

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Agriculture, Fisheries and Forestry

*Export Control (Orders) Regulations 1982*

*Export Control (Fees) Amendment Orders 2009 (No. 1)*

Sub-section 25(1) of the *Export Control Act 1982* ('the Act') provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted by the Act to be prescribed or necessary or convenient to be prescribed for the carrying out or giving effect to the Act.

Paragraph 25(2)(a) of the Act allows regulations to be made for the imposition of fees in relation to the registration of an establishment. Paragraph 25(2)(d) of the Act allows regulations to be made for the imposition of fees in connection with the performance of services by authorised officers and the remission of fees so imposed. Paragraph 25(2)(daaa) of the Act allows regulations to be made for the imposition of fees in connection with the performance of a service by the Secretary or a delegate of the Secretary.

Paragraph 25(2)(g) of the Act provides that the Governor-General may make regulations empowering the Minister to make orders, not inconsistent with the regulations, with respect to any matter for or in relation to which provision may be made by the regulations.

Regulation 3 of the *Export Control (Orders) Regulations 1982* provides that the Minister may, by instrument in writing, make orders, not inconsistent with regulations made under the Act, with respect to any matter for or in relation to which provision may be made by regulations made under the Act.

The *Export Control (Fees) Orders 2001* ('the Principal Orders') impose fees in connection with the performance of services by the Secretary, delegates of the Secretary and authorised officers.

The Australian Government has provided a 40% contribution towards the cost of providing export inspection and certification services to the meat, grain, fish, dairy, live animal and horticulture export industries since 2001. In early 2008, the Australian Government commissioned an independent review of quarantine and biosecurity arrangements. The review was conducted by a panel chaired by Mr Roger Beale AO. The final report, *One Biosecurity: A Working Partnership* (September 2008) ('the Beale Report') recommended a number of reforms to Australia's biosecurity system. The Beale Report recommendations included the reform that "export certification functions should return to 100% cost recovery as scheduled at the beginning of July 2009" (Recommendation 79). The government's preliminary response to the report agreed that, in accordance with the principle of shared responsibility, the contribution would lapse on 30 June 2009 in line with the recommendation.

The panel also recommended that while Australian Quarantine and Inspection Service (AQIS) programs should continue to use cost recovery principles, "charges for like activities should be aggregated, leading to a significant reduction in the number of individual charges" (Recommendation 76). The Australian Government gave in-principle agreement to this recommendation.

The Principal Orders along with three other sets of legislation are affected by the decision of Australian Government to allow the 40% contribution to lapse. The other sets of legislation amended are the *Export Inspection (Establishment Registration) Regulations 1985*, the *Export Inspection*

*(Quantity Charge) Regulations 1985 and the Australian Meat and Live-stock Industry (Export Licensing) Regulations 1998. The removal of this contribution is the main reason behind the increases in fees made by the Export Control (Fees) Amendment Orders 2009 (No. 1) ('the Amendment Orders'). The Amendment Orders:*

- remove fees relating to the registration of milk products establishments;
- restructure, consolidate and simplify some existing fees and impose some new fees;
- increase many existing fees for a range of services, including inspection services and the issuing of export documentation;
- remove language that is no longer operational in the particular industries;
- make some minor and technical amendments to update references in the Principal Orders; and
- restructure parts of the Principal Orders to make the instrument more streamlined.

The Amendment Orders commence on 1 July 2009.

There is some variance in fee increases due to a range of factors. These are outlined below.

- From its initial introduction in 2001, the Australian Government 40% contribution was not equally applied to all fees and charges. Based on the advice from the various Industry Consultative Committees the contribution was directed to those areas where it was considered to generate the greatest returns for their industry. As such the lapsing of the 40% will carry greater impact to some fees and charges than others.
- The AQIS export programs reviewed fee structures with a view to reduce and aggregate the number of fees, in addition to implementing full cost recovery by 1 July 2009, in line with recommendation 76 of the Beale Report.
- There is variance in the total amounts of some fee increases, below and above the 40% contribution, due to a realignment of fees to activities. In line with cost recovery policy the previous fee structure was reviewed to accurately align costs to activities.
- Some fees are also increasing to account for normal costs increases since previous amendments.

As these amendments make changes in relation to cost recovery, Cost Recovery Impact Statements were prepared.

AQIS, part of the Department of Agriculture, Fisheries and Forestry, commenced consultation with its Industry Consultative Committees (ICCs) following the Government's decision to allow the 40% contribution to lapse. Further to this joint AQIS/Industry Ministerial Taskforces were specifically established for the fish, grain, dairy, meat, horticulture and live animal export industries. These Ministerial Taskforces were consulted regarding the revised fees and charges as a result of the lapsing of the 40% Australian Government contribution.

The membership of the Ministerial Taskforces was determined by industry, to ensure broad industry representation. All taskforces have endorsed the proposed fees and charges resulting from the lapsing of the 40 % Australian Government contribution. The Meat Taskforce endorsement was subject to approval by their industry members. Each Taskforce has also developed a reform agenda that explores efficient and effective structural arrangements for the delivery of government inspection activities.

Through the ICCs, consultation was also undertaken with the meat, seafood, dairy, horticulture, grain and live animal export sectors. The following paragraphs set out in more detail the consultation process that was undertaken for each industry sector.

Consultation with the meat export industry on these changes occurred through the Export Meat Industry Advisory Committee (EMIAC). The EMIAC is the principal advisory forum for AQIS and the meat export industry to consult on all issues arising from the management of Australia's export strategies for meat and meat products. The membership of EMIAC comprises representatives from the following key industry sectors:

- Australian Meat Council
- National Meat Association of Australia
- Food Science Australia
- Australian Chamber of Shipping
- Refrigerated Warehouse and Transport Association of Australia
- Meat and Livestock Australia
- Australian Meat Technology
- Australian Food Council Processed Meat Industry Forum
- AQIS representatives.

Consultation with the seafood export industry on these changes occurred through the Seafood Exports Consultative Committee (SECC) which comprises representatives from key industry sectors. The SECC is the principal advisory forum for AQIS and the seafood export industry to consult on all issues arising from the management of Australia's export strategies for fish and fish products.

Consultation with the dairy export industry on these changes occurred through the Dairy Exports Industry Consultative Committee (DEICC). The DEICC comprises representatives from key industry sectors and is the principal consultative forum for AQIS and the Dairy Export Industry to consult on all issues arising from the management of Australia's export strategies for milk and milk products.

Consultation with the horticulture export industry on these changes occurred through the Horticulture Exports Consultative Committee (HECC). The HECC is the principal advisory forum for AQIS and the horticulture export industry to consult on all issues relating to Australia horticulture exports. The membership of HECC comprises of representatives from the following key industry sectors:

- SA Citrus Industry Development Board
- Australian Horticulture Exports Association (AHEA)
- Horticulture Australia Limited (HAL)
- Citrus Australia (CA)
- Australian Mango Industry Association (AMIA)
- Quarantine Exports Advisory Committee (QEAC)
- AQIS and Department of Agriculture, Fisheries and Forestry representatives.

Consultation with the grain industry on these changes occurred through the AQIS Grain Industry Consultative Committee (AGICC). The AGICC comprises of representatives from the following key industry sectors:

- AWB Ltd
- ABB Grain Ltd
- Australian Seed Federation
- National Agricultural Commodities Marketing Association
- Australian Oilseeds Federation
- Sunrice
- GrainCorp Operations Ltd
- Australian Fodder Industry Association
- Australian Cotton Seed Industry Association
- Pulse Australia Ltd
- CBH Group

- Grain Pool Pty Ltd.

Consultation with the live animal export industry on these changes occurred through the Livestock Exporters Industry Consultative Committee (LEICC). The LEICC is the principal advisory forum for AQIS and the livestock export industry to consult on all issues relating to Australian livestock exports. The membership of the LEICC comprises of representatives from the following key industry sectors:

- Australian Livestock Exporters' Council
- LiveCorp
- Cattle Council of Australia
- Sheepmeat Council of Australia
- Australian Maritime Safety Authority
- Meat and Livestock Australia
- LiveShip
- AQIS and Department of Agriculture, Fisheries and Forestry representatives.

AQIS also advised the Pet Industry Association of Australia, companion animal exporters, horse exporters and reproductive material exporters about the proposed fee structure, providing opportunity for comment.

The Amendment Orders are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Details of the Amendment Orders are as follows:

Order 1 provides that the name of the Amendment Orders is the *Export Control (Fees) Amendment Orders 2009 (No .1)*.

Order 2 provides that Amendment Orders commence on 1 July 2009.

Order 3 provides that Schedule 1 amends the Principal Orders.

Order 4 provides that the amendments provided for in Schedule 1 apply in relation to a service performed, or a document issued, on or after 1 July 2009.

#### Schedule 1 – Amendments

Item 1 omits all of suborder 4(1) before the definition of ‘additional inspection service’ and substitutes a replacement. The previous reference to the *Export Control (Prescribed Goods – General) Order 2005* is now in suborder 4(2). The item inserts a definition of ‘Act’ to mean the *Export Control Act 1982*.

Item 2 substitutes a new definition for the term ‘additional inspection service’. The substituted definition refers readers to new order 4AA which provides a clearer definition.

Item 3 modifies the note to the definition of ‘approved arrangements’ by omitting the term ‘approved under’ and inserting the words ‘mentioned in’ instead. This more accurately reflects the relevant provisions of the other export control orders. It does not effect the application of the note and only serves to clarify the situation.

Item 4 modifies the definition of ‘Area Technical Manager’ to reflect the fact that an Area Technical Manager may or may not be a veterinary officer, but will always be an authorised officer.

Item 5 inserts a definition of ‘Department’ in line with the *Acts Interpretation Act 1901* definition. The note provides clarity that at the time of making the ‘Department’ is the Department of Agriculture, Fisheries and Forestry. These amendments are made to assist readers and serve to clarify the situation.

Item 6 inserts a definition of ‘export control order’ to mean an order made under the *Export Control (Orders) Regulations 1982*, to avoid the need to repeat mentioning individual orders by name.

Item 7 substitutes a new definition for the term ‘government certificate’. It expands the previous definition of ‘government certificate’ to cover all certificates for meat, game, poultry and rabbit meat. This is necessary for the operation of new Schedule 1C inserted by item 50.

Item 8 substitutes a new definition of ‘grain’. This, combined with item 16, allows the Principal Orders to distinguish between grain generally and grain that is ‘prescribed grain’ under the *Export Control (Plants and Plant Products) Orders 2005*. A definition of ‘prescribed grain’ is inserted by item 16.

Item 9 substitutes a new definition for ‘horticulture products’ to clarify that each of the goods in the definition is a horticulture product.

Item 10 omits the definition of ‘in-office inspection’, as the term is no longer used in the Principal Orders.

Item 11 inserts a new definition of ‘live-stock’ that picks up the definition in the *Export Control (Animals) Order 2004*. Under that Order, at the time of making of these Amendment Orders, live-stock meant ‘cattle, sheep, goats, deer, buffalo and camelids (that is, camels, llamas, alpacas and vicuñas) and includes the young of an animal of any of those kinds’. This ensures consistency with the *Export Control (Animals) Order 2004* and is required as a consequence of new fees for the export of live-stock by air in Schedule 4 (see item 50 of the Amendment Orders).

