

# Member Update

No. 10 of 2021 • 26 May 2021

**TOPIC: DAWE Grain Export Program Cost Recovery Implementation Statement 2021-22**

DISTRIBUTION: GTA Members – primary contact list. Please circulate to all appropriate internal parties.

## 1. Purpose

The purpose of this Member Update is to advise members of the opening of the Department of Agriculture Water & the Environment (DAWE) consultation period seeking industry feedback on its **Cost Recovery Implementation Statement (CRIS)**. The CRIS outlines DAWE's proposed export fees and charges for 2021/22 through to full cost recovery in 2023/24.

## 2. Background

A range of regulatory activities are conducted by DAWE for grain exports. DAWE recover the cost of their regulatory activities from the people who use them through these fees and charges.

The CRIS provides information on how DAWE implements cost recovery for each service and activity it provides under the grain cost recovery arrangement.

The **public consultation** on the CRIS for 2021/22 occurs **from 14 May to 10 June**. The plan is for that CRIS (and resultant revised fees and charges) to be effective as of 1 July 2021 subject to government approval.

The current CRIS for 2021/22 can be found [here](#).

## 3. Current Arrangement Costs & Planned Reform Changes

There are several Reform Activities outlined in the CRIS for grain for the period up to 2023/24, but the main ones are:

- a) Adopt real time monitoring and reporting technology for grain treatments;
- b) Map and harmonise regulatory approaches between States and the Commonwealth & recognise industry systems (includes the current GTA Storage Standards project). Note that an estimate is for a 35% reduction in audit interventions/costs in regulated entities. This outcome depends on the speed of industry adoption of the Standard, once developed and released.
- c) Delivery of enhanced IT export systems for streamlined border clearance of plant exports.

The 2019/20 and 2020/21 Cost Recovery Reserve balance is -\$1.2m. Total revenue moving forward is expected as below:

Cost base	Unit	2021-22	2022-23	2023-24	2024-25
Cost recovered revenue	\$	11,569,523	13,701,993	14,794,959	15,061,572
Appropriation funding	\$	3,037,190	1,314,407	n/a	n/a
<b>Total revenue</b>	<b>\$</b>	<b>14,606,713</b>	<b>15,016,400</b>	<b>14,794,959</b>	<b>15,061,572</b>
Appropriation funding as % of expenses	%	21	9	n/a	n/a

n/a Not applicable.

A permanent reduction in the cost base of \$1.1 million from 2021/22 has been identified since the 2020/21 CRIS was developed.

These changes to the Cost Base include:

i) Expanded cost base (i.e., reductions to the cost base)

- Efficiency gains in the AO program
- Reduction in inspection volumes
- Reduction in audit volume
- Efficiency gains in operations management

ii) Indexation & Inflation

#### 4. Charging Structure

There are three elements to the charging structure that underline the fees and charges from DAWE for export functions:

- A **proportionate increase in fees and charges** over time based on the existing pricing structure.
- **Full cost recovery** for all services by 2023/24.
- The Discussion paper highlights the model **developed in 2019/20**.

**The cost base for 2021/22** for the grain exports cost recovery arrangement is **\$14.607 million**, made up of:

- \$10.862 million in levy-related activities; and
- \$3.745 million in fee-related activities.

The changes (increases and decreases) in fees and charges by year are listed in table 5 - 8 of the attached CRIS paper.

#### 5. Industry Feedback

As per the attached CRIS, DAWE is seeking industry feedback on the proposed fees and charges to apply for 2021/22 and the future year strategy as outlined.

Industry can provide direct feedback to DAWE via:

- [Completing the survey on the CRIS website](#)
- Providing comments to GTA by COB **Thursday 3 June 2021** by forwarding to [submissions@graintrade.org.au](mailto:submissions@graintrade.org.au)