	\$ 26		\$ 37.00	20,400	\$ 938,400	
Electronic Certificate		Certificate	\$ 26		\$ 37.00	19,660	\$ 904,360	
Electronic Other Documentation		Other Doc	\$ 26		\$ 37.00	463	\$ 21,298	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	<b>\$ 7,212,546</b>						<b>\$ 7,266,861</b>	<b>\$ 54,315</b>

## Model 9A : Presented at Hort MTF meeting on 29<sup>th</sup> June

### Horticulture 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Deficit
<b>REGISTRATION</b>	\$ 1,936,436						\$ 1,936,530	\$ 94
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 - Basic phytos (no additional declarations)		per reg estab	\$ 550	1	\$ 2,142	50	\$ 107,100	
Tier 2 - Phytos with additional declarations		per reg estab		2	\$ 4,283	210	\$ 899,430	
Tier 3 - Protocol markets Base		per reg estab			\$ 7,000	90	\$ 630,000	
Tier 4 - Protocol markets Additional		Per prot country			\$ 2,000	150	\$ 300,000	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 2,005,702						\$ 2,053,112	\$ 47,410
Manual Permit		Permit	\$ 51		\$ 100	948	\$ 94,840	
Manual Certificate		Certificate	\$ 51		\$ 100	831	\$ 83,140	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	24	\$ 2,440	
Electronic Permit		Permit	\$ 26		\$ 33.00	33,788	\$ 1,114,991	
Electronic Certificate		Certificate	\$ 26		\$ 33.00	21,900	\$ 722,687	
Electronic Other Documentation		Other Doc	\$ 26		\$ 33.00	516	\$ 17,015	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	<b>\$ 7,212,546</b>						<b>\$ 7,296,423</b>	<b>\$ 83,877</b>

## Model 9B : Presented at Hort MTF meeting on 29<sup>th</sup> June

### Horticulture 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 1,936,436						\$ 1,936,530	\$ 94
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 - Basic phytos (no additional declarations)		per reg estab	\$ 550	1	\$ 1,761	50	\$ 88,050	
Tier 2 - Phytos with additional declarations		per reg estab		2	\$ 3,521	210	\$ 739,410	
Tier 3 - Protocol markets		per reg estab		7	\$ 12,323	90	\$ 1,109,070	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 2,005,702						\$ 2,053,112	\$ 47,410
Manual Permit		Permit	\$ 51		\$ 100	948	\$ 94,840	
Manual Certificate		Certificate	\$ 51		\$ 100	831	\$ 83,140	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	24	\$ 2,440	
Electronic Permit		Permit	\$ 26		\$ 33.00	33,788	\$ 1,114,991	
Electronic Certificate		Certificate	\$ 26		\$ 33.00	21,900	\$ 722,687	
Electronic Other Documentation		Other Doc	\$ 26		\$ 33.00	516	\$ 17,015	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	\$ 7,212,546						\$ 7,296,423	\$ 83,877

## Model 9C: Presented at Hort MTF meeting on 29<sup>th</sup> June

### Horticulture 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 1,936,436						\$ 1,936,550	\$ 114
Exporter charge		per exporter			\$ -	220	\$ -	
Registered Establishment		per reg estab	\$ 550	1	\$ 5,533	350	\$ 1,936,550	
					\$ -	-	\$ -	
					\$ -	-	\$ -	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 2,005,702						\$ 2,053,112	\$ 47,410
Manual Permit		Permit	\$ 51		\$ 100	948	\$ 94,840	
Manual Certificate		Certificate	\$ 51		\$ 100	831	\$ 83,140	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	24	\$ 2,440	
Electronic Permit		Permit	\$ 26		\$ 33.00	33,788	\$ 1,114,991	
Electronic Certificate		Certificate	\$ 26		\$ 33.00	21,900	\$ 722,687	
Electronic Other Documentation		Other Doc	\$ 26		\$ 33.00	516	\$ 17,015	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	\$ 7,212,546						\$ 7,296,443	\$ 83,897