Item 12 inserts a new definition of ‘month’ as a calendar month, with ‘monthly’ being taken to have the corresponding meaning. This new definition is necessary as the Principal Orders will now refer to services allocated on a monthly basis instead of ‘4 weekly’.

Item 13 omits the outdated reference to the *Grain, Plants and Plant Product Orders* in the definition of ‘nursery stock’ and substitutes reference to the *Export Control (Plants and Plant Products) Orders 2005*. The *Grain, Plants and Plant Product Orders* were repealed in 2005.

Item 14 omits the definition of ‘out-of-office inspection’, which is no longer used in the Principal Orders. The item also inserts a definition of ‘organic produce’, that picks up the definition in the *Export Control (Organic Produce Certification) Orders*. Under those Orders, at the time of making of these Amendment Orders, ‘organic produce’ was defined as ‘produce that, for the purpose of marketing, is described as ‘organic’, ‘bio-dynamic’, ‘biological’, ‘ecological’ or by any other word of similar indication’.

Item 15 substitutes new definitions for ‘plants’ and ‘plant products’. The new definitions make it clear that, when the terms ‘plants’ and ‘plant products’ are used in the Principal Orders, they do not include a reference to horticulture products. The fees for horticulture products are dealt with separately, in new Part 7 and new Schedule 6.

Item 16 inserts a new term ‘prescribed grain’. This combined with item 8, allows the Principal Orders to distinguish between grain generally and grain that is ‘prescribed grain’ under the *Export Control (Plants and Plant Products) Orders 2005*. At the time of making of these Amendment Orders, ‘prescribed grain’ was defined in the *Export Control (Plants and Plant Products) Orders*

2005, as ‘seed or grain of any of the following kinds: barley, canola, chickpeas, dried field peas, faba beans, lentils, lupins, oats, sorghum, soybeans, split vetch, whole vetch, wheat’.

Item 17 substitutes two definitions for the previous term ‘processed fruits and vegetables’. This has no substantive effect on the Principal Orders and only serves to clarify.

Item 18 substitutes a new definition for the term ‘request for permit’, to refer expressly to prescribed goods.

The item removes the definition of ‘Secretary’, which is unnecessary. ‘Secretary’ is defined in the Act to mean the ‘*Secretary to the Department*’.

The item inserts a definition of ‘shutdown period’ (which was defined in previous suborder 8(5)). New Part 1AA deals with the effect on fees of a shutdown of operations at an establishment. The previous definition simply referred to a continuous period of 14 days or more. The substituted definition makes it clear that operations at an establishment must cease during a shutdown period.

Item 19 omits the definitions of ‘slaughter’ and ‘Verification Unit’. Part 4 includes a new definition of ‘slaughter sheep or goats’ (see item 29). ‘Verification Unit’ has been deleted as it is no longer used in the Principal Orders.

Item 20 inserts a new definition of ‘week’, when used in respect of the allocation of inspection services. In that context, it is defined as a period of 5 days starting on a Monday. Weekly has a corresponding meaning in that context. This is to reflect the basis on which inspection services are allocated in practice. In other contexts, ‘week’ has its normal meaning and a note is inserted to this effect.

Item 21 inserts a new definition of ‘year’ as a period of 12 months starting on 1 July (financial year), and gives ‘annual’ a corresponding meaning. This is to reflect the basis on which inspection services are allocated in practice.

Item 22 substitutes new suborder 4(2). The previous suborder 4(2) repeated provisions of the *Acts Interpretation Act 1901* and was unnecessary. The new suborder 4(2) reflects words omitted by item 1 from suborder 4(1), to the effect that words and expressions not otherwise defined have the same meanings as in the *Export Control (Prescribed Goods – General) Order 2005*. Item 22 also inserts a new note drawing attention to terms defined in the *Export Control Act 1982* (which have the same meanings in the Principal Orders). These terms include ‘Secretary’, ‘authorised officer’, ‘establishment’, ‘occupier’ and ‘registered establishment’.

Item 23 inserts new orders 4AA and 4AB.

New suborder 4AA(1) defines ‘additional inspection services’, as inspection services over and above the inspection services ordinarily required to determine whether Australian export requirements and those of the foreign country to which the relevant goods are being exported, have been met.

New suborder 4AA(2) sets out a number of services that are taken to be additional inspection services: services related to granting an exemption under Part 3 of the *Export Control (Prescribed Goods – General) Order 2005*, services related to thermal processing or an approved laboratory program for an approved arrangement and services related to variations or amendments to an approved arrangement for a registered establishment. However, ‘additional inspection services’ are not limited to those set out in new suborder 4AA(2).

New order 4AB provides that each fee imposed by the Principal Orders in respect of a service or other thing is in addition to each other fee imposed by the Principal Orders, unless the contrary intention appears. This ensures that fees determined under different provisions of the Principal Orders must generally be aggregated to work out the total fee payable. For example, the total fee now

payable under Part 3 in relation to grains, plants and plant products (if overtime is payable) is worked out by adding up the fees calculated under orders 14A and 16.

Item 24 omits Part 1A from the Principal Orders. Part 1A imposed fees for export inspection services for milk products establishments and for their registration. Fees relating to inspection services have been streamlined into new Part 1AA (inserted by item 25) and the *Export Inspection (Establishment Registration Charges) Regulations 1985* are being amended to insert provisions relating to the registration of milk products establishments. Those amendments will commence on 1 July 2009.

Item 25 inserts new Part 1AA which deals with general export fees. The new Part deals with fees imposed for services in respect of eggs, egg products, fish, fish products, meat, meat products, milk, milk products, organic produce and goods in respect of which an application under section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* has been made.

The note to new order 4H, makes it clear that meat includes game meat, poultry meat and rabbit meat and that meat products include game meat products, poultry meat products and rabbit meat products.

Section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* allows exporters of goods not normally regulated for export purposes to apply to the Secretary for a government certificate in certain circumstances.

New suborder 4I(1) provides that fees for inspection services (except additional inspection services) performed in respect of an establishment are to be calculated in accordance with Part 1 of Schedule 1. These fees are on an hourly basis only. Because of Part 1 of Schedule 1, these fees only relate to services provided in relation to meat (including game, poultry and rabbit meat) or meat products (including game, poultry and rabbit meat products). These fees relate to inspection activity provided to establishments registered to export meat and are not relevant to the other commodities.

Suborder 4I(2) allows the Secretary to enter into a written arrangement with an occupier of an establishment under which inspection services (except additional inspection services) for specified goods are allocated on a daily, weekly, monthly or annual basis. If such an arrangement is entered into, the hourly fees imposed by suborder 4I(1) do not apply and suborder 4I(4) and Parts 2, 3, 4 or 5 of Schedule 1 will impose the fee. These arrangements will allow for lower overall fees on an annual, monthly, weekly or daily basis, thus allowing establishments to share the efficiency and capacity utilisation benefits that accrue where AQIS staff are permanently located at the establishment.

Suborder 4I(3) specifies that an arrangement entered into under suborder 4I(2) must include provision for the Secretary to be able to alter the basis of the allocation, if the Secretary is satisfied that the altered allocation better represents the usage of inspection services at the establishment. This means that AQIS, and industry, are not required to carry costs where a client has not fulfilled their booked allocation. This enables AQIS to deal with potential abuses of allocation arrangements.

Suborder 4I(4) imposes the fees where an arrangement under suborder 4I(2) has been entered into. The fees are set out in Parts 2 to 5 of Schedule 1 (the hourly fees in Part 1 of Schedule 1 do not apply). The Part of Schedule 1 that applies depends on whether the arrangement provides for inspection services to be allocated on a daily, weekly, monthly or annual basis. Suborder 4I(4) also reflects previous order 11, that fees under arrangements are imposed irrespective of the quantity of services actually performed.

If services are allocated to an establishment under an arrangement on an annual basis and the occupier gives written notice to the Secretary during a year that inspection services are no longer required on that basis, suborder 4I(5) provides that the arrangement is taken to have been provided on a monthly basis. This means that the fees for services are to be recalculated as if they had been provided on a monthly basis. A fee is then imposed equal to any amount of underpayment because of

the change of basis of allocation. This mitigates the cost carried by AQIS, and industry, where the client has not fulfilled its booked allocation. This ensures a fair and equitable system where inspection services are allocated based on actual usage and not intended usage.

Suborder 4I(6) specifies that a fee imposed by suborder (1), (4) or (5) is payable by the occupier of the relevant establishment.

New order 4J imposes fees for additional inspection services (defined in order 4AA, inserted by item 23). The fees for these additional inspection services are calculated on an hourly basis in accordance with Schedule 1A. Hourly is the most relevant to the nature of the service recovery under this fee as additional inspection services are unlikely to be ongoing.

Suborder 4J(3) provides by whom the fees imposed by suborder 4J(1) are payable. Where a fee is in respect of an establishment, it is payable by the occupier of the establishment. Where any other fee is imposed, it is payable by the person to whom the service is provided.

Order 4K deals with the imposition of shift loading fees and overtime fees (previously covered by orders 6, 16 and 17 of the Principal Orders). Suborder 4K(1) applies where an authorised officer performs inspection services and is entitled to be paid a shift loading. In this situation, a shift loading fee calculated in accordance with Part 1 of Schedule 1B is imposed. The note clarifies how the fee applies where the period in which the officer is entitled to be paid a shift loading is not the whole of the period during which the authorised officer performs services. In such a situation, the shift loading fee is only payable for the period in which the officer was entitled to be paid a shift loading. This ensures that the actual cost of the service being provided is fully recovered. Suborder 4K(1) reflects, in a different format, the effect of the previous provisions in the Principal Orders that dealt with shift loading.

Suborder 4K(2) applies where an authorised officer performs inspection services and is entitled to overtime for that period. In this situation, an overtime fee calculated in accordance with Part 2 of Schedule 1B is imposed. The note clarifies how the fee applies where the period in which the officer is entitled to be paid overtime is not the whole of the period during which the authorised officer performs services. In such a situation the overtime fee is only payable for the period in which the officer was entitled to be paid overtime. This ensures that only the cost of the actual service being provided is fully recovered. Suborder 4K(2) reflects, in a different format, the effect of the previous provisions in the Principal Orders that dealt with overtime.

Because of new order 4AB (inserted by item 23), shift loading and overtime fees are cumulative, and additional to the fee imposed by order 4I.

Suborder 4K(3) makes it clear that fees imposed by suborders 4K(1) and 4K(2) (shift loading and overtime fees) are payable by the occupier of the relevant establishment.

Order 4L deals with establishment shutdown periods. Shutdown periods were previously dealt with by order 8 of the Principal Orders.

Suborder 4L(1) reflects previous suborder 8(1) with minor drafting improvements. Suborder 4L(1) applies where inspection services are allocated on a monthly basis. The suborder continues to apply where the occupier of a registered establishment gives 2 weeks or more written notice to the Secretary that inspection services are not required for a period of shutdown. In this situation no fee will be imposed for the shutdown period, and the monthly fees imposed will be reduced proportionally for the remainder of any month in which the shutdown occurs.

