

**Public Accounts and Audit**  
Answers to questions on notice

**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:** [Click here to enter text.](#)  
**Question No:** IQ23-000119  
**Hearing Date:** [Click here to enter text.](#)  
**Division/Agency:** Finance and Investment Division (FID) G4  
**Topic:** Question 1 - Surplus Deficits  
**Hansard Page:** 23  
**Question Date:** 31 March 2023  
**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: So you would be able to let us know what the surplus or deficits are, in cash terms—the effective cash deficits in cost recovery—for those DAFF related functions?

Ms Briscoe: Yes.

CHAIR: So could you take us through that?

Ms Briscoe: Certainly.

CHAIR: Just, say, from 2019-20 up to this year.

Ms Briscoe: It is probably worth just clarifying that we have a number of arrangements.

CHAIR: Sure.

Ms Briscoe: I could probably provide them at the summary level of a range of our exports and imports, if that's useful.

CHAIR: And give us the detail on notice if there are tables. I'm just trying to get what the headline cash deficit figures are for DAFF related activities that should be funded through cost recovery.

**Answer:**

Attachment A reports the financial positions from 2017-18 to 2021-22 for each of the cost recovery arrangements.

The deficit or surplus incurred for each arrangement in each year, represents the cash deficit or surplus incurred in that year.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

***Cost recovery financial position***

Cost recovery positions for the years 2017-18 to 2021-22, by agricultural exports arrangement or biosecurity stream, as defined by the department and communicated with stakeholders.

Note, government appropriation was provided to the department in 2020-21 and 2021-22 to continue regulatory services, while industry fees and charges were increased in those years. As such, any deficits were not reported.

Arrangement	2017-18	2018-19	2019-20	2020-21	2021-22
Meat	(0.422)	(3.192)	(2.529)	(0.000)	(0.000)
Seafood and Egg	(0.067)	0.330	(0.000)	0.000	0.000
Dairy	(0.627)	(0.890)	(1.020)	(0.000)	0.000
Non-prescribed goods	0.088	(0.055)	(0.925)	(0.000)	0.000
Export Food Surplus/Deficit	(1.028)	(3.806)	(4.475)	(0.000)	(0.000)
Grain	(2.516)	(2.697)	(2.738)	(0.000)	1.570
Horticulture	(1.527)	(1.496)	(2.468)	(0.000)	0.000
Export Plants Surplus/Deficit	(4.042)	(4.193)	(5.206)	(0.000)	1.570
Live Animal Exports Surplus/Deficit	(1.418)	(5.749)	(12.194)	0.000	0.000
<b>Total Exports Surplus/Deficit</b>	<b>(6.489)</b>	<b>(13.749)</b>	<b>(21.875)</b>	<b>(0.000)</b>	<b>1.570</b>
Import clearance	14.081	11.364	(11.330)	12.982	(12.161)
Seaports	(0.618)	2.459	2.093	(0.605)	(7.224)
Post Entry Animal Quarantine (Non-Horse)	1.701	0.917	(0.480)	(2.007)	(0.738)
Post Entry Animal Quarantine (Horses)	0.486	0.065	0.238	(0.105)	0.937
Post Entry Plant Quarantine	(1.108)	(1.316)	(1.348)	(0.678)	(0.952)
<b>Total Biosecurity Surplus/Deficit</b>	<b>14.542</b>	<b>13.488</b>	<b>(10.827)</b>	<b>9.587</b>	<b>(20.139)</b>

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000120

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 2 - Export Arrangements

**Hansard Page:** 24

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: Okay. And 2022-23? So in essence, in those two years, if I'm hearing you right, there would have been another significant cash deficit. The government made a decision to throw cash in rather than follow the policy of user recovery charges. Is that right?

Mr Pak Poy: That measure that I referred to also included a phased decrease of the fees and charges in those relevant exports arrangements based on the positions and data, I guess, from 2019-20, when that was put in place.

CHAIR: And 2022-23? What are you projecting there?

Mr Pak Poy: That's the \$60 million, I believe, that Ms Briscoe mentioned.

CHAIR: So that includes biosecurity and—

Ms Briscoe: Exports.

CHAIR: Okay, got you. If you can just take it on notice and give us that detail, that would be helpful.

**Answer:**

- The overall projected results for 2022-23 by cost recovery arrangement is \$63.3 million, as shown in the following table. Note, this is a projection and the final end-of-financial year position may change.

<b>2022-23 Export and Biosecurity Arrangements</b>	<b>Full Year Forecast Net Result (surplus)/deficit \$'000</b>
Live Animal Exports Arrangement	7,953
Dairy Export Arrangement	177
Grain & Seed Exports Arrangement	(2,512)
Horticultural Exports Arrangement	989
Meat Export Arrangement	9,412
Non-Prescribed Goods Arrangement	1,516
Seafood & Eggs Arrangement	(125)
<b>Exports Arrangements</b>	<b>17,411</b>
Import Clearance Stream	23,672
PEAQ - Horses Stream	681
PEAQ (Non-Horse) Stream	(1,578)
PEQ Avian Stream	3,560
Post Entry Plant Quarantine Stream	1,227
Seaports Stream	8,942
<b>Biosecurity Arrangement</b>	<b>36,503</b>
<b>Cost Recovery Arrangements (Exports, Biosecurity &amp; Domestic)</b>	<b>53,914</b>
International Mail Arrangement	2,934
Passengers Arrangement	5,704
Offshore Services	780
<b>Cost Recovery Arrangements (Other)</b>	<b>9,418</b>
<b>Cost Recovery Arrangements</b>	<b>63,331</b>

- The department received Government appropriation of \$10.488 million in 2022-23 through the 2020-21 Budget measure, *Busting Congestion for Agricultural Exporters*, to continue providing regulatory services to agricultural exporters, while industry fees and charges increased.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000121

**Hearing Date:**

**Division/Agency:** People, Property and Security Division

**Topic:** Question 3 - Contractors

**Hansard Page:** 25

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: How many contractors have been cut since June 2022?