## Model 9D: Presented at Hort MTF meeting on 29<sup>th</sup> June

### Horticulture 2011/12 calculated fees and charges

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>Administration / Management</b>	\$ -						\$ -	\$ -
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 - Basic phytos (no additional declarations)		per reg estab	\$ 550	1	\$ -	50	\$ -	
Tier 2 - Phytos with additional declarations		per reg estab		2	\$ -	210	\$ -	
Tier 3 - Protocol markets		per reg estab		7	\$ -	90	\$ -	
<b>FEE FOR SERVICE</b>	\$ 5,841,410						\$ 5,878,721	\$ 37,311
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 64	91,855	\$ 5,878,721	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 1,371,136						\$ 1,378,679	\$ 7,543
Manual Permit		Permit	\$ 51		\$ 100	948	\$ 94,840	
Manual Certificate		Certificate	\$ 51		\$ 100	831	\$ 83,140	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	24	\$ 2,440	
Electronic Permit		Permit	\$ 26	1	\$ 21.00	33,788	\$ 709,540	
Electronic Certificate		Certificate	\$ 26	1	\$ 21.00	21,900	\$ 459,892	
Electronic Other Documentation		Other Doc	\$ 26	1	\$ 21.00	516	\$ 10,828	
Replacement Certificate		Certificate	\$ 50		\$ 500	36	\$ 18,000	
<b>Total</b>	\$ 7,212,546						\$ 7,257,399	\$ 44,853

## Model 10A: DAFF model to be presented to MTF meeting on 21<sup>st</sup> July 2011

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 2,222,140						\$ 2,222,503	\$ 363
Exporter charge		per exporter			\$ -	220	\$ -	
Tier 1 -		per reg estab	\$ 550	1	\$ 1,991	75	\$ 150,178	
Tier 2 -		per reg estab		2	\$ 3,982	317	\$ 1,261,498	
Tier 3 -		per reg estab		3	\$ 5,972	136	\$ 810,827	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 1,719,998						\$ 1,729,847	\$ 9,849
Manual Permit		Permit	\$ 51		\$ 100	712	\$ 71,220	
Manual Certificate		Certificate	\$ 51		\$ 100	680	\$ 67,960	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	18	\$ 1,780	
Electronic Permit		Permit	\$ 26		\$ 33.00	28,596	\$ 943,661	
Electronic Certificate		Certificate	\$ 26		\$ 33.00	18,855	\$ 622,228	
Electronic Other Documentation		Other Doc	\$ 26		\$ 33.00	127	\$ 4,198	
Replacement Certificate		Certificate	\$ 50		\$ 500	38	\$ 18,800	
<b>Total</b>	\$ 7,212,546						\$ 7,259,130	\$ 46,584

**Model 10B: DAFF model to be presented to MTF meeting on 21<sup>st</sup> July 2011**

**Horticulture 2011/12 calculated fees and charges**

Description	11/12 modelled expenditure	Sale Unit	Current Charge	Ratio	Proposed Charge	Projected Units for 11/12	Projected Revenue	Surplus / Defecit
<b>REGISTRATION</b>	\$ 2,222,140						\$ 2,222,352	\$ 212
Exporter charge		per exporter			\$ -	220	\$ -	
Registered Establishment		per reg estab	\$ 550	1	\$ 4,209	528	\$ 2,222,352	
					\$ -	-	\$ -	
					\$ -	-	\$ -	
<b>FEE FOR SERVICE</b>	\$ 3,270,408						\$ 3,306,780	\$ 36,373
Fee for Service 1/4 hour		1/4 hr units	\$ 68		\$ 36	91,855	\$ 3,306,780	
Fee for Service Annual		Annual			\$ 101,120	-	\$ -	
<b>CERTIFICATION</b>	\$ 1,719,998						\$ 1,729,847	\$ 9,849
Manual Permit		Permit	\$ 51		\$ 100	712	\$ 71,220	
Manual Certificate		Certificate	\$ 51		\$ 100	680	\$ 67,960	
Manual Other Documentation		Other Doc	\$ 51		\$ 100	18	\$ 1,780	
Electronic Permit		Permit	\$ 26		\$ 33.00	28,596	\$ 943,661	
Electronic Certificate		Certificate	\$ 26		\$ 33.00	18,855	\$ 622,228	
Electronic Other Documentation		Other Doc	\$ 26		\$ 33.00	127	\$ 4,198	
Replacement Certificate		Certificate	\$ 50		\$ 500	38	\$ 18,800	
<b>Total</b>	<b>\$ 7,212,546</b>						<b>\$ 7,258,979</b>	<b>\$ 46,433</b>