Suborder 4L(2), modifies previous suborder 8(2), to allow AQIS to efficiently allocate and utilise resources. Suborder 4L(2) applies where the occupier of a registered establishment gives less than 2 weeks written notice to the Secretary that inspection services are not required for a shutdown period. It only applies where services have been allocated on a monthly, weekly or daily basis. In this



situation, the fee imposed will be unaffected. This is to ensure that clients fulfil their obligations and notify AQIS of their service requirements so that AQIS can efficiently allocate and use services.

Because multiple services may be provided on different allocation bases for the same establishment, suborder 4L(3) specifies that order 4L does not apply to inspection services that have been allocated on an annual basis (under a suborder 4I(2) arrangement). New order 4P deals with insufficient notice of change to allocation for services allocated on an annual basis.

Order 4M deals with the case where authorised officers take industrial action (previously covered by order 9 of the Principal Orders). In this situation, the fee imposed is reduced proportionally for each day or part day that inspection services are not performed. This reflects the previous order 9 in the Principal Orders and there is no substantive change. It ensures industry does not bear a cost where the services cannot be provided by AQIS because of industrial action.

Order 4N deals with the case where services cannot be provided because of industrial action by workers other than authorised officers (previously order 10 of the Principal Orders). In this situation, the fees imposed by the Principal Orders in respect of the services are not affected. This reflects previous order 10 in the Principal Orders and there is no substantive change.

Order 4P deals the case where a registered establishment gives insufficient notice of a change to an allocation of services (previously covered by order 12 of the Principal Orders). It has been substantially modified and updated.

Suborder 4P(1) deals with the case where, under suborder 4I(2) arrangement, inspection services are allocated to an establishment on an annual basis but the occupier gives less than 4 weeks notice of a reduction in inspection services. In this situation, the fees for the services continue to be imposed for 4 weeks unless the Secretary allocates the services to another registered establishment before the end of the 4 weeks. This ensures that an establishment does not bear the cost of an unwanted service where AQIS can recover the costs of the service by allocating it to another establishment.

Paragraph 4P(1)(d) then provides that, despite the fact that the arrangement was entered into for the allocation of services on an annual basis, the services for the relevant year are taken to have been allocated on a monthly basis. This means that the fees for services are to be recalculated as if they had been provided on a monthly basis. A fee is then imposed equal to any amount of underpayment because of the change of basis of allocation. The reason for this is that there is extremely limited ability to reallocate inspectors on an annual basis. This provision provides an incentive for clients to advise AQIS early when they have a change in servicing requirements, thereby allowing AQIS to ensure an efficient use of its resources.

For clarity, see order 4L regarding fees imposed when there is insufficient notice that services are not required for monthly or daily arrangement, which complements order 4P.

Paragraph 4P(2)(d) deals with the case where, under a suborder 4I(2) arrangement, inspection services are allocated on a monthly basis but the occupier gives less than 4 weeks notice of a reduction in inspection services required. In this situation the same rules as in suborder 4P(1) apply, but in this case there is no recalculation of fees as applies under paragraph 4P(1)(d). This provision provides an incentive for clients to advise AQIS early when they have a change in servicing requirements, thereby allowing AQIS to ensure an efficient use of its resources.

Suborder 4P(3) provides that this fee imposed by paragraph 4P(1)(d) is payable by the occupier of the relevant establishment.

Order 4Q deals with the case of insufficient notice of termination of inspection services. It applies where, under a suborder 4I(2) arrangement, the inspection services are allocated otherwise than on an annual basis (that is, daily, weekly or monthly) and the occupier gives less than 2 weeks notice that a reduction in inspection services is required. In this situation the same rules as in suborder 4P(2)

apply. The ability to reallocate inspectors on a basis other than hourly is limited. This provision provides an incentive for clients to advise AQIS early when they have a change in servicing requirements, thereby allowing AQIS to ensure an efficient use of its resources.

Order 4R imposes fees for the issuance of a document in relation to the export of goods mentioned in order 4H, calculated in accordance with Schedule 1C. Schedule 1C provides fees for all of these goods except for those relating to organic produce the fees for which are provided under suborder 4S. This is because the documentation for organic produce is more complex. Suborder 4R(2) provides that the fee is payable by the person to whom the document is issued.

Suborder 4S(1) provides that a fee of \$7,100 is imposed for the assessment of an application for the issue of a QM certificate under the *Export Control (Organic Produce Certification) Orders*. The fee is payable by the person who made the application (see suborder 4S(2)). This provision replicates the previous paragraph 28(a) of the Principal Orders, which was previously in Part 5. The fee imposed under this paragraph has not changed.

Suborder 4S(3) provides that a fee of \$7,500 is imposed for each year in which a QM certificate for an organisation is in force under 3.04 of the *Export Control (Organic Produce Certification) Orders*. This fee is payable by the organisation in respect of which the QM certificate is in force and must be paid in quarterly instalments (see suborder 4S(4)). This provision replicates (with minor changes) the previous paragraph 28(b) of the Principal Orders, which was previously in Part 5. The fee imposed under this paragraph has not changed. The separate fee previously imposed under the previous paragraph 28(c) for a person receiving an auditing service has been removed.

Item 26 omits Part 2 from the Principal Orders. Part 2 imposed fees for export inspection services for meat, game, poultry and rabbit meat. These provisions have now been moved into a new Part 1AA, which deals with general export fees. The change is intended to simplify the Principal Orders by removing the need for fees for the same commodity to be dealt with by separate Parts and many Schedules.

Item 27 substitutes a new Part 3 to the Principal Orders. Part 3 imposes fees for services provided in relation to grains, plants and plant products. Because of the definitions of 'plants' and 'plant products' in suborder 4(1), new Part 3 does not deal with fees for services provided in relation to horticulture products. Fees for services performed in relation to horticulture products are now in Part 7 and Schedule 6 of the Principal Orders. Mung beans are still captured by this part as 'plant products'. The separate orders that dealt with mung beans were repealed in 2007 and they are now covered by the *Export Control (Plant and Plant Products) Orders 2005*.

Order 14 has been modified to narrow the application of the Part to fees imposed for the performance of services in respect of grains, plants and other plant products. This is necessary as the other goods that were the subject of the previous Part 3 (horticulture products, fish or fish products, eggs or egg products and good in respect of which an application under section 8.05 of the *Export Control (Prescribed Goods - General) Order 2005* has been made) have been either moved to Part 1AA or Part 7 of the Principal Orders.

The new order 14A provides that, if, at the request of a person, an authorised officer performs a service mentioned in Schedule 3, the fee specified or calculated in accordance with Schedule 3 for the service is imposed. The effect of this provision is to require the fees set out in Schedule 3 to be paid for the service performed by the authorised officer in respect of grains, plants and other plant products.

Order 16 reflects previous orders 16, 17 and 18 of the Principal Orders. It applies where, at the request of a person, an authorised officer performs services and is entitled to overtime. In this situation, an overtime fee is imposed. The fee is to be calculated in accordance with paragraphs 16(c) and (d). The fees payable under order 16 are in addition to the fees imposed by order 14A, see order 4AB.

Paragraph 16(c) deals with the rates of overtime where the overtime is continuous with the officer's ordinary hours of duty. Different rates apply, depending on whether the overtime rate is time and a half, double time or double time and a half. Previously, rates for overtime were set out in Part A of Schedule 2. The effect of the amendment is to remove the previous single time rate charge ('Fee rate A', which was \$4.70) and to increase the rates applicable for the previous time and a half, double time and double time and a half rates (Fee rates B to D).

- Subparagraph 16(c)(i) provides that where the rate of overtime is time and a half the amount is calculated at the rate of \$12.00 per quarter hour, increased from \$7.00 per quarter hour.
- Subparagraph 16(c)(ii) provides that where the rate of overtime is double time the amount is calculated at the rate of \$16.00 per quarter hour, increased from \$9.40 per quarter hour.
- Subparagraph 16(c)(iii) provides that where the rates is double time and a half the amount is calculated at the rate of \$20.00 per quarter hour, increased from \$11.80 per quarter hour.

The rates in paragraph 16(d) apply where the services are performed in a period that is not continuous with the officer's ordinary hours of work. This was previously provided for in Schedule 2 which set a minimum amount where the services were not performed continuously with ordinary duty. The following rates in paragraph 16(d) apply in such a circumstance:

- Subparagraph 16(d)(i) provides that when the rate of overtime is time and a half the amount payable is \$209.00 or the amount calculated using the rate of \$12.00 per quarter hour whichever is greater. The rate of \$209.00 has increased from the rate of \$122.00.
- Subparagraph 16(d)(ii) provides that when the rate of overtime is double time the amount payable is either \$258.00 or the amount calculated using the rate of \$16.00 per quarter hour whichever is greater. The rate of \$258.00 has increased from the rate of \$150.00.
- Subparagraph 16(d)(iii) provides that when the rate of overtime is double time and a half the amount payable is either \$323.00 or the amount calculated using the rate of \$20.00 per quarter hour whichever is greater. The rate of \$323.00 has increased from the rate of \$188.00.

Overtime fees are in addition to the general fees imposed by order 14A (see order 4AB).

AQIS provides inspection and certification services outside normal working hours. Officers who are performing overtime are paid overtime in line with conditions of their Collective Agreement. The increased fees have been determined using the average salary paid to the relevant category of officer. The rates have increased to reflect the impact of the lapsing of the 40% Australian Government contribution and the expected outcomes of the new Collective Agreement negotiation (expected to be in force by 1 July 2009).

Fees for services that are performed away from an authorised officers ordinary place of work (previous order 19) and fees payable for travel (previous order 21) have been deleted. These fees are no longer payable in relation to grains, plants and other plant products because they are incorporated within the inspection service fees. Travel costs are not material to the program's overall costs and continued separate imposition of travel costs is no longer considered necessary in line with recommendation 76 of the Beale Report.

Order 22A provides that the fees imposed by Part 3 are payable by the person for whom the services are performed.

Item 28 substitutes an amended order 23 into Part 4, which imposes fees in relation to live animals and animal reproductive material. Order 23 provides that fees are imposed as specified in or calculated in accordance with Schedule 4 for services provided, at the request of a person, by an authorised officer. The reference an 'authorised officer' has been added to allow simplification of later items in Schedule 4 by removing the need to refer to 'authorised officers' in each item.

Item 29 inserts a definition of ‘slaughter sheep or goats’ into order 23AA (see item 19, which omitted the definition of ‘slaughter’ from suborder 4(1), as it relates only to the fees in relation to live animals and animal reproductive material). The new definition provides that ‘slaughter sheep or goats’ are sheep or goats intended to be slaughtered in a foreign country.

Items 30 to 33 insert new countries into the definitions of tier 1 and 2 foreign countries for cattle or buffalo, and for slaughter sheep or goats in suborder 23AA(1).

Item 30 inserts two new countries into the definition of ‘tier 1 foreign country, for cattle or buffalo’ in suborder 23AA(1): Libya and Mauritius. The item substitutes Malaysia at paragraph (g) with the new countries and Malaysia, in the correct alphabetical order according to current drafting standards.

Item 31 inserts one new country into the definition of ‘tier 1 foreign country, for slaughter of sheep or goats’ under suborder 23AA(1): Mauritius.