Ms Briscoe: I don't have that figure with me. I'd have to take that on notice.

**Answer:**

- On 30 June 2022 the former Department of Agriculture, Water and the Environment's labour hire contractor headcount was 2,623.
- On 31 December 2022 the Department of Agriculture Fisheries and Forestry's labour hire contractor headcount was 1,610.
- On 31 March 2023 the Department of Agriculture Fisheries and Forestry's labour hire contractor headcount was 1,203.

Between 1 July 2022 and 31 December 2022, the number of contractors reduced by 1,013. This is mostly due to the transition of contractors to the Department of Climate Change, Energy, the Environment and Water under the Machinery of Government changes.

Between 1 January 2023 and 31 March 2023, the number of contractors reduced by 407. This is due to:

- an internal review of the department's use of labour hire contractors and seeking opportunities to convert existing contractor positions into APS roles, where appropriate; and
- a pause on external labour hire/extension activities, including ceasing some non-critical contractor arrangements.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000122

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 4 - Staff Travel

**Hansard Page:** 25

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: How many requests for staff travel have been denied?

Ms Briscoe: Again, I'd have to take that on notice.

**Answer:**

Denied staff travel requests are not captured or recorded in the Department of Agriculture, Fisheries and Forestry's expense management and finance systems.

Initial travel requests and conversations take place between the approving delegate and the traveller and only if the travel is approved, a booking is made via the Corporate Travel Management (CTM) system which is the Whole of Government service provider.

Once the booking is made and charged the travel costs flow into the Departments expense management and finance systems.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000123

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 5 - Cost Recovery

**Hansard Page:** 25

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: I will wrap up a couple of other bits and then throw to Senator Canavan. Back to the cost recovery issue, there's appropriation to do stuff with that, but there's a set of very clear, specific, defined functions which under government policy are supposed to be funded through cost recovery. That is correct?

Ms Briscoe: Yes.

CHAIR: Okay. You are going to take on notice and give us the details of those functions and which ones were running a surplus, a deficit and so on in given years.

**Answer:**

1. Cost recovery functions for agricultural exports and biosecurity include the following activities:

- a. Program management and administration
- b. Assurance
- c. Incident activities
- d. Assessment
- e. Certification approvals
- f. Inspections
- g. Treatments and diagnostics
- h. Husbandry
- i. Audits

Further details are available at Attachments A and B for biosecurity and exports functions, respectively.

2. Refer to answers to question IQ000119 for cost recovery surplus/deficit positions over past years.

## **ATTACHMENT A**

### ***Charge and fee related activities and associated outputs (Biosecurity)***

The biosecurity and imported foods regulatory activities the department provides to individuals or groups follow.

### **Program management and administration activities (charge)**

#### **Workforce and business management**

**This activity comprises 4 categories:**

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

#### **Business systems administration**

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

#### **Stakeholder engagement**

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

#### **Policy and instructional material**

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

#### **Business improvement**

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

### **Assurance activities (charge)**

#### **Risk management**

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



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

### **Verification**

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

### **Surveillance**

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

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

### **Incident management activities (charge)**

#### **Incident management**

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

#### **Investigation support**

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

#### **Corrective action**

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

### **Intervention activities (fee)**

#### **Assessment**

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

#### **Issue approvals and certification**

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

**Inspection**

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

**Treatments**

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

**Husbandry**

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

**Audit**

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

## **ATTACHMENT B**

### ***Charge and fee related activities and associated outputs (Exports)***

The agricultural exports regulatory activities the department provides to individuals or groups follow.

## **Program management and administration activities**

### **Workforce and business management**

This activity has 4 categories:

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

### **Business systems administration**

Includes developing, acquiring, testing, implementing and supporting applications and business systems. This includes technical support and maintenance of all business systems including information and communications technology.

### **Stakeholder engagement**

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

### **Policy and instructional material**

Includes developing, maintaining and communicating the department's policy and instructional material, such as operational and corporate policies, scientific advice, departmental guidelines and work instructions, and associated training development and delivery. Examples include responding to changes in importing country requirements, developing or revising policy processes and instructional material.

### **Business improvement**

Includes assessment, monitoring and management of business performance. Examples include adjustments to improve regulatory activity, against business performance reports against key performance indicators and similar activities.

## **Assurance activities**

### **Risk management**

Involves assessing and managing the risks posed to Australia's ability to maintain market access. This includes communicating results of risk analysis, modelling and forecasting to

operational areas and the collection, receipt and use of reliable compliance data to meet the department's compliance objectives. This work also includes any associated travel and regulated entity assistance work. For example, organising, involvement in and responding to overseas government's systems-based audits.

## **Verification**

Includes assurance activities to provide stakeholders and departmental executive with confidence that departmental controls of its systems and processes are operating in accordance with their intended design and associated documentation. For example, verification of certification activity internally and by state regulators.

## **Surveillance**

Includes formal and informal monitoring to detect issues that may affect onshore production for export, such as changes in Australia's pest or disease status or food safety concerns. Surveillance differs from an inspection because it is not done for a specific client.

## **Incident management activities**

### **Incident management**

The coordination and management of any incident including post border detection and export incidents. This includes all associated pre- and post-work, travel and regulated entity assistance in relation to an incident, government certification and other issues which result in goods being held at the border. For example, this includes managing and responding to food safety incidents where food may have been exported.