### Summary of changes to model structure and data

Model 1 - DAFF	Expense	Structure	Volumes
Admin Mgt	•Budget set assuming 30% reduction in regional staff.	•Base Registration charge •Additional registration charge for each importing country accessed.	•483 units based on 2010-11 year to date volumes to February 2011 extrapolated for 12 month effect. 500 additional based on Program estimate
Fee For Service	•Budget set assuming 30% reduction in regional staff.	•Quarter hour fee for service charge	•46,736 units based on 2010-11 year to date volumes to February 2011 extrapolated for 12 month effect
Certification	•Budget set assuming 30% reduction in regional staff.	•Manual, Electronic and Replacement charges for both Permits and Certificates	•Electronic - 13,192 Program estimated volumes for 2011-12 •Manual – Estimated 90% shift away from Manual certification and Replacement documents
Discussion	The 30% reduction in regional staffing was suggested by DAFF to alleviate industry concerns with the approx \$9 million budget presented at the previous MTF meeting		
Model 2 - AHEA	Expense	Structure	Volumes
Admin Mgt	•Re-allocation of functional costings suggested by AHEA	•Expanded charging entities and Volume charge introduced	•Industry supplied volumes
Fee For Service	•Re-allocation of functional costings suggested by AHEA	•Travel and Km charges added	•NO CHANGE FROM ORIGINAL PROPOSAL
Certification	•Re-allocation of functional costings suggested by AHEA	•Use of historical rates for all fees with the exception of calculated electronic permit charge	•NO CHANGE FROM ORIGINAL PROPOSAL
Discussion	DAFF expressed some concern with the model proposed by AHEA. On early review DAFF:		



	<div><div><ul style="list-style-type: none"><li>- reallocation of functional costings against the</li><li>- the current legislative authority</li><li>- be recovered over a variable volume</li></ul></div><div><p>DAFF agreed to review the AHEA model and rework it against the current legislative authority available to set fees and charges for the Program</p></div></div>		
Model 3 - DAFF	Expense	Structure	Volumes
Admin Mgt	<ul style="list-style-type: none"><li>• AHEA allocations used as per Model 2, for demonstration of structure</li></ul>	<ul style="list-style-type: none"><li>• DAFF amended AHEA structure to comply with legislative requirements</li></ul>	<ul style="list-style-type: none"><li>• AHEA volumes used as per Model 2, for demonstration of structure</li></ul>
Fee For Service	<ul style="list-style-type: none"><li>• AHEA allocations used as per Model 2, for demonstration of structure</li></ul>	<ul style="list-style-type: none"><li>• Matched to Model 2 structure</li></ul>	<ul style="list-style-type: none"><li>• DAFF updated volumes based on more informed year to date extrapolated data</li></ul>
Certification	<ul style="list-style-type: none"><li>• AHEA allocations used as per Model 2, for demonstration of structure</li></ul>	<ul style="list-style-type: none"><li>• Matched to Model 2 structure</li></ul>	<ul style="list-style-type: none"><li>• NO CHANGE FROM ORIGINAL PROPOSAL</li></ul>
Discussion	DAFF populated this model to demonstrate how model 2 could be adjusted to fit in with legislation governing the setting of Establishment Registration Charges. DAFF remained concerned with some remaining aspects of the model, as detailed in the “Pros and Cons” assessment offered by DAFF on distribution of the reworked model		
Model 4 - DAFF	Expense	Structure	Volumes
Admin Mgt	<ul style="list-style-type: none"><li>• Review of cost allocation approach resulting in a revised functional costing outcome the more closely align costs to activities than the</li></ul>	<ul style="list-style-type: none"><li>• Introduction of Exporter charge</li></ul>	<ul style="list-style-type: none"><li>• AHEA volumes used for Base Reg charge</li><li>• DAFF estimated volumes for Exporters</li></ul>

	approach utilised in Model 1		
Fee For Service	•Review of cost allocation approach resulting in a revised functional costing outcome the more closely align costs to activities than the approach utilised in Model 1	•Introduction of an Annual charge	• Volumes update to reflect reallocation of Program expenses/effort
Certification	•Review of cost allocation approach resulting in a revised functional costing outcome the more closely align costs to activities than the approach utilised in Model 1	•	•
Discussion	DAFF made adjustments to Model 1 to more accurately reflect cost attributions. DAFF included an exporter charge in response to industry concerns with the impact that the original proposal presented for Registered Establishments.		
Model 5 - DAFF	Expense	Structure	Volumes
Admin Mgt	• Allocation as per model 4	• Introduction of Tiered Registration charge	• As per model Model 4
Fee For Service	• Allocation as per model 4	• Structure as per model 4	• DAFF updated volumes to reflect intended expansion of the application of fees to some service provided free of charge
Certification	•EXCOC element of budget reduced	•NO CHANGE FROM ORIGINAL PROPOSAL	•NO CHANGE FROM ORIGINAL PROPOSAL
Discussion	DAFF reviewed model and refined certain aspects to align with more contemporary information		