Item 32 inserts three new countries into the definition of ‘tier 2 foreign country, for cattle or buffalo’ in suborder 23AA(1): Pakistan, the Russian Federation and Turkey. The item substitutes the Republic of Korea at paragraph (d) with the new countries and the Republic of Korea, in the correct alphabetical order according to current drafting standards.

Item 33 inserts four new countries into the definition of ‘tier 2 foreign country, for slaughter sheep or goats’ in suborder 23AA(1): Libya, Pakistan, the Russian Federation and Turkey. The item substitutes the definition with a new definition that includes the new countries and the previous country, the Kingdom of Saudi Arabia.

The countries that have been added are new export markets for cattle, buffalo, sheep or goats that have opened since 2007, when the provision was last amended. Import conditions are now in place for these markets and exports are of a sufficient volume to allow AQIS to benchmark the number of hours needed to certify the importing country requirements for consignments to each country. As a result, these markets have been added to the tiered charging system.

The definition under which a country is listed links it to the fee for inspection in respect of the particular type of animals for which it is listed. Fees in respect of cattle, buffalo, sheep and goats exported by sea are determined on a per head rate, separated by tiers and species. The tier and species separation differentiates countries for fee purposes on the basis of the level of complexity of importing countries’ protocols.

Item 34 substitutes an amended suborder 23AA(2), including an amended table 23AA.1.

The amendments to the introductory paragraph of suborder 23AA(2) clarify the wording of the suborder and updates it in line with current drafting practice. The suborder has also been amended to provide that the ‘fees are imposed’ for consistency throughout Part 4. These changes have no effect on the meaning of the section.

Table 23AA.1 has been amended to increase the fees in relation to the export of cattle or buffalo, sheep or goats for slaughter and sheep or goats for breeding. These fees have increased to account for the lapsing of the 40% Australian Government contribution and to achieve full cost recovery for these services. The amounts of fee increases vary to align costs more closely to activities, in line with the new fee structure.

The amendments to the per head fees and the suborder (3) fees, in items 1 to 4 of table 23AA.1, in relation to the export of cattle or buffalo and sheep or goats for slaughter, are fee increases for full

cost recovery. Previous items 5 and 6 of table 23AA.1, in relation to animals for breeding, have been rolled into the new item 5. Previous item 6 has been deleted. All breeding importing country protocols for sheep and goats are complex and, therefore, inspection services for such exports are charged at a rate equivalent to tier 2 exports of slaughter sheep and goats. For this reason, it is not necessary to differentiate the fees according to a tier system. The new item 5 applies to any foreign countries, which encompasses both tier 1 and 2 countries, but does not include any other foreign countries. The per head fee and suborder (3) fee under item 5 have also been increased for full cost recovery.

For exports of cattle, buffalo, sheep and goats by sea, fees are determined by a per head rate separated into tiers and species. This differentiates between countries for fee purposes on the basis of the level of complexity of the importing country protocol for the different species. The per head fee includes provision for overtime. However, it does not include travel (travel fees are imposed in suborder 23AA(4) and are also provided for in suborder 23AA(5) and order 24). The per head fees are set according to a base rate of hours, which is specified for the application of the suborder (3) fees (column 5). The base rate is set according to the total hours required to determine that the Australian Standards for the Export of Livestock, AQIS legislation and importing country requirements have been met. A 10% margin is also added to this base rate of hours.

The suborder (3) fee (column 5) applies when the base rate of hours is exceeded. Additional costs arise where exporters require further inspection services due to poor preparation on their behalf. The suborder (3) fee accounts for the extra time required to conduct the inspection, where, in the opinion of the authorised officer performing the services, this is as a result of poor preparation of either the animals to be inspected or the documentation in relation to the inspection (see suborder (3)). This creates an incentive for the livestock industry to improve and maintain efficiencies and the suborder (3) fee allocates costs of inefficiencies to those exporters that create the additional costs.

The fees are increasing as a result of the lapsing of the 40% Australian Government contribution. However, the increases are not uniform additions of 40% across the fees. In line with cost recovery policy, the fee structure was also reviewed to align costs accurately with particular activities. This results in some variance.

Item 35 substitutes an amended table 23AA.2 under order 23AA. The table has been amended to increase the previous outport fees, insert new outports and associated fees.

Outport fees encompass the travel costs associated with performing inspection services in relation to exports from seaports that are outside the metropolitan area of capital cities. The outport fees have increased as a result of the lapsing of the 40% Australian Government contribution and to account for increases in the overall cost of providing these services since the fees were introduced in 2006. The fees account for government rates of travel allowance payable to AQIS staff, the cost of accommodation for overnight stays, and car hire costs.

The two new outports of Mackay and Mourilyan have been inserted into the new table. These outports have fees for both air and road travel. These are new outports being used for live animal shipments. These new outports have been included as a result of consultation with industry to assist livestock exports from these areas.

Outport fees provide industry with the ability to accurately estimate costs. The fees are a standardised travel cost allocation to clients for outports that are not dependant on the time taken by an officer to travel to outports. As such the introduction of new outports allows for more appropriate calculation of travel costs to service those locations and is therefore a benefit to industry. A new road travel outport fee has been included for Townsville. This fee has been included because AQIS officers

travel to Townsville by road as well as air. This gives industry more flexibility as the type of travel (air or road) is determined by AQIS in conjunction with the exporter.

Item 36 substitutes a new suborder 23AA(5) with respect to air travel to an outport. Reflecting the previous suborder 23AA(5) the new provision requires the exporter to bear the cost of any air ticket for an officer to travel to an outport. However, the new suborder provides greater flexibility to industry in relation an arrangement for an authorised officer to travel to an outport by air. The provision now provides that the arrangement must include provisions relating to who must arrange the air ticket, when the air ticket must be arranged and, if the air ticket is arranged by AQIS, how the exporter is to meet the cost of the air ticket. The previous provision required the exporter to arrange the air ticket. The new suborder therefore provides more flexibility in who arranges the air ticket and other details relating to air travel. The provision has been amended to address the needs of industry.

Item 37 substitutes an amended order 23AB in relation fees for applications.

Suborder 23AB(1) has been amended to remove the uniform veterinarian application fee for the purposes of subsection 9B(3) of the Act. This fee has been rolled into the general fee for processing an application for the accreditation of a veterinarian under section 4A.04 of the *Export Control (Animals) Order 2004*. The incorporation of the application fee into the processing fee will simplify the fee structure in line with recommendation 76 of the Beale Report. The fee has also been increased on account of the lapsing of the 40% Australian Government contribution.

Suborder 23AB(2) has been amended to simplify the wording and increase the fee in relation to processing and assessing an application, and giving notice of an application for a decision, for the registration of premises under Division 2.2 of the *Export Control (Animals) Orders 2004*. This fee has been increased on account of the lapsing of the 40% Australian Government contribution.

Suborder 23AB(3) has been amended to increase the fee in relation to processing and assessing an application, and giving notice of an application for a decision, under Part 3 of the *Export Control (Animals) Orders 2004*. The fee has been increased on account of the lapsing of the 40% Australian Government contribution. Minor drafting amendments to the suborder have been made.

Item 37 also inserts a new suborder 23AB(4) which provides that a fee imposed under order 23AB in respect to an application is payable by the applicant. This is for clarification purposes.

Item 38 substitutes an amendment order 24 in relation to fees for travel by authorised officers to a place where services in respect of exports of live animals or animal reproductive material are provided. The fees are payable by the person for whom the service was performed (suborder 24(3)).

Suborder 24(1) applies if an officer travels to a place to perform services in respect of the export of live animals or animal reproductive material by road. The fee for road travel under suborder 24(1) has increased from \$0.50 per kilometre to \$0.65 per kilometre. This increase reflects the lapsing of the 40% Australian Government contribution and the cost of using AQIS vehicles and fuel. There are minor drafting amendments to the suborder, including clarification that the per kilometre rate applies to travel by land only. The per kilometre fee allows exporters to accurately estimate AQIS fees for travel. A consistent fee is charged based on distance that is not dependent on the time actually taken by an officer to travel to a location.

The new suborder 24(1A) requires the exporter to bear the cost of any air ticket under an arrangement where an officer travels to a place to perform services in relation to live animals or animal reproductive material by air. This reflects the new suborder 23AA(5), providing for exporters to bear the cost of an air ticket if an authorised officer travels by air to a place where services are to be

performed. The provision provides that the arrangement must include provisions relating to who must arrange the air ticket, when the air ticket must be arranged and, if the air ticket is arranged by AQIS, how the exporter is to meet the cost of the air ticket. This suborder has been inserted allow AQIS to recover costs for air travel to places other than outports as defined under order 23AA. Previously, costs could only be recovered for road travel.

Suborder 24(1B), previously suborder 24(3), provides that the road and air travel fees under suborders 23(1) and 23(1A) do not apply where an outport fee applies under order 23AA. This is to ensure that exporters are not charged twice, as the outport fee already takes into accounts the road travel costs and suborder 23AA(5) requires the exporter to pay for air travel tickets.

Suborder 24(1B) also provides fees for reasonable travel for officers based at an outport as defined under order 23AA. The fee is calculated at the rate of \$0.65 per kilometre for travel reasonably undertaken by an officer, while at or based at the outport, for the purposes of performing the inspection services.

Suborder 24(2) applies if, for the purpose of performing a service in respect of the export of live animals or animal reproductive material, it is necessary for an officer to stay overnight at a place that is not the officer's usual place of residence. The fee for an overnight stay under suborder 24(2) has increased from \$173 to \$296 per night. This reflects the lapsing of the 40% Australian Government contribution and the increase in costs since 2004 when the fee was last increased. The fee accounts for government rates of travel allowance payable to AQIS staff and the cost of accommodation for overnight stays. This fee is intended to apply where suborder 24(1) and 24(1A) apply.

Item 39 omits Part 5 of the Principal Orders. Part 5 imposed fees for export documentation for meat, or meat products; game, poultry or rabbit meat products; fish or fish products; milk or milk products; horticulture products; grains; eggs or egg products; processed fruit or vegetables; mung beans; grains other than prescribed grains; plants or other plant products; and goods in respect of which an application under section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* had been made. This part is no longer necessary because the fees previously provided for in this part, relating to export documentation, have been moved into the new Part 1AA, 7 or Part 7A, or have been deleted as they are no longer required.

Item 40 substitutes a new heading for Part 7. The heading is now 'Fees for horticulture products'. This more accurately reflects the content of Part 7.

Item 41 inserts new orders 34A, 34B, 34C and 34D into Part 7 (service fees for horticulture products).

Order 34A provides that fees specified or calculated in accordance with the new Part 1 of Schedule 6 are imposed for services performed by an authorised officer in respect of horticulture products. The fee is payable by the person for whom the services are performed (suborder 34A(2)). Part 1 of Schedule 6 is inserted by item 50.

Orders 34B, 34C and 34D deal with overtime, travel and documentation fees. All of these fees were previously provided for under Part 3 and Schedule 5 of the Principal Orders. However, the narrowing of the scope of Part 3 and Schedule to no longer encompass horticulture products (see items 17, 27 and 43) has necessitated the inclusion of these new orders in Part 7. The applicable rates have increased to reflect the impact of the lapsing of the 40% Australian Government contribution, in addition to other factors such as the expected outcomes of the Collective Agreement, increases in general supplier expenses and increases in fuel and vehicle costs.