### **Investigation support**

Involves providing support for enforcement activities relating to an alleged breach of portfolio legislation, including any related regulated entity assistance and travel. This also includes enforcement activities that ensure compliance with Australian regulation and international import conditions such as investigations and engagement with regulated entities about compliance.

### **Corrective action**

Includes actions taken in response to non-compliance or contravention of legislation or procedures that are managed without a formal investigation by an enforcement officer. Corrective action activities include all pre- and post-work, travel and regulated entity assistance in relation to the enforcement process.

## **Intervention activities**

### **Assessments**

Involves assessing information to determine if it meets ours and the importing country requirements. This includes all preparatory work (such as confirming importing country or export requirements) and post work (such as assessment report preparation) travel and regulated entity assistance in relation to the assessment. Examples include assessments of licences, permits, registrations, accreditations, and exemptions.

### **Issue approvals/certification**

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

## **Inspections**

Involves the physical examination (and supervision of a physical examination) of export food commodities to determine compliance with export and importing country requirements.

## **Treatments**

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

Note: this is a nil for the meat arrangement.

## **Husbandry**

Includes activities relating to the care of plants and animals that the department is responsible for, including transport of plants and animals, housing, daily monitoring, feeding, cleaning of facilities, administering of medication, bookings and regulated entity assistance.

## **Audit**

Includes the systematic and functionally independent examination to determine whether activities and related results comply with legislative or documented requirements. This includes all pre– and post–work, travel and regulated entity assistance in relation to the audit. Examples include audits to verify compliance with an export registered establishment's AA.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:** [Click here to enter text.](#)  
**Question No:** IQ23-000124  
**Hearing Date:**  
**Division/Agency:** Finance and Investment Division (FID) G4  
**Topic:** Question 6 - Biosecurity Cost Recovery  
**Hansard Page:**  
**Question Date:** 31 March 2023  
**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Senator CANAVAN: It's figure 4, entitled 'Changes in biosecurity cost recovery arrangement costs by stream'.

Ms Briscoe: We found that on page 26 in our version.

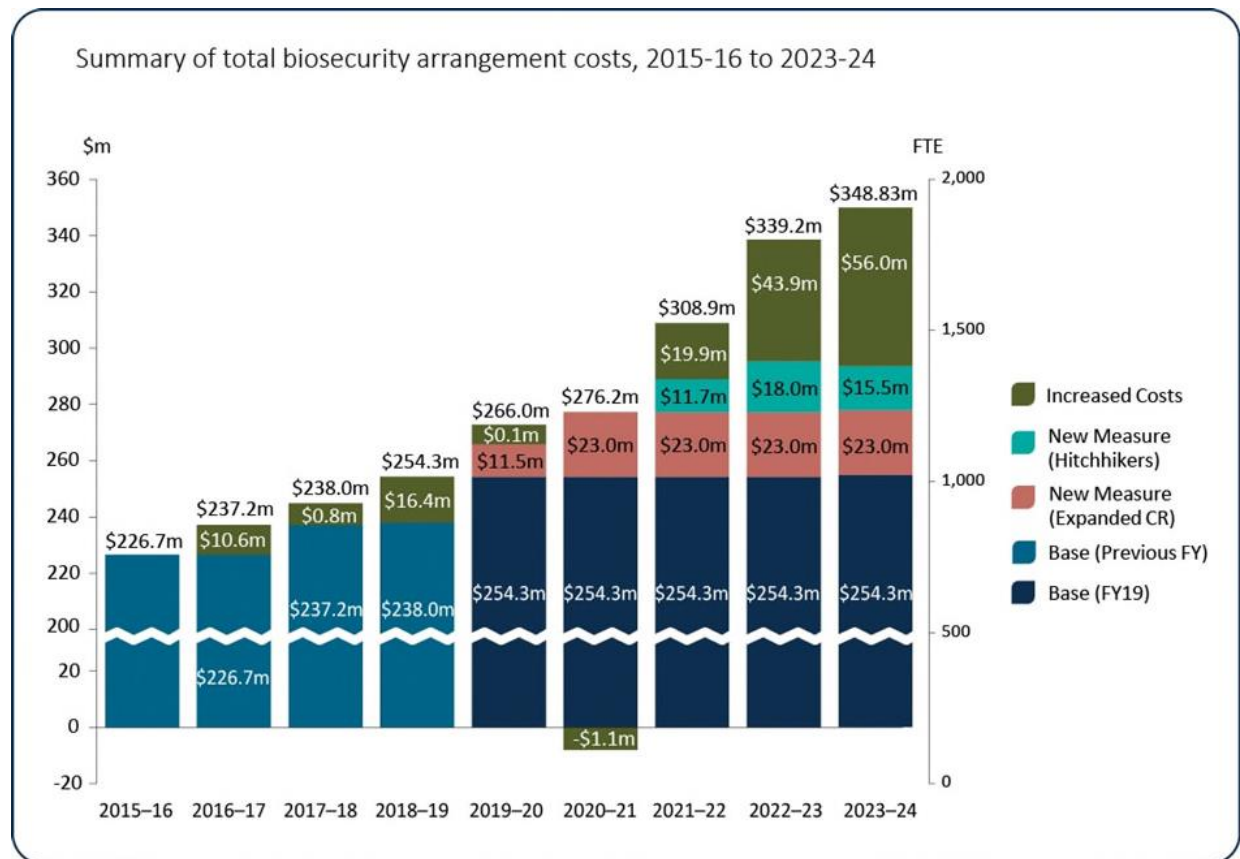
Senator CANAVAN: Okay, I just downloaded it from the web; no worries. Costs have gone up quite a lot. They were running well above inflation until recently, of course, but that has not been the issue over the last eight years. So why have they gone up so much?