Model 6 – Dellis, Kachenko	Expense	Structure	Volumes
Admin Mgt	• Unknown allocation methodology	• Single registration used	• Volumes as per model 2
Fee For Service	• Unknown allocation methodology	• Addition of daily, weekly and Overtime fees.	• DAFF volumes used for quarter hour fee, unknown source of other volumes
Certification	• Unknown allocation methodology	• NO CHANGE FROM ORIGINAL PROPOSAL	• Updated volumes from DAFF website
Discussion	DAFF expressed some concern with the model proposed by AHEA. On early review DAFF: <ul style="list-style-type: none"><li>- advised that it was uncomfortable with the rationale behind the weighting of administrative and management costs to the certification function against the Australian Government Cost Recovery Guidelines</li><li>- expressed concern that the proposal could not be supported by the current legislative authority as the price for a certificate no longer reflected the cost for the service</li><li>- expressed concern about the amount of fixed costs that were to be recovered over a variable volume, though acknowledged that certificate volumes were more stable than tonnage volumes</li></ul>		
Model 7 - DAFF	Expense	Structure	Volumes
Admin Mgt	• Re- allocation of proportion of Admin Management expense to Certification to ensure certification users contribute to the Program infrastructure costs –	• Exporter charge unable to be supported under existing legislative authority	• Volumes adjusted on industry advice that new prices will reduce the number of establishments who remain

	in response to inability to support exporter registration charge. This reallocation is based on split of exporter versus registered establishments.	• Tiered Reg charge as per Model 5	registered on the return to full cost recovery. Also includes reduction for Nursery etc.
Fee For Service	• Allocation as per model 4	• Structure as per model 4	• Volumes increased to reflect the full chargeable capacity expected from AQIS officers. This is necessary to ensure the setting of an efficient price for export services and deals with the current uncertainty regarding the scope of chargeable services that will remain under the new service delivery framework.
Certification	• Re- allocation of proportion of Admin Management expense to Certification to ensure certification users contribute to the Program infrastructure costs – in response to inability to support exporter registration charge. This reallocation is based on split of exporter versus registered establishments.	• NO CHANGE FROM ORIGINAL PROPOSAL	<ul style="list-style-type: none"> <li>• Updated estimation of electronic volumes based on historical data following industry advice that volumes should be reviewed as they appeared exceptional low. Volumes for Certificates were then further reduced to reflect contemplation that some markets would be de-prescribed</li> <li>• Manual volumes adjusted for 80% shift away from Manual certificates and replacement documents</li> </ul>
<b>Discussion</b>	This model was prepared in an attempt to give effect to the proposal presented by AHEA (model 6) within the current legislative authority.		

Model 8 - DAFF	Expense	Structure	Volumes
	• Was intended to be an electronic copy of model presented at MTF meeting on 9th. DAFF made errors in translation from Excel model to Word table. Please refer to Model 7 in this document (as per hard copy presented at 9 <sup>th</sup> June meeting) for correct values.		
Discussion	Model should be disregarded due to errors in translation to Word format.		
Model 9A - DAFF	Expense	Structure	Volumes
Admin Mgt	• Allocation as per model 7	• Highest Tier of Protocol markets has been split to a fixed base charge, and fixed variable charge to apply to each market accessed.	• Volumes as per model 7
Fee For Service	• Allocation as per model 4	• Structure as per model 4	• Volumes as per model 7
Certification	• Allocation as per model 7	• NO CHANGE FROM ORIGINAL PROPOSAL	• Updated Volumes based on Forecast 11-12 volumes.
Discussion	This model was prepared in an attempt to provide greater equity to those entities accessing Protocol markets, so that those accessing a greater number of markets contribute a greater share of the cost recovery.		
Model 9B - DAFF	Expense	Structure	Volumes
Admin Mgt	• Structure as per model 7	• Structure as per model 7	• Volumes as per model 7
Fee For Service	• Structure as per model 4	• Structure as per model 4	• Volumes as per model 7
Certification	• Structure as per model 7	• NO CHANGE FROM ORIGINAL PROPOSAL	• Updated Volumes based on Forecast 11-12 volumes.
Discussion	This model was prepared in an attempt to give effect to the proposal presented by AHEA (model 6) within the current legislative authority, and to update the volumes for documentation activities.		
Model 9C-	Expense	Structure	Volumes