Order 34B deals with overtime fees. The effect of suborder 34B(1) is to provide for overtime fees to be paid where an authorised officer performs a service in respect of horticulture products and the

officer is entitled to be paid overtime. For a period of overtime, the fees imposed are those set out in paragraphs 34B(2)(a) and (b). Paragraph 34B(2)(a) provides that \$16.00 per quarter hour is payable if the period of overtime is continuous with the authorised officer's ordinary hours of work. Paragraph 34B(2)(b) provides that the greater of \$16.00 per quarter hour and \$240.00, is payable, if the period of overtime is not continuous with the authorised officers hours of work. Suborder 34B(3) provides that an overtime fee is payable by the person for whom the relevant services are performed. The fees imposed by section 34B have increased to reflect the lapsing of the 40% Australian Government contribution and general increases in vehicle and fuel costs.

Order 34C deals with travel fees in relation to horticulture products. The order imposes a fee calculated at the rate of \$0.85 for each kilometre travelled when an authorised officer travels from his or her ordinary place of work to a place where services are performed in respect of horticulture products. This provision also applies to a return journey. The fee only applies where the services to be performed are away from the officer's ordinary place of work. Suborder 34C(2) provides that the travel fee imposed is payable by the person for whom the services are performed. This fee is not a new fee as it was previously provided for by order 21 in Part 3. As the scope of Part 3 has been redefined and horticulture products are no longer encompassed by the Part, this has necessitated the inclusion of the new order 34C in Part 7 to deal with travel. The fee has however been increased from \$0.50 for each kilometre to \$0.85 for each kilometre.

Order 34D provides that the fees specified in the new Part 2 of Schedule 6 are imposed for the issue of a document related to the export of horticulture products. Part 2 of Schedule 6 is inserted by item 50. The documentation fees were previously imposed by Part 5 of the Principal Orders, but horticulture products are no longer covered by Part 5. The fees imposed by order 34D have increased to reflect the lapsing of the 40% Australian Government contribution, general increases in vehicle and fuel costs, the expected outcomes of the Collective Agreement and increases to general supplier expenses.

Item 42 omits order 35 from the Principal Orders because it is unnecessary. Order 34 clearly states that the service fee in that provision is payable by an exporter. Order 35 was merely repeating this.

Item 43 inserts, after Part 7, a new Part 7A into the Principal Orders which deals with general documentation fees for grain (whether or not grain is prescribed grain), processed fruit, processed vegetables, plants and other plant products (see new suborder 40A(1)). This new Part 7A does not capture documentation fees for horticulture products as horticulture products are excluded from the new definitions of 'plants' and 'plant products' (see suborder 4(1) and item 15). Documentation fees for horticulture products are specified in Part 2 of Schedule 6.

New suborder 40A(2) provides that the documentation fees imposed for the products listed in suborder 40A(1) are the amounts specified in or calculated in accordance with the relevant item in Schedule 5. Suborder 40A(3) provides that the fee in respect of a document is payable by the person who requested or applied for the document.

Item 44 omits Part 8 which dealt with fees for approved auditors for milk and milk products, eggs and egg products, and fish and fish products. The fees are no longer relevant to the activities undertaken to service the milk, eggs and fish industries and accordingly have been removed.

Item 45 omits the words 'penalty fee' from paragraph 41(2)(a) and inserts in their place 'penalty fee, and may do so after the time for payment has passed'. The effect of this will be to provide for the Secretary to extend the time for payment of an unpaid fee or late penalty fee after the deadline for the payment of the fee has expired. Many of the requests received by AQIS to extend the time for payment of an unpaid fee occur after the date set for payment has already passed. This gives the Secretary a discretion to allow for the extension of the time for payment in a particular case.



Item 46 substitutes a new order 42 into Part 9 of the Principal Orders. The provision provides that fees calculated in accordance with Part 5 of Schedule 1 are payable in equal monthly instalments. The instalments are due on the date shown on the invoice issued by AQIS. This clarifies but does not substantially amend the previous provision.

Item 47 omits orders 42AA, 42A and 43 from the Principal Orders.

Order 42AA has been removed as it prescribed the due date for payment of certain fees under Part 1A. Part 1A has been omitted by item 24 of these Amendment Orders.

Order 42A has been removed as it related to the fee previously imposed by paragraph 23AB(1)(a). This paragraph is removed by item 37. As no equivalent application fee is imposed by the new suborder 23AB(1), it is not appropriate to request payment at the time of making of the application, as the cost of processing the application will not be able to be determined in advance. The fee imposed by the new order 23AB is now calculated based on the time taken to process, assess and give notice. This calculation is using a quarter hourly fee (see item 37).

Order 43 has been removed as it is no longer considered necessary. Order 41 of the Principal Orders deals adequately with when fees become due for payment and the ability of the Secretary to extend the time for payment or to allow payment by instalments. It is no longer considered necessary to have a separate order that deals with these matters only for the purposes of Part 7. Order 41 will now impose a general rule for all fees for services.

Item 48 substitutes new orders 44, 45 and 47 into the Principal Orders.

The new order 44 provides that where a fee for the issuance of a document is imposed by the Principal Orders, the Secretary must determine that the fee must be paid either when the document to which the fee relates is issued, or not later than the due date specified in an invoice for the fee issued by AQIS. The fee must be paid in accordance with the Secretary's determination. Suborder 44(3) provides a similar provision for documentation fees as provided under suborder 41(2) in relation to fees for services. The effect of this will be to provide for the Secretary to extend the time for payment of a fee for documentation after the time for the payment of the fee has expired. Many of the requests received by AQIS to extend the time for payment occur after the date set for payment has already passed. This gives the Secretary a discretion to allow for the extension of the time for payment in a particular case. The provision also provides a discretion to allow a fee to be paid by instalments. These provisions apply to all documentation fees.

The new order 45 provides for the ability to withdraw inspection services or refuse to issue further documents on the grounds of non payment of fees. The order also clarifies that action under this order does not affect the liability of a person to pay the fees (suborder 45(3)).

Suborder 45(1) provides that when fees imposed by the Principal Orders in respect of inspection services, or penalty fees in respect of those fees, have not been paid in full at the end of 14 days after the due date for payment, the Secretary may give the person liable to pay the fees a notice that inspection services may be withdrawn unless arrangements for payment satisfactory to the Secretary are made. Those arrangements must be made within 14 days after the date of the notice. If after 14 days the satisfactory arrangements for payment have not been made, the Secretary has a discretion to withdraw inspection services for the person or the relevant establishment. This is to ensure a fair and equitable system for all export industry participants and to prevent establishments or persons accumulating large fee liabilities to AQIS whilst still being able to receive services from AQIS.

New suborder 45(2) operates in a similar way to suborder 45(1) for fees imposed by the Principal Orders in respect of the issue of documents. Similar rules to the rules for services apply. At the end of the 14 day period, if arrangements for payment satisfactory to the Secretary have not been made, the Secretary has a discretion to refuse to issue further documents to the person.

New order 47 deals with penalty fees. This provision has been amended to specify that the penalty fee (which is a per annum rate) is calculated monthly. Suborder 47(2) provides that penalty fees are payable by the person by whom the fee to which the penalty fee relates is payable.

Item 49 substitutes a new order 51 into the Principal Orders. Order 51 provides that the Principal Orders do not apply to the export of goods from Australia by an organisation approved by the Secretary that provides aid or assistance in a foreign country. Previously, order 51 was limited to shipments of animals. This has been broadened to ensure no discrimination in respect of the provision of certain commodities for the purpose of providing aid. The previous provision applied to animals only.

Item 50 substitutes new Schedules 1 to 6 into the Principal Orders replacing the existing 6 Schedules. The restructure of the Parts of the Principal Orders has necessitated the substitution of these new schedules. The reason for the restructure was to create a more streamlined set of orders which clearly set out the fees applicable for the export of each commodity from Australia.

- **Schedule 1** now deals with the fees for *inspection services* imposed by Part 1AA.
- **Schedule 1A** now deals with the fees for *additional inspection services* imposed by Part 1AA.
- **Schedule 1B** now deals with the *shift loading and overtime fees* imposed by Part 1AA.
- **Schedule 1C** now deals with the fees for *issuing documents* imposed by Part 1AA.
  
- **Schedule 3** now deals with inspection fees for grains, plants and plant products imposed by Part 3.
  
- **Schedule 4** continues to deal with fees for live animals and animal reproductive material imposed by Part 4.
  
- **Schedule 5** now deals with the documentation fees for grains, processed fruit and vegetables, plants and other plant products imposed by Part 7A.
  
- **Schedule 6** now deals with the fees for horticulture products imposed by Part 7.

## Schedule 1

New Schedule 1 sets the fees for inspection services performed in relation to meat or meat products that are imposed under order 4I. The first note at the top of the Schedule makes it clear that the inspection services covered by Schedule 1 do not include additional inspection services. Additional inspection services are dealt with in Schedule 1A. The second note makes it clear that meat includes game meat, poultry meat and rabbit meat; and that meat products include game meat products, poultry meat products and rabbit meat products for the purposes of the Principal Orders.

Specifically:

- Part 1 deals with hourly fees.
- Part 2 deals with daily fees imposed because inspection services are allocated on a daily basis under an arrangement mentioned in suborder 4I(2).
- Part 3 deals with weekly fees imposed because inspection service are allocated on a weekly basis under an arrangement mentioned in suborder 4I(2).
- Part 4 deals with monthly fees imposed because inspection services are allocated on a monthly basis under an arrangement mentioned in suborder 4I(2).
- Part 5 deals with annual fees imposed because inspection services are allocated on an annual basis under an arrangement mentioned in suborder 4I(2).

The fees for inspection services performed by an authorised officer for each of these parts have increased.

The increases in fees for inspection services performed by an authorised officer who is not a veterinarian are as follows:

- Hourly from \$63.00 to \$79.00 per hour. This represents a 25% increase.
- Daily from \$378.00 to \$672.00 per day. This represents a 78% increase.
- Weekly from \$1,510.00 to \$3,354.00 per week. This represents a 122% increase.
- Monthly (previously 4 weekly) from \$4,532.00 to \$9,021.00 per month. This represents a 99% increase.
- Annually from \$53,609.00 to \$99,233.00 per year. This represents a 85% increase.

The fees are set to recover the costs of services provided by AQIS meat inspectors to export registered establishments. These costs are fixed in the short term, but may vary with the level of industry activity in the medium to long term. The following factors account for the changes in fees:

- *40% Contribution* - Meat inspection fees were subsidised by the 40% Australian Government contribution. The lapsing of the contribution is the most significant influence on the increase to meat inspection fees.
- *Increased costs* - Fees and charges for the Meat Export Program were last revised in 2005–2006. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.
- *Industry activity* - The level of meat inspection activity has declined since the fees were last reviewed, particularly from December to April in the 2008–2009 financial year. While mitigated by some reduction in costs, the decline in meat inspection activity has reduced the base over which costs can be recovered.