Mr Pak Poy: The increase across that period of time from 2015-16 to 2023-24 would include the normal increases in costs that you would expect to see from inflation, as you've just referred to. But, at the same time that that's occurring, the risk profile and the activity needed to manage that risk profile have been changing. We would need to go back and take on notice if you wanted to know what the specific changes year-on-year were. The short answer is the size of the task and the complexity of the task have been increasing, and so that is the main contributor to the increase in cost.

**Answer:**

1. Attachment A shows the growing cost base for biosecurity regulatory activities (this graph is available in the *Consultation paper: Proposed changes to regulatory charging for biosecurity activities*, Figure 3, page 27).
  - a. This figure represents the base cost of the biosecurity cost recovery arrangement, the costs associated with additional regulatory activities to implement new budget measures, and the increased costs for new effort required to manage increased risk, import complexity and cargo volumes.
  - b. The changing costs representing additional effort and regulatory services since 2015-16 is \$36.2 million or around 16%. This figure is derived by removing from the 2023-24 projected cost base (\$348.83 million) the 2015-16 cost base (\$226.7 million), new government measures in 2023-24 expanded cost recovery and managing hitchhiker risks (\$38.5 million) and an estimate of inflation on relevant costs from 2019-20 to 2023-24 (\$47.4 million).
  - c. Note, the cost base from 2015-16 to 2018-19 included allowances for inflation, as such the inflation calculation has been applied from 2019-20 to relevant costs only (excludes government measures and depreciation).

## ATTACHMENT A:



**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000125

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 7 - Biosecurity Threat Costs

**Hansard Page:** 26

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Ms Briscoe: By way of example, as we identify increasing threats and risks it can require greater inspection activity. We've had a range of pests and diseases that threaten our biosecurity status, which we've had to implement measures to increase inspections or the process by which we inspect.

Senator CANAVAN: Right. Can you give us some specific examples?

Ms Briscoe: Brown marmorated stink bugs. Hitchhiker pests on containers as supply chains have changed so much over time. We never really know where a container is coming from, but, ultimately, it's probably coming from a country that has pests and diseases that we're aiming to keep out of the country so that's a good example. Animal diseases such as African swine fever is another good example.

Senator CANAVAN: Do you have specific costs associated with any of those examples?

Ms Briscoe: We would have to take that on notice.

**Answer:**

An outbreak of a hitchhiker pest in Australia could cost billions of dollars, for example:

- \$15.5 billion over 20 years for khapra beetle
- \$8.5 billion over 20 years for invasive ants
- \$1.7 billion over 20 years for Asian spongy moth
- \$1.5 billion over 20 years for giant African snail
- \$0.7 billion over 20 years for Asian honeybees.

Refer to the answer to question IQ23-000128 for the costs of implementing additional regulatory effort to manage the biosecurity risk posed by hitchhiker pests arriving in imported cargo.



**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000126

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 8 - Biosecurity cost growth rate during 2021-22 and 2022-23

**Hansard Page:** 27

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Senator CANAVAN: Okay. When you look at this graph, your costs are largely growing at relatively subdued levels in the first part of the graph. Indeed, until 2021-22 the growth rates are all below five per cent except one year at 6.7 per cent. Then in 2021-22 costs go up by 12 per cent and in the following year up by 10 per cent. The projection for the next financial year is relatively subdued. What happened in 2021-22 and 2022-23? Was it COVID? What's the big jump there? We're talking three times the growth rate that it had been prior to those years. Ms Briscoe: I'd have to take that on notice to give an accurate answer. I suspect it would be related to biosecurity activity.

**Answer:**

1. Attachment A shows the growing cost base for biosecurity regulatory activities (this graph is available in the *Consultation paper: Proposed changes to regulatory charging for biosecurity activities*, Figure 3, page 27).

The increases in 2021-22 related to:

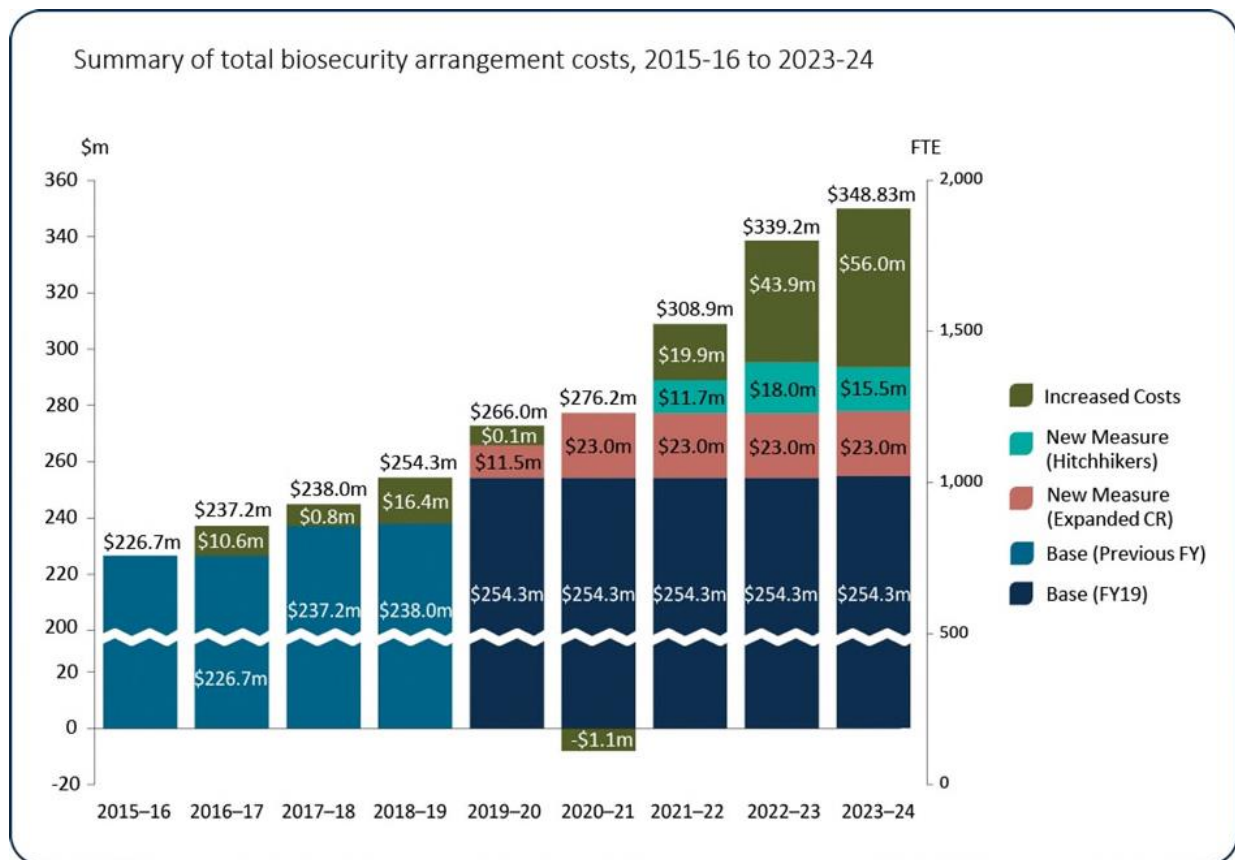
- growing complexity and volumes of cargo
- increased effort directed towards managing the risks associated with and preventing Foot and Mouth Disease and Lumpy Skin Disease entering Australia.
- \$11.7 million of increased expenditure for the budget measure announced in 2021-22 to manage hitchhiker pests arriving through sea cargo.

2. The costs for 2022-23 include:

- continuing to manage high levels and complexity of cargo arrivals
- building capacity to reduce inspection and assessment times
- ongoing and increased management of pests and diseases, which includes a further \$6.4 million for the hitchhiker budget measure announced in 2021-22
- the impact of the APS pay rise of 3% that came into effect in December 2022.

3. Costs reduced in 2020-21 due to impacts from the COVID-19 pandemic as imports temporarily halted and flights into Australia ceased. To some degree, the costs in 2021-22 were a catchup of work that was not undertaken in 2020-21 while staff were unable to conduct physical inspections, assessments and audits.

## ATTACHMENT A:



**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000127

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 9 - Biosecurity cost risk profile costs

**Hansard Page:** 27

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Senator CANAVAN: These are big costs, and my concern here is that, ultimately, what your department is asking for is that Australian importers and Australian farmers, often people I represent, pay higher costs to make your department whole. And you can't even explain to me or even give me a rough estimation of why you've had, in the last couple of years—putting aside the next financial year—a cost blowout by more than 10 per cent.

Mr Pak Poy: One example—

Senator CANAVAN: This is really not up to par.

Mr Pak Poy: I'll attempt to give you an example of something within the biosecurity space that has contributed to that increase. One example is what we call hitchhiker pests, and that is something where, since that period around when you referred to, the vectors have changed because of the changing nature of world trade. I'll try not to get into too much detail, but things like the way containers are being used and where they're coming from and how they're moving around the world has changed over that period of time.

The department—I think it was in 2019-20, or it might have been 2020-21—became aware of this change in the risk profile and increased its activity quite significantly around being able to do the at-border inspection activity, but also the risk management of it—so being able to better understand what these changes were, how they were affecting the risk profile and therefore what our response needed to be. I think there was a measure in either the 2019-20 or the 2020-2021 budget where it was agreed that the department would increase its activities—we were funded to do that.

Senator CANAVAN: How much was that?

Mr Pak Poy: I would need to take that on notice. From memory, it was around \$18 million per year.

Senator CANAVAN: That's significant. Well, if you could take that on notice.

**Answer:**

In late 2019, the Australian Government approved expansion of cost recovered regulation to include additional biosecurity activities, increasing regulatory charging by \$23.0 million per financial year (\$11.5 million in the 2019-20 financial year).

Commencing 1 January 2020 these regulatory activities were expanded to include:

- 1) Assurance and verification activities to provide confidence in compliance controls and support enforcement of regulation, contributing to the efficiency and effectiveness of the biosecurity system that facilitates importers to bring goods safely into Australia. This activity included:
  - applying best practice regulatory procedures and monitoring their implementation to verify ongoing effectiveness of regulatory activity
  - implementing and maintaining a decision-making tool that allows us to calculate benefits and risks of change in regulatory activity
  - investigations of importer compliance with biosecurity regulation to maintain the integrity of the system, including provision and monitoring of corrective actions.