DAFF			
Admin Mgt	• Allocation as per model 7	• Tiered approach replaced by flat Registration charge applied to all Registered Establishments, as per suggestion in model 6	• Volumes as per model 7
Fee For Service	• Allocation as per model 4	• Structure as per model 4	• Volumes as per model 7
Certification	• Allocation as per model 7	• NO CHANGE FROM ORIGINAL PROPOSAL	• Updated Volumes based on Forecast 11-12 volumes.
Discussion	This model was prepared in an attempt to provide greater equity to those entities accessing Protocol markets, so that those accessing a greater number of markets contribute a greater share of the cost recovery.		
Model 9D - DAFF	Expense	Structure	Volumes
Admin Mgt	• All Administration and Management allocated to Fee For Service and Certification based on Pro-Rata of direct expenses.	• No Registration / Administration and Management charges.	• Volumes not required.
Fee For Service	• Fee For Service receives pro-rate allocation of Administration and Management expenses.	• Structure as per model 4	• Volumes as per model 7
Certification	• Certification receives pro-rate allocation of Administration and Management expenses.	• NO CHANGE FROM ORIGINAL PROPOSAL	• Updated Volumes based on Forecast 11-12 volumes.
Discussion	This model was prepared to demonstrate how Fees would be structured under a full allocation of Management and Administration expenses to Fee For Service and Certification. It was not a model that DAFF supported or that DAFF believed Department of Finance would support from a Cost Recovery perspective, as costs are not aligned closely to activity, which increases the potential for under or over recovery.		

Model 10A- DAFF	Expense	Structure	Volumes
Admin Mgt	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•Tier ratios have been re-set based on the updated Tier volumes. See attachment A	• Volumes re-set to charge all establishments registered for Horticulture including all multi-commodity establishments. Ratio is drawn from previous % allocation to each Tier and requires validation with regional staff. See attachment A
Fee For Service	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•Structure as per model 7	• Volumes as per model 7
Certification	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•NO CHANGE FROM ORIGINAL PROPOSAL	• Volumes updated to reflect 2010-11 full year actual values.
Discussion	This model is re-presented (as per model 7) with updated volumes to provide the tiered Registration charge requested by industry. DAFF has re-set the Tier structure based on a Commodity by Country matrix.		
Model 10B -	Expense	Structure	Volumes

<b>DAFF</b>			
Admin Mgt	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•Single Registration charge for demonstration purposes	• Volumes not required.
Fee For Service	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•Structure as per model 4	• Volumes as per model 7
Certification	•Expense methodology same as model 7. Expense shift due to changing Exporter versus Registered establishment ratio.	•NO CHANGE FROM ORIGINAL PROPOSAL	• Volumes updated to reflect 2010-11 full year actual values.
<b>Discussion</b>	This model is re-presented (as per model 7) with a single registration charge for demonstration purposes, allowing industry to determine an appropriate Tiered registration charge.		

## **Horticulture Volumes in Model 10A and 10B**

Administration & Management – Volumes have been updated to represent all Registered Establishments who paid registration fees for Horticulture during 10/11. The Tiered Ratio is drawn from previous % allocation to each Tier and requires validation with regional staff (this requires manual validation for many clients who do not use electronic documentation). The total volume has been drawn from the DAFF charging system (financial system) and has been cross-checked against individual client charging data.

Fee For Service – Based upon capacity of Regional FTE's, as previously discussed with industry. The projected fee-for-service units are based on 55% of an inspector's time being recouped. Current levels are around 35% and therefore a stricter charging regime will be implemented to ensure full cost recovery. All time spent in-office and in-field, where an individual can be identified as the direct beneficiary of a service, will be charged for. No travel time will be charged for but will be socialised.

Chargeable activities include but are not limited to:

- Bookings
- Phytosanitary inspections
- Late cancellations of bookings
- Treatment monitoring



- Issuance of all documentation
- Invoicing
- Assisting with held consignments
- Audits including preparation time, desk audits, writing up of reports and corrective actions
- Closing out Corrective Action Requests
- Time taken to assess amendments to procedures
- Assessing Approved Arrangement manuals
- Reading of Japan in-transit data
- Country specific registrations
- Industry training

Certification – Volumes have been re-set to be actuals for the full 2010-11 financial year. They have been drawn from the DAFF charging system (financial system) and have been cross-checked against individual client charging data and EXDOC documentation issuance data. The 80% shift away from manual certification remains.