The increase in fees payable for inspection services performed by an authorised officer who is a veterinarian are as follows:

- Hourly from \$80.00 to \$127.00 per hour. This represents a 59% increase.
- Daily from \$584.00 to \$1,014.00 per day. This represents a 74% increase.
- Weekly from \$2,338.00 to \$5,067.00 per week. This represents a 117% increase.
- Monthly (previously 4 weekly) from \$7,016.00 to \$14,472.00 per month. This represents a 106% increase.
- Annually from \$82,997.00 to \$159,188.00 per year. This represents a 92% increase.

Veterinary inspection fees are set so as to recover the costs of services provided by AQIS on-plant veterinary officers in respect of registered establishments. These costs are fixed in the short term, but may vary with the level of industry activity in the medium to long term. The following factors account for the changes in fees:

- *40% Contribution* - Veterinary inspection fees were subsidised by the 40% Australian Government contribution. The lapsing of the contribution is the most significant influence on the increase to veterinary inspection fees.
- *Increased costs* - Fees and charges for the Meat Export Program were last revised in 2005–2006. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.
- *Industry activity* - The level of meat inspection activity has declined since the fees were last reviewed, particularly from December to April period in the 2008–2009 financial year. While mitigated by some reduction in costs, the decline in meat inspection activity has reduced the base over which costs can be recovered.

The varied increase to the rates above for both veterinary officers and meat inspectors result from unwinding of discounting arrangements previously provided for in Schedule 2. The discounting arrangements were difficult to administer and have presented difficulties in the general financial management for the Meat Export Program. They have been simplified to allow for more efficient administration while still providing for some discounting to those who receive services on an ongoing basis.

## **Schedule 1A**

New Schedule 1A sets out the fees for additional inspection services imposed by order 4J. The note to the Schedule makes it clear that meat includes game meat, poultry meat and rabbit meat; and that meat products include game meat products, poultry meat products and rabbit meat products for the purposes of the Principal Orders.

Item 1 of Schedule 1A imposes a fee for additional inspection services performed by an authorised officer in respect of eggs or egg products. The fee was previously in item 9 of Schedule 3. There were previously two fees that were applicable depending on whether or not the service was performed at an officer's ordinary place of work. This distinction is no longer considered necessary as most of the services are conducted at a client's place of business. The new fee of \$40.00 per quarter hour is a decrease on the previous fee in paragraph (b) of item 9 which was the most common rate applied. There is no fee imposed for inspection services performed by an authorised officer for eggs or egg products (that are not additional inspection services). The fee only applies to additional inspection services.

Item 2 of Schedule 1A imposes a fee for additional inspection services performed by an authorised officer in respect of fish or fish products. The fee was previously in item 9 of Schedule 3. There were previously two fees that were applicable depending on whether or not the service was performed at an officer's ordinary place of work. This distinction is no longer considered necessary as most of the services are conducted at a client's place of business. The new fee of \$40.00 per quarter hour is a decrease on the previous fee in paragraph (b) of item 9 which was the most common rate applied. There is no fee imposed for inspection services performed by an authorised officer for fish or fish products (that are not additional inspection services). The fee only applies to additional inspection services.

Item 3 of Schedule 1A imposes a fee for the additional inspection services performed in respect of meat or meat products by:

- an authorised officer who is not a veterinarian or Area Technical Manager - \$79.00 per hour
- an authorised officer who is a veterinarian but not an Area Technical Manager - \$127.00 per hour
- an Area Technical Manager (who by virtue of the definition of Area Technical Manager in suborder 4(1) is also an authorised officer) - \$215.00 per hour

These fees were previously in Schedule 1 of the Principal Orders. The justification for the increases in the fees imposed by subitem (a) relating to a meat inspector, and subitem (b) relating to a veterinary officer, are the same as those set out above in relation to the new Schedule 1. The justification for the increase in the fee imposed by subitem (c) relating to an Area Technical Manager is set out below.

Area Technical Managers – the fees are set so as to recover costs associated with additional inspection services such as audits conducted as a result of follow-up activity required at export registered establishments where the establishment has not met the conditions required to meet its ordinary inspection requirements. The fees also seek to recover the costs of services provided at the request of a particular client. These costs are fixed in the short to medium term, but may vary with the level of industry activity in the long term. The following factors account for the changes in fees:

- *40% Contribution* – Area Technical Manager fees were subsidised by the 40% Australian Government contribution. The lapsing of the contribution is the most significant influence on the increase to Area Technical Manager fees.
- *Increased costs* - Fees and charges for the Meat Export Program were last revised in 2005–2006. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.
- *Industry activity* - The level of Area Technical Manager audit activity has declined since the fees were last reviewed. The decline in Area Technical Manager audit requirements from industry has reduced the base over which costs can be recovered.

Item 4 of Schedule 1A imposes a fee for additional inspection services performed by an authorised officer in respect of milk or milk products. This fee was previously in order 4C of the Principal Orders. The fee of \$33.00 per quarter hour is a slight increase on the previous fee. There is no fee imposed for inspection services performed by an authorised officer for milk or milk products (that are not additional inspection services). This fee only applies to additional inspection services.

Item 3 uses a different charging unit than what is used in items 1, 2 and 4. Traditionally the fees imposed in respect to fish, milk and eggs have been calculated on a quarter hour basis. The new fees are in line with that principle. However fees have traditionally been calculated on an hourly basis for meat and meat products. The intensity of services provided in respect to meat or meat products is ordinarily greater than for fish, dairy and eggs, so the cost of the services are more appropriately recovered through an hourly rate than a quarter hourly rate.

## **Schedule 1B**

New Schedule 1B sets out the fees for shift loading and overtime imposed by order 4K. The note at the top of the Schedule makes it clear that meat includes game meat, poultry meat and rabbit meat; and that meat products include game meat products, poultry meat products and rabbit meat products. These shift loading and overtime fees apply to both inspection services and additional inspection services.

Shift loading fees are dealt with in Part 1 and overtime fees are dealt with in Part 2. These fees for meat or meat products were previously set out in Part 2 of the Principal Orders rather than in a Schedule. The provisions have been restructured so that the amount of the fees are now set out in a separate Schedule, which improves the readability of the Principal Orders.

### **Part 1**

Item 1 of Schedule 1B sets out the amount of fees imposed for shift loading for authorised officers who are not veterinarians. The fees are calculated on an hourly basis. These figures represent an increase on the fees previously imposed by Part 2 of the Principal Orders as follows:

- On a public holiday from \$9.90 to \$10.80 per hour. This represents a 9% increase.
- On a weekday from \$1.00 to \$1.10 per hour. This represents a 10% increase.
- On a Saturday from \$3.40 to \$3.60 per hour. This represents a 6% increase.
- On a Sunday from \$6.60 to \$7.20 per hour. This represents a 9% increase.

Item 2 of Schedule 1B sets out the amount of fees imposed for shift loading for authorised officers who are veterinarians. The fees are calculated on an hourly basis. These figures represent an increase on the fees previously imposed by Part 2 of the Principal Orders as follows:

- On a public holiday from \$15.40 to \$16.10 per hour. This represents a 5% increase.

- On a weekday from \$1.60 to \$1.70 per hour. This represents a 6% increase.
- On a Saturday from \$5.20 to \$5.40 per hour. This represents a 4% increase.
- On a Sunday from \$10.30 to \$10.70 per hour. This represents a 4% increase.

## Part 2

Items 3 and 4 of Schedule 1B set out the fees imposed for additional inspection services performed by an authorised officer in a period of overtime, where that period is not continuous with the officer's ordinary hours of work. These items relate to eggs and fish and represent decreases of 5% on the fees previously imposed under suborder 16(1D) of the Principal Orders. The fees are as follows:

(a) if performed in a period of overtime and continuous with ordinary duty, or if the period of overtime is not continuous with ordinary duty and is 3 hours or more:

- (i) if the rate of overtime is time and a half from \$12.60 quarter hour to \$12.00 per quarter hour
- (ii) if the rate of overtime is double time from \$16.80 per quarter hour to \$16.00 per quarter hour
- (iii) if the rate of overtime is double time and a half from \$21.00 per quarter hour to \$20.00 per quarter hour

(b) where the additional inspection services are performed in a period that is not continuous with the officer's ordinary hours of work and is less than 3 hours:

- (i) if the rate of overtime is time and a half from \$150.80 to \$144.00
- (ii) if the rate of overtime is double time from \$210.10 to \$192.00
- (iii) if the rate of overtime is double time and a half from \$251.40 to \$240.00

Previously overtime rates set for programs were based on the average salary rates across all export programs. The new rates seek to base the fees on costs that relate to the specific program. This has resulted in a decrease in the rate for eggs and fish.

Item 5 of Schedule 1B provides the fees payable for inspection services (including additional inspection services) performed by an authorised officer for meat or meat products in four circumstances. Meat includes game meat, poultry meat and rabbit meat; and meat products include game meat products, poultry meat products and rabbit meat products. The fees in this item represent increases of between 8% and 14% on the fees previously imposed under Part 2 of the Principal Orders.

Overtime and shift loading fees are set so as to recover the additional penalties payable to staff that result from providing services to industry outside of AQIS standard operating hours. These costs vary completely with the level of industry activity. Factors for each of the programs are set out below:

- *Increased costs* - Fees and charges for the Dairy Export Program were last revised in 2007/2008. Since that time costs to the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.
- *Increased costs* - Fees and charges for the Fish Export Program were last revised in 2006/2007. Since that time costs to the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.

- *Increased costs* - Fees and charges for the Meat Export Program were last revised in 2005/2006. Since that time overtime and shift costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases).

For milk and milk products, item 6 provides the fees payable for additional inspection services performed by an authorised officer in a period of overtime, as well as where that period is not continuous with the officer's ordinary hours of work and is less than three hours. Fees for inspection services relating to milk or milk products were previously imposed by Part 1A. Historically services for inspection for milk or milk products were provided by the Program within normal office hours, accordingly, there were no fees required for overtime work. However, the recent consolidation of services into the Food Service Delivery Group has given rise to the possibility that services may be performed outside of standard hours. Overtime fees have therefore been introduced for milk and milk products to cover the event that inspection services are required outside normal office hours. This ensures that the Dairy Export Program can recover its costs should those services be provided outside of normal hours.

## Schedule 1C

New Schedule 1C sets out fees for issuing documents in respect of the goods listed in order 4H (see order 4R). The note to the Schedule makes it clear that meat includes game meat, poultry meat and rabbit meat and that meat products include game meat products, poultry meat products and rabbit meat products.

Export documentation fees for eggs, fish, meat and milk (and their products), and goods for which an application under section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* has been made, were previously set out in Schedule 5 to the Principal Orders.

Items 1 and 2 of Schedule 1C sets out the amount of fees imposed for the issue of documents in respect of eggs or egg products and fish or fish products.

Where an export permit is issued either on its own or together with a government certificate, the amount payable if issued via EXDOC (AQIS electronic export documentation system) is \$40.00. If issued by another means, the fee is \$100.00. These fees represent a decrease in the fees that previously applied under Schedule 5 for eggs and fish. The decrease represents a disaggregation of the fee for service loading applied to certificates where AQIS intervention is required.

Where a government certificate is issued (other than with an export permit) the fee is \$100.00. This fee represents an increase in the fee previously in Schedule 5. The increase reflects the lapsed 40% Australian Government contribution.