- 2) Increased analytics and intelligence activities, including the use of data to identify trends to inform intervention and compliance activities. This was intended to minimise the risk of incursions and prevent harm to Australia's agricultural production and environment. These activities included:
  - the application, maintenance and refinement of algorithms and work processes that analyse biosecurity data and inform coordination of biosecurity risk management measures and compliance controls. The intelligence helps us identify which imports are most likely to expose Australia to exotic pests and/or diseases.
  - This allows for more targeted risk management activities that streamline the border experience for importers and reduces intervention with importers with minimal risk.
- 3) The provision of technical and scientific advice to maintain up to date biosecurity risk management information within our Biosecurity Import Condition (BICON) system. Through BICON, we provide a single source of truth for biosecurity officers and importers to identify goods quickly and easily, relevant import conditions and further biosecurity risk management options for the safe import of goods.
- 4) Import pest and disease risk mitigation planning, which ensures that we have the capability to mitigate the impact of pest and disease incursions that result from the import of goods. The activities include the development and maintenance of risk mitigation processes and plans, including the maintenance of the capability required to implement actions in those plans, which facilitates the import of goods. Importers will be able to either choose to rely on publicly available plans or choose to develop their own plans subject to the department granting a permit.

The effect of this decision to expand cost recovery for biosecurity activities was an increase in four charges:

- Full Import Declaration charge—air was \$33, to \$38.
- Full Import Declaration charge—sea was \$42 to \$49.
- Vessels greater than or equal to 25 metres—arrival charge was \$920, to \$1054.
- Vessels less than 25 metres—arrival charge was \$100, to \$120.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000128

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 10 - Hitchhiker Pests Measure

**Hansard Page:** 27-28

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: I've got that figure here for you if you want. In the May 2021 budget, the total cost of the hitchhiker pests measure was \$96.9 million dollars over four years.

Senator CANAVAN: But that was funded, though.

CHAIR: No. The total cost was expected to be \$96.9 million, with \$60 million budgeted to be recovered from industry. The former government never implemented the cost recovery, meaning that you had to then find \$30 million from your magic pudding. 'Magic pudding' is my words, the rest of it—

Senator CANAVAN: It sounds like the chair has more information than you, but maybe if you take it on notice and come back to me, that would be great.

**Answer:**

1. The Australian Government announced a new biosecurity measure in the 2021-22 Budget – “to manage the biosecurity risk posed by hitchhiker pests arriving in imported cargo” – the hitchhiker measure.
  - a. The hitchhiker measure included funding from both appropriation and cost recovery sources. The profile announced is shown in the following table:

<b>Funding Source</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Appropriation	14.630	8.523	6.453	6.742
Cost Recovery	11.658	18.039	15.529	15.279
Total	<b>26.288</b>	<b>26.562</b>	<b>21.982</b>	<b>22.021</b>

- b. Due to the timing of the budget announcement and administrative and legislative processes required to commence cost recovery, the increased regulatory charging for this measure commenced from 16 January 2023.
    - c. A price increase on the Full Import Declaration charge for cargo arriving by sea was implemented on 16 January 2023.
    - d. The department used cash reserves of \$21.4 million to fund activity associated with the hitchhiker measure, prior to regulatory charging commencing.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000129

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 11 - Lawyer Rates

**Hansard Page:** 29

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Senator CANAVAN: The table is called 'Comparison of current and proposed fees for fee-bearing biosecurity regulatory activities.'

Mr Pak Poy: In the table I'm looking at, I don't have an in-office fee going to—what was the amount? Was it \$140—

Senator CANAVAN: It's a per 15-minute fee. I'm aggregating it up to an hour. Most people don't think about how much they earn every 15 minutes.

CHAIR: Lawyers earn every six minutes.

Senator CANAVAN: I'm not a lawyer, but they might have a rough idea about how much they earn an hour. I wouldn't like to calculate my rate. You've got there—am I wrong? It's \$37 that you are proposing for a quarter hour.

Mr Pak Poy: Yes.

Senator CANAVAN: I think that's right—it's \$148 an hour.

Mr Pak Poy: That's correct.

Senator CANAVAN: What's the classification level of the person? Is it a public servant?

Mr Pak Poy: Yes, that would typically be a public servant.

Senator CANAVAN: What level would they typically be at?

Mr Pak Poy: Probably the APS4 to 6 level.

Senator CANAVAN: And what would their salary be per hour?

Mr Pak Poy: Per hour? I would need to come back to you on that.

Senator CANAVAN: Or salary per year, I suppose.

CHAIR: I get the line of questioning, but you can take some of this on notice.

Senator CANAVAN: Yes, take the salary range on notice. It might be annual if you need to do it that way. But it seems like a lot—\$148 an hour for an APS4 to 6.

**Answer:**

1. The current salary rates for APS 4 to APS 6 staff are shown in the following table, as per the Public Service (24(1) Department of Agriculture, Fisheries and Forestry Non-SES Employees) Determination 2022/01.

<b>Classification</b>	<b>Pay Points</b>	<b>Salary as at 30 Nov 22</b>
APS 4	APS 4.1	\$72,002
	APS 4.2	\$74,043
	APS 4.3	\$78,386
APS 5	APS 5.1	\$78,548
	APS 5.2	\$80,902
	APS 5.3	\$86,168
APS 6	APS 6.1	\$88,408
	APS 6.2	\$91,057
	APS 6.3	\$95,353
	APS 6.4	\$100,378

- a. The rates charged to industry for biosecurity fee-for-service activities are not the rates paid to employees. The fee-for-service rates have multiple components, including:
- i. direct salary costs, leave entitlements, workers compensation and other costs directly attributed to the officer's time; and
  - ii. support costs for human resources, digital services, finance and legal support where appropriate, property costs, and depreciation for systems used by officers that support fee-for-service activities.

As a result there is not a one-for-one relationship between the fee-for-service and an officer's remuneration.