**Appendix 2 – HEP 2011/2011 Proposed Budget**

<b>Expenditure Item</b>	<b>11/12 Budget</b>
<b>Central Office</b>	
Employee Salary (CO)	\$ 840,641
Salary On-Costs (CO)	\$ 183,932
Training & Development (CO)	\$ 50,000
Supplier (CO)	\$ 106,248
Financials (CO)	10900
<b>Regional Office</b>	
Employee Salary (Reg)	\$ 2,146,974
Salary On-Costs (Reg)	\$ 469,758
Training & Development (Reg)	\$ 156,950
Supplier (Reg)	\$ 627,822
Financials (Reg)	\$ 201,700
<b>Export Program Services</b>	
Executive Manager Total	\$ 77,869
General Manager Total	\$ 136,006
123374 - Establishment Register	\$ 21,732
123375 - EXDOC	\$ 148,231
123987 - Documentation Services Group	\$ 12,793
AMS support	\$ 141,529
<b>DAFF Overheads</b>	\$ 1,238,810
Property	\$ 306,453
<b>BSG Overheads</b>	\$ 334,197
<b>Total Expenditure</b>	<b>\$ 7,212,546</b>
<b>Central Office FTEs</b>	<b>\$ 10.0</b>
<b>Regional Office FTEs</b>	<b>\$ 31.4</b>

**Appendix 3 -ACTIVITIES NOT CARRIED FORWARD TO NEW PROGRAM**  
**SERVICE DELIVERY ARRANGEMENTS**

The Program's expenditure forecast for 2011-2012 incorporates a 30% reduction in operational FTEs. The reduction of resources will be met by the discontinuation of a number of activities under the Program's new service delivery arrangements. Table 2 presents a list of activities that will not be carried forward into 2011-2012.

Table 2 – List of activities not carried forward (footnote numbers are aligned to examples below)

<b>Activity</b>	
Market maintenance/improvement <sup>1</sup>	Service is not appropriately cost recovered and cannot be provided with 30% reduction in FTEs.
Verification of AQIS activities by the Area Technical Managers	AMS data capture and reporting functionality allows increased desk audits by AQIS staff.
Overseas inspector arrangements <sup>2</sup>	Service is not appropriately cost recovered and cannot be provided with 30% reduction in FTEs
Delivery of Plant Export Training modules	Training to be incorporated into the operations training manual.
Debt recovery	Move to corporate finance area
Web and phone inquiries <sup>3</sup>	Service is not appropriately cost recovered and cannot be provided with 30% reduction in FTEs.
Technical operations and assistance <sup>4</sup>	Service is not appropriately cost recovered and cannot be provided with 30% reduction in FTEs.
Access and interpret the Instructional Material Library (IML)	Intensive training for AQIS and AAOs and operations manual reduces need to access the IML
Tonnage charge administration	Tonnage charge removed
Process applications of AAs including training, documentation and initial audit	AAs now redundant
Bookings/scheduling of audits	Audits to be managed by AMS
Reporting to Canberra office	AMS data capture and reporting functionality accessible by all Canberra office staff

The discontinuation of the activities detailed in table 1 is expected to result in a \$1.31m reduction in expenditures for the Program.

The reduction in operational FTEs will carry a number of implications to the services currently provided to the Horticulture Export Industry. (The number of each example below relates to the respective activity footnote number in table 1 above)

1. Market maintenance and improvement work cannot be provided by AQIS. This includes providing operational comments on new or changing protocols, attending bilateral meetings with overseas countries, and assisting exporters when consignments are held up overseas.
2. AHEA or other industry bodies will need to arrange all overseas inspector requests. For example AQIS currently facilitates inspectors for Japan, Korea and China mangoes, Japan, Korea and China citrus, Japan and Taiwan apples and Korea and Japan cherries.
3. General web and phone inquiries can no longer be addressed by Canberra office. The public will not be able to receive tailored information on specific export requirements. This includes phone calls from exporters with problems relating to AQIS regional staff, registrations, overseas hold ups and rejections.
4. AQIS regional staff will not be able to provide technical advice on export or registration requirements. Industry contact with AQIS will be limited to making bookings for inspections or audits only.