When a replacement certificate is issued the fee is \$500.00. This fee represents an increase in the fee previously in Schedule 5. The increase reflects the lapsed 40% Australian Government contribution, increased costs in certification, increased costs due to the collective agreement and a loading to send appropriate price signals to industry providing incentives to reduce the need for replacement certification.

When any other document is issued the fee is \$100.00. This fee represents an increase in the fee previously in Schedule 5. The increase reflects the lapsed 40% Australian Government contribution. It is intended to capture certificates manually issued by AQIS that are not the primary export certificate and are not listed in subitems (a) to (c), but are required by an importing country for the purposes of market access.

Fees for issuing export documentation are set so as to recover the costs of delivering export certification through EXDOC and through the AQIS Regional Office network. These fees also

recover costs of some audit activity that serves to ensure that the integrity of the export certification system is maintained. EXDOC costs are generally fixed and do not vary greatly with the level of industry activity, while costs of delivering certification through the AQIS Regional Office network are fixed in the short to medium term, but may vary with the level of industry activity in the long term. Factors for the Fish Export Program include:

- *Increased costs* - Fees for the Fish Export Program were last revised in 2006/2007. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses. Increase salary expenses have had a greater influence on the increase in manual certification fees than electronic certification fees.
- *Structural reform* - The Fish Export Program has been subject to substantial structural reform since the last review of fees and charges. This reform has been undertaken within the Fish Export Program and across the Food Export Branch in order to improve the effectiveness and efficiency of activities undertaken by the Program. This reform has resulted in increased capacity in some of the support areas leading to additional costs. The reform process also triggered a comprehensive review of the cost drivers into the Fish Export Program from the support areas within the Food Exports Branch which has also led to some additional costs.
- *Charging reform* - The Fish Export Program has undertaken a streamlining of its certification charging arrangements with a reduction in the number of electronic documentation fees from two to one. The differentiated fees for electronic certification were designed to encourage users to become more self reliant in the production of electronic export certification, this shift has largely occurred and the differentiated structure is considered redundant. The consolidation of electronic documentation fees has the further benefit of streamlining charging structures across the Food Export Branch. This is expected to reduce the administrative effort required to support and process charges for the Program which will ultimately lead to reduced overhead costs.
- *Industry activity* - The overall level of fish certification activity has declined since the fees were last reviewed and has reduced the base over which the costs are recovered. The reduction in activity has had a greater influence on the price of manual certification than it has on electronic certification.

Item 3 provides the fees payable for the issue of documents in respect of goods for which an application under section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* has been made. Section 8.05 of the *Export Control (Prescribed Goods – General) Order 2005* allows exporters of goods not normally regulated for export purposes to apply to the Secretary for a government certificate for such goods (in certain circumstances). Where a government certificate is issued using the EXDOC system the fee is \$64.00. If issued by another means, the fee is \$100.00. The fee for issuing any other document is \$100.00.

Previously the fee payable for the issue of a certificate for non prescribed goods was dealt with by item 39 of Schedule 5. The previous structure did not explicitly distinguish as to how the government certificate was to be issued (only wool, skins and hides were available through the EXDOC system). The new fee structure provides for an expanded application for the price of an EXDOC certificate. This will help provide flexibility in the ways in which exporters may request certification from AQIS.

Item 4 provides the fees payable for the issue of documents in respect of meat or meat products. The note to the Schedule makes it clear that a reference to meat includes game meat, poultry meat and rabbit meat and that meat products include game meat products, poultry meat products and rabbit meat products. These fees were previously in Schedule 5. These fees have increased. Where a



government certificate is issued using the EXDOC system the fee is \$49.00. If issued by another means, the fee is \$100.00. The fee for issuing any other document is \$100.00.

There is a significantly higher administration cost in the management and analysis of data from manual documentation. The increase reflects the higher cost of manually issuing and managing documents. The increased fees for documents issued via the EXDOC system reflects the return to 100% cost recovery and also increased costs associated with employee expenses and general supplier expenses associated with electronic documentation.

Fees for issuing export documentation are set so as to recover the costs of delivering export certification through EXDOC and through the AQIS Regional Office network. These fees also recover costs of some audit activity that serves to ensure that the integrity of the export certification system is maintained. EXDOC costs are generally fixed and do not vary greatly with the level of industry activity, while costs of delivering certification through the AQIS Regional Office network are fixed in the short to medium term, but may vary with the level of industry activity in the long term. Factors for the Meat Export Program include:

- *Structural reform* - The Meat Export Program has been subject to substantial structural reform since the last review of fees and charges. This reform has been undertaken within the Meat Export Program and across the Food Export Branch in order to improve the effectiveness and efficiency of activities undertaken by the Program. The reform process has triggered a comprehensive review of the cost drivers into the Meat Export Program's certification activities from the Area Technical Managers which has led to additional costs being attributed to certification activities.
- *Increased costs* - Fees and charges for the Meat Export Program were last revised in 2005/2006. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.

Item 5 provides the fees payable for the issue of documents in respect of milk or milk products. These fees were previously in Schedule 5. Some of these fees have increased whilst others have decreased. Overall, there has been a reduction in the number of fees that are imposed for issuing documents for milk or milk products. Where an export permit is issued, either on its own or together with a government certificate, the fee payable if done via EXDOC is \$21.00. If issued by another means, the fee is \$100.00. The fee for a government certificate (when it is not issued along with an export permit) is \$100.00. The fee payable for a replacement certificate is \$500.00 and the fee for any other document is \$100.00.

Fees for issuing export documentation are set so as to recover the costs of delivering export certification through EXDOC and through the AQIS Regional Office network. These fees also recover costs of some audit activity that serves to ensure that the integrity of the export certification system is maintained. EXDOC costs are generally fixed and do not vary greatly with the level of industry activity, while costs of delivering certification through the AQIS Regional Office network are fixed in the short to medium term, but may vary with the level of industry activity in the long term. Factors for the Dairy Export Program include:

- *40% Contribution* - Electronic certification fees were previously subsidised by the Government 40% contribution. The lapsing of the contribution is the primary reason behind the increase in Dairy electronic certification fees.
- *Increased costs* - Fees and charges for the Dairy Export Program were last revised in 2007/2008. Since that time costs in the Program have risen as a result of increased salaries payable to staff (collective agreement negotiated increases) and general costs increases associated with supplier expenses.

- *Structural reform* - The Dairy Export Program has been subject to substantial structural reform since the last review of fees and charges. This reform has been undertaken within the Dairy Export Program and across the Food Export Branch in order to improve the effectiveness and efficiency of activities undertaken by the Program. The reform process has triggered a comprehensive review of the cost drivers into the Dairy Export Program's certification activities from the Food Service Delivery Group which has led to reduced costs associated to the delivery of manual certification.
- *Charging reform* - The Dairy Export Program has undertaken a streamlining of its certification charging arrangements with a reduction in the number of electronic certification fees from two to one. The differentiated fees for electronic certification were designed to encourage users to become more self reliant in the production of electronic export certification, this shift has largely occurred and the differentiated structure is considered redundant. The consolidation of electronic certification fees has the further benefit of streamlining charging structures across the Food Export Branch. This is expected to reduce the administrative effort required to support and process charges for the Program which will ultimately lead to reduced overhead costs.
- *Industry activity* - The overall level of Dairy certification activity has declined since the fees were last reviewed and has reduced the base over which the costs are recovered. The reduction in activity has had a greater influence on the price of electronic certification than it has had on manual certification

### Schedule 3

New Schedule 3 sets out the fees for grains, plants and other plant products imposed by order 14A. Horticulture products are not dealt with under this Schedule because the new definitions of 'plants' and 'plant products' make it clear, that when the terms are used in the Principal Orders, they do not include a reference to horticulture products.

Inspection fees are set so as to recover the costs of verifying the importing country conditions; conducting the physical inspection of the commodity; and completing associated inspection documentation. The time based fee of \$27.00 per quarter hour will recover the cost of services associated with inspecting grains and plant products commodities and vessels. The revised quarter hourly fee has been determined on the basis of:

- the average number of chargeable inspection units for 2006/2007 to 2008/2009, including travel time;
- amalgamating four inspection fees into a single fee; and
- the total proposed expense.

The above explanation is applicable to all proposed inspection fees imposed on a quarter hourly basis that are increased by the insertion of new Schedule 3. This justification has not been repeated below under each item.

The description of the service for item 1 of Schedule 3 has been updated to reflect the fact that mung beans are no longer the subject of a separate order and are now plant products. The fee payable has been increased to \$27.00 per quarter hour. The previous separate charge for the first half hour of an inspection no longer applies.

Item 2 applies to the assessment of an application for the registration (or renewal) of an establishment in respect of grain or other plant products. The \$420.00 component of the fee is based on the average time taken to assess an application for registration or renewal and covers the first 8 hours taken to assess the application. If any further assessment is required beyond the 8 hour period, the assessment

will be charged at the rate of \$27.00 for each quarter hour. This component of the fee is payable in addition to the \$420.00 component where an assessment takes more than 8 hours.

This fee has been established in recognition of, the cost that is incurred by AQIS to review an application, inspect a facility (including travel costs) and liaise with an applicant.

Item 3 of Schedule 3 applies to the inspection of grains or other plant products for the purpose of determining whether a certificate pursuant to section 23 of the Act is to be issued. This fee was previously in item 4 of Schedule 3. The description of the service has been updated to reflect the fact that mung beans are no longer the subject of a separate order and are now plant products. The fees previously provided for in this item have been consolidated into a fee of \$27.00 per quarter hour. This fee represents an increase on the quarter hourly fee in the previous item.

The daily, weekly, 4 weekly and yearly rates in the previous item provided some administrative benefits concerning the provision of services, however this has come at additional administration cost to the program and the Department. These costs outweigh the benefits, so in order to streamline program fees and charges in line with Beale Recommendation 76, the fees have been combined into a quarterly hour fee.

Item 4 of Schedule 3 applies to the inspection of grain or other plant products that are shipped in bulk, are loaded at a rate of less than 400 tonnes per hour and are not prepared for export under an approved arrangement. This fee was previously set out in item 5 of Schedule 3. The description of the service has been updated to reflect the fact that mung beans are no longer the subject of a separate order and are now plant products. The fees previously set out in this item have been consolidated into a fee of \$27.00 per quarter hour. This fee represents an increase on the quarter hourly fee in the old item.

Item 5 of Schedule 3 applies to the inspection of grains or other plant products that are shipped for export in bags. This fee was previously in item 6 of Schedule 3. The description of the service has been updated to reflect the fact that mung beans are no longer the subject of a separate order and are now plant products. The fees previously set out in this item have been consolidated into a fee of \$27.00 per quarter hour. This fee represents an increase on the quarter hourly fee in the old item.

Item 6 of Schedule 3 applies to inspection of grains or other plant products that are shipped for export in a container system unit and are not prepared for export under a system subject to an approved arrangement. This fee was previously set out in item 7 of Schedule 3. The description of the service has been updated to reflect the fact that mung beans are no longer the subject of a separate order and are now plant products. The fees previously set out in this item have been consolidated into a fee of \$27.00 per quarter hour. This fee represents an increase on the quarter hourly fee in the old item.