- b. Biosecurity fee-for-service rates are also harmonised across the four activities of assessment, audit, inspection and verification. This provides a consistent quarter hour rate to industry regardless of the activity undertaken.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000130

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 12 - Lawyer Rates part 2

**Hansard Page:**

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Matthew Canavan asked:**

Senator CANAVAN: If I go down to the fourth row of the second column of the table, to 'In-office fee outside ordinary hours—weekday', you've got two proposed prices there. I'm not sure why that is, but you might be able to explain the difference. Potentially, one of the charges would be \$110 for 15 minutes and \$440 for an hour. Why is it so much? As I said before, the in-office fee is \$148 an hour and then the in-office fee presumably in the evening or early morning is \$440 an hour. Why is there almost a three-and-a-bit times increase in the rate for working at night or in the morning? I'm not saying there shouldn't be a premium. It's just that seems to be a very large premium. It's more than anyone would get on a public holiday.

Mr Pak Poy: I am struggling because I think I'm looking at a different table. But the out-of-office fee—

Senator CANAVAN: It's not out of office. It says, 'In-office fee outside ordinary hours—weekday.'

Mr Pak Poy: 'Outside ordinary hours' would obviously include any overtime charges and that sort of thing.

Senator CANAVAN: Okay, but I'm still suggesting that a three-times multiplier for overtime seems very high.

Mr Pak Poy: We could come back to you on notice with the components of that fee and how it was derived.

**Answer:**

1. The two prices reflect regulatory activity undertaken during different time periods.
  - a. The 'In-office fee outside ordinary hours – weekday' rates of \$45/\$90 (current) and \$55/\$110 (proposed) per 15 minutes are performed by an officer on a weekday but outside of their usual shift and includes an amount to cover overtime. If the service is conducted immediately before or after a service provided during ordinary hours, the lower rate applies.
  - b. The \$55 proposed fee is made up of a \$37 'in-office during ordinary hours' fee plus a \$18 overtime loading.
  - c. If the service is conducted with a break between the officer's usual shift in ordinary hours and when out of hours activity is required, a minimum rate of 30 minutes applies (or 2 units of the 15 minute charge). The rates of \$90 (current) and \$110 (proposed) represent the minimum 2 x 15 minute units to be charged.
  - d. The 15 minute and 30 minute units and rates are specified in the Biosecurity Regulations 2016. We note the potential confusion in the way these charges are described in the *Consultation paper: Proposed changes to regulatory charging for biosecurity activities* and will clarify these in the final Cost Recovery Implementation Statement to be released when final pricing decisions are made by Government.



**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000131

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 13 - MOG Changes Budget

**Hansard Page:** 31

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator the Hon Linda Reynolds CSC asked:**

Senator REYNOLDS: That is really in relation almost to the end of the process and the end of the structure—that's in terms of your customer focused engagement and how you do that part of the transaction part of the business. What I'm really referring to is something that sits within the purview of the secretary and how the department is structured in the relevant section to do this business. It sounds to me—from the evidence that I've heard today—that it's very stovepiped in how things are done and done at a much slower transactional level. It sounds to me that you're saying that there hasn't been a more comprehensive review of how the department itself is structured to efficiently—and also effectively, obviously, given what you do—deliver the services that you deliver. There were some pretty basic questions that Senator Canavan asked you that you couldn't answer, which indicated to me that there are some structural problems, as well.

Ms Briscoe: I will just begin. As a result of two machinery-of-government changes over the last few years, in February 2020 and then in July last year, there have been a range of reviews done of our high-level structure. That was to ensure that we are meeting the current priorities and that we are organised in the most efficient and effective way. That's an ongoing process, and we have recently done some minor adjustments as a result of the latest machinery-of-government change.

In terms of the secretary's role, he chairs our executive board and we regularly look at our internal budget allocations. You mentioned stovepipes. The only area that we stovepipe is a cost recovery arrangement, because the policy requires us to do that. In response to the questions we couldn't answer before, I want to clarify that what I couldn't do was relate the specific percentage increase in our costs to a specific disease or to an activity that we were doing. We could certainly provide the general view, but we would have to take on notice what each of these activities that we're now doing that we didn't formerly do actually costs and what proportion of that percentage they made up, and that's what we've agreed to take on notice.

Senator REYNOLDS: In light of what you've taken on notice, can you reflect on the questions that I've just asked. I understand MOG changes do cause complexity, but even in the context of where you have discrete and longstanding functions I'm struggling to understand how you've ended up with the financial problems that you have. So could you perhaps put the context of how, since the last MOG review, the department is going about that restructuring so it flows through to the cost recovery but also how that then works to balance your budget and make sure that you're doing your business efficiently and effectively.

Ms Briscoe: We will do that.

**Answer:**

Since becoming the Department of Agriculture, Fisheries and Forestry (DAFF) on 1 July 2022, the department has taken a series of steps to ensure it is best placed to deliver on the government's priorities and expectations. In August, the Designing DAFF Taskforce was established to develop a new purpose, objectives, and priorities statement, and to identify ways to optimise our arrangements in a new environment.

In December 2022, the department's new Purpose, Objectives, Priorities, Vision, and Values (POPVV) statement was launched, outlining the new strategic direction for the department. It was included in our 2022-23 Corporate Plan that was released in March 2023. To best support

its ability to deliver on the POPVV, the executive leadership team deliberated on a realignment of some roles and structures across the department. As part of this the department released a new organisational structure in March 2023 intended to generate benefits such as increasing the effectiveness and efficient delivery of significant operational responsibilities, improving the stewardship and delivery of corporate governance and services, and strengthening the departments role as a national policy leader. The new structure went through a robust consultation process in January and February and its phased implementation will occur between March and June.

The department runs an annual budget process to allocate resources as effectively and efficiently as possible. The department sets a balanced budget allocation after taking into consideration new funding from government, changes in cost recovered revenue forecasts, funding reductions from the impact of efficiency and other government savings. This process also includes consultation across the department to determine the highest priorities.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000132

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 14 - Cost Recovery functions and services

**Hansard Page:** 32

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Senator Linda Reynolds CSC asked:**

Senator REYNOLDS: Yes, I do. I have a final question on notice. With that question on notice, can you explain further to the committee just how you manage the budget you do get from government, what that expenditure goes on, what services you seek to cost-recover and what percentage you get from cost recovery that manages those services? That is where the disconnect seems to be happening, so it'd be very helpful, I think, for the committee if you could explain that further.

CHAIR: Senator Reynolds, you missed the first part. I think the department has already agreed. I asked a very similar thing: could you take on notice, for all of the cost recovery functions, specifically what they are and what has been the deficit or the surplus for each of them over the last few years? Under the charging policy, there's a very clear set of functions that are supposed to be funded through cost recovery. Many of those appear okay, but biosecurity is the one where I was pretty stunned by the numbers. I just have two more questions on that and then I think we're done.

Senator REYNOLDS: Chair, I just want to clarify it in my own mind. Thank you for that, because I did miss the beginning bit. So we will take what you've already asked on notice, in terms of what they pay for, but I'd also like a clearer understanding of what services are funded across the department from their budget allocations.

CHAIR: Sure. Can we get that at a level where we can understand it but not become management accountants?

Senator REYNOLDS: Please—the big picture of that, because clearly there is a gap somewhere. Then, when we're hearing about all the cuts that the department has had to manage—that is where I came in—there is clearly something not right in the process.

**Answer:**

1. The department receives annual departmental appropriations from government as well as external revenue from regulatory fees and charges to meet operational costs and to deliver on government priorities.

The department is appropriated funding across two Outcomes to deliver the following:

- **Outcome 1:** More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.
  - Outcome 1 programs are mostly appropriation funded.
- **Outcome 2:** Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.

- Outcome 2 programs are approximately 50:50 funded from appropriation and cost recovery funding from industry for regulatory biosecurity and export services.
  - Cost recovery is implemented in line with the Australian Government Charging Framework, and where appropriate full or partial cost recovery of services is implemented in line with government policy authority.
2. Refer to answers to questions IQ23-000119 for surplus/deficits positions over past years.
3. Under the *Biosecurity Act 2015*, the *Export Control Act 2020* and associated legislative instruments, the department:
- regulates biosecurity pathways at Australia's border including passengers, mail, cargo, ships and aircraft;
  - controls exports of agricultural products to meet trading partner import requirements
  - monitors and regulates imported food for safety and compliance with food standards
  - delivers assessment and inspection functions and
  - engages with our stakeholders and partners with industry to improve the delivery of regulatory services.
  - Efficient regulation of exports is the cornerstone of Australia's reputation as an excellent source of reliable agricultural exports.

Under the Commonwealth Charging Framework, the department is required to deliver these regulatory activities at minimum efficient cost with the authority to adjust prices resting with the Minister of the day.

- The specific services the department seeks to recover are outlined in the response to IQ23-000123.

**Public Accounts and Audit**  
Answers to questions on notice  
**Agriculture, Fisheries and Forestry Portfolio**

**Inquiry:**

**Question No:** IQ23-000133

**Hearing Date:**

**Division/Agency:** Finance and Investment Division (FID) G4

**Topic:** Question 15 - Former Minister Briefings

**Hansard Page:**

**Question Date:** 31 March 2023

**Question Type:** Spoken

**Mr Julian Hill MP asked:**

CHAIR: Did the department brief former ministers about the need to return to compliance with the charging framework by adjusting the fees? If so, when and how many times?

Ms Briscoe: The answer is yes. But, in terms of exactly when and how many times—

CHAIR: You can take that on notice. I would not expect you to have that information on hand.

Senator REYNOLDS: In relation to the chair's question, could you also expand that out to whether the department provided similar all the same advice to the government in the preparation for the October budget and also for the lead-up to next month's budget—just for the sake of completeness?

Ms Briscoe: Will do.

**Answer:**

1. Yes, the department provides advice on financial impacts in any submission to the Government, including in relation to regulatory charging.

Gathering data on the timing of briefing is a manual process and the department cannot answer this question in detail within the timeframe available. However, responsible Ministers are regularly briefed throughout the cost recovery review cycle in line with the following process.

Under the Australian Government charging framework, the Minister is responsible for deciding fees and charges for regulatory charging. Fees and charges are set out in a Cost Recovery Implementation Statement (CRIS), which is published on the department's website to provide transparency to regulated entities.

The department provides advice to the responsible Minister when a new CRIS is developed, or there are major changes to a CRIS (for example, significant changes to fees and charges are proposed, or restructuring a charging arrangement).

In general, advice to the responsible Minister would include:

- Preliminary advice identifying the past performance of a charging arrangement and drivers for potential change. I.e. regulatory activity or processes have or are expected to change, or the performance of an arrangement is not aligned with policy authority (E.g. for partial or full cost recovery).
- The department would seek agreement from the Minister before releasing a draft CRIS or equivalent document for public consultation.
- Following consultation, proposed 'final' CRIS including any changes to the charging structure, fees and charges, projected future performance and if legislation amendments (Act or legislative instruments) would be required to enact the changes.

- The responsible Minister must endorse a new CRIS before it is published. The Minister for Finance's endorsement may also be required, if a charging risk assessment considers the changes in a CRIS to be 'high' risk.
  - The department also provides advice to the responsible Minister before publishing 'financial performance' outlining the end of financial-year results for any charging arrangement.
2. In relation to advice to government in preparation for Budget processes - as this is ongoing and subject to Cabinet deliberations the department is not in a position to provide the specific information requested.