Item 7 of Schedule 3 applies to the assessment of an application for the approval (or renewal) of an arrangement for the preparation of grain or other plant products or the variation of such an arrangement. There are three types of arrangements: sampling arrangements; sampling and inspection arrangements and dry box inspection arrangements. The fee structure recognises the varying forms of arrangements and the associated time taken to assess the applications for different types of arrangements. Each fee has a fixed component for a specified period of an assessment and a quarter hourly component applied where an assessment takes longer than the specified period.

- For sampling arrangements the fixed component of \$1,350.00 is based on the average time taken to assess an application for registration (or renewal or variation) and covers the first 18 hours taken to assess the application. If any further assessment is required beyond the initial 18 hour period the assessment will be charged at the rate of \$27.00 per quarter hour for the additional time.

- For sampling and inspection arrangements the fixed component of \$1,620.00 is based on the average time taken to assess an application for registration (or renewal or variation) and covers the first 22 hours taken to assess the application. If any further assessment is required beyond the initial 22 hour period, the assessment will be charged at the rate of \$27.00 per quarter hour for the additional time.
- For dry box inspection arrangements the fixed component \$480.00 is based on the average time taken to assess an application for registration (or renewal or variation) and covers the first 7 hours taken to assess the application. If any further assessment is required beyond the initial 7 hour period, the assessment will be charged at the rate of \$27.00 per quarter hour for the additional time.

The fees are based on the actual costs of providing the services including, reviewing applications, site inspections, audits, training and travel. There are currently over 350 approved arrangements across Australia.

Item 8 of Schedule 3 applies to the making of a booking, or an amendment of a booking for the performance of inspection services in relation to grain or other plant products. The fee is \$18.00. This booking fee has been established to recover the cost incurred by AQIS to manage bookings for inspection and certification services. The fee covers the cost associated with the liaison with the client, scheduling and administration. There are approximately 9,000 bookings each calendar year.

#### **Schedule 4**

Item 46 substitutes an amended Schedule 4, which imposes fees in relation to live animals and animal reproductive material (imposed by order 23). The amendments increase the fees for existing services and provides for new fee categories. The fees are increasing as a result of the lapsing of the 40% Australian Government contribution and in line with the fee review. The new items 2A and 2B of Schedule 4 provide for new fees, with items 1 and 2 of the schedule amended as a consequence of the insertion of these new fees. The new fees are for the export of live-stock by air and the export of horses. Schedule 4 has also been amended to remove references to 'authorised officers', which was inserted into order 23 by item 25 for simplification.

Previously, live-stock exports by air and horse exports incurred the fees under items 1 and 2 of Schedule 4. The new items 2A and 2B of Schedule 4 provide for higher fees for these categories of export. The new item 2A provides a separate fee for the inspection of live-stock for export by air and the processing of documents for the export of live-stock by air. The new item 2B provides a separate fee for inspecting horses for export and processing documents for the export of horses.

These new fee categories have been created to separate the high-cost, labour intensive exports from the lower-cost, relatively less labour intensive exports such as dogs, cats and animal reproductive material. The services for the animals for which a fee is provided under items 1 and 2 can generally be provided during normal working hours. The higher fees for under items 2A and 2B reflect the overtime involved in delivering the service, which is required due to the times at which AQIS officers are regularly required to provide the service for these types of export. Creation of the new fee categories under items 2A and 2B, therefore, is intended to result in a fairer distribution of fees and closer alignment of the fees to the persons to whom the services are provided. This is particularly important as the volume of exports of live-stock by air and of horses continues to increase.

The new fees under items 2A and 2B will account for services in respect of those animals, such as the issuance of export documentation, receiving and processing notification of intention to export documents, examination of documentation, verifying import country conditions, animal inspection, preparation of export documentation and overtime. The fee for the export of live-stock by air will

remain as an hourly rate, rather than a per head rate like that used for the export of live-stock (cattle, buffalo, sheep and goats) by sea. This is because there are multiple markets to which live-stock are exported by air and there is significant variance in the size and consistency of consignments. The time based fee also reflects the regular need for overtime to service these consignments.

Items 1 and 2 of Schedule 4 have been amended to exclude application where the new items 2A and 2B, in addition to the fees under order 23AA, apply. This was required a consequence of the insertion of the new fees in the schedule to ensure that the fees were applied to the correct export and that there is no unintended application of multiple fees.

The wording in items 3, 5 and 6 has been amended for clarification and consistency. These amendments have no impact on the practical operation of the items.

The fee under item 5 for the performing rabies vaccination for live animals as been simplified to a quarter hour rate rather than two per animal rates. This simplification of the fee structure is in line with recommendation 76 of the Beale Report. The amendment also clarifies that this fee does not include the cost of the vaccine or other non-reusable material used for the vaccination, which must also be paid by the exporter. The costs of vaccines other than rabies and other non-reusable materials is recoverable as part of the fee under item 6.

## **Schedule 5**

New Schedule 5 sets out the fees that are imposed by order 40A in respect of grains, plants and other plant products for the issue of export documentation. Horticulture products are not dealt with under this Schedule because the new definitions of 'plants' and 'plant products' in suborder 4(1) exclude horticulture products.

Item 1 of Schedule 5 applies to the issue of a phytosanitary certificate. The fee is \$85.00 if it is issued manually or \$65.00 if it is issued electronically. There is a significantly higher administration cost in the management and analysis of data from manual documentation. The increase in these fees reflects the return to 100% cost recovery and the increased costs associated with employee expenses and general supplier expenses. The increase also reflects an amalgamation of associated costs that were previously charged under separate items.

Item 2 of Schedule 5 applies to the issue of a replacement phytosanitary certificate, but does not apply where the replacement is as a result of an error by AQIS. The fee is set at \$190.00. The fee is set to recover the costs of providing the service and entails the manual reverification of the information previously certified. The fee is also set to send appropriate price signals to industry providing incentives to reduce the need for replacement certification.

Item 3 of Schedule 5 applies to the issue of any other certificate. The fee is set at \$70.00. This was the fee previously in item 28 of Schedule 5. The increase in the fee reflects the return to 100% cost recovery and also increased costs associated with employee expenses and general supplier expenses.

Items 4 and 5 were the old items 34 and 35 and have been reinserted into the Schedule. The fees have not changed.

AQIS provides a range of export documents to meet domestic and importing country requirements. These documents include phytosanitary certificates, export permits and certificates as to condition. This documentation is issued either electronically or manually. The fees have been established based on the following factors: verifying the importing country conditions; verifying and auditing supporting documentation; and production of the documentation.

The charging structure for documentation is based on the effort required to issue the certification. The charges reflect the costs associated with the varying degree of verification and administration activities required for the delivery of the service. The three categories of documentation are:

- **Electronic certification**  
Program effort is directed to verifying and validating supporting documentation. Administrative inputs are low as information is received, processed and sent electronically.
- **Manual certification**  
Requires direct intervention by officers. Administrative inputs are higher as information is received, processed and sent manually.
- **Replacement certification**  
This involves the replacement of certification previously issued. The circumstances surrounding the request for replacement certification must be assessed on a case by case basis with considerations given as to why the original certificate has not been used. The replacement process is the most resource intensive of all certification services.

## Schedule 6

New Schedule 6 sets out the fees in respect of horticulture products imposed by orders 34A and 34D. These fees were previously set out in Schedule 3.

Item 1 of Schedule 6 applies to the inspection of a ship or container unit that is intended to be used to transport horticulture products. This fee was previously in item 2 of Schedule 3. The fee has been restructured and increased. The fixed component of \$136.00 is based on the average time taken to inspect a ship or container that is intended to be used for transport of horticulture products, being half an hour. If any further inspection is required beyond a half hour period, the additional time will be charged at the rate of \$68.00 for each quarter hour. This quarter hourly component is payable in addition to the fixed component of \$136.00.

Item 2 of Schedule 6 applies to any inspection service other than an inspection service in connection with the registration or renewal of an establishment. The fees are set depending on whether the services of the authorised officer are required for a day, a week, or on a quarter hourly basis. There are two quarter hourly fees. The first applies where the services of an authorised officer are required to be carried out at the officer's ordinary place of work and the second applies where the services are required to be carried out at a place other than the officer's ordinary place of work. The second fee has a fixed component of \$136.00 that applies for the first half hour of an inspection service. If further services are required after the first half hour, then the quarter hourly rate of \$68.00 will apply to the additional time.

Item 3 of Schedule 6 applies to a service performed in connection with the registration or renewal of the registration of an establishment for horticulture products. The fixed component of \$550.00 is based on the average time taken to deal with a registration or renewal of a registration of an establishment for horticulture products, being two hours. If any further services are performed beyond this two hour period, the additional time will be charged at the rate of \$68.00 for each quarter hour. This quarter hourly component is payable in addition to the fixed component of \$550.00.

Part 2 of Schedule 6 sets out the documentation fees that are imposed for horticulture products. AQIS issues a range of export documents to meet domestic and importing country requirements. These documents include phytosanitary certificates, export permits, certificates as to condition. This documentation is provided either electronically or manually. The fees have been established based on the following factors: verifying the importing country conditions; verifying and auditing supporting documentation; and production of the documentation.

Item 4 of Schedule 6 applies to the issue of a phytosanitary certificate. The item makes a distinction between a phytosanitary certificate that is issued manually and one that is issued electronically. These fees were previously in Schedule 3. The fee for manual issue is now set at \$51.00 and the fee for electronic issue is set at \$26.00. There is a significantly higher administration cost in the management and analysis of data for manual documentation. The amendments to these fees represent an increase on the fees of \$15.00 and \$30.00 previously set out in Schedule 3. The increase reflects the return to 100% cost recovery and the increased costs associated with employee expenses and general supplier expenses.

Item 5 of Schedule 6 applies to the issue of certificates of condition or certificates as to condition for horticulture products. The item makes a distinction between a certificate issued manually and one issued electronically. These fees were previously set out in Schedule 3. The fee for manual issue is now set the rate of \$51.00 and the fee for electronic issue is set at \$26.00. There is a significantly higher administration cost in the management and analysis of data from manual documentation. The amendments to these fees represent an increase on the previous rates of \$15.00 and \$30.00 in Schedule 3. The increase reflects the return to 100% cost recovery and the increased costs associated with employee expenses and general supplier expenses.

Item 6 of Schedule 6 applies to the issue of an export permit for horticulture products. The item makes a distinction between a certificate issued manually and one issued electronically. These fees were previously set out in Schedule 3. The fee for manual issue is now set the rate of \$51.00 and the fee for electronic issue is set at \$26.00. There is a significantly higher administration cost in the management and analysis of data from manual documentation. The amendments to these fees represent an increase on the previous rates of \$15.00 and \$30.00 in Schedule 3. The increase reflects the return to 100% cost recovery and the increased costs associated with employee expenses and general supplier expenses.

Item 7 of Schedule 6 applies to the issue of a replacement certificate for horticulture products. This fee is set at \$50.00 and is a decrease from the previous fee of \$150.00 in item 25 of Schedule 3. The \$150.00 included the cost of manual re-verification of the information previously certified. Due the variability of the time taken to re-verify the information the continued incorporation of this cost with the replacement certificate charge is no longer considered to be effective. Costs of re-verification have been disaggregated from the replacement certificate fee and will now be recovered through a fee for service arrangement. The fee now only represents the cost of reissuing the document.