

EXPORT REGULATORY COST RECOVERY 2026

We are responding to the Australian Government's call for feedback on proposed changes to fees and charges for export regulatory activities outlined in draft export Cost Recovery Implementation Statements (CRIS) for 2026–27 to 2029–30.

Each CRIS also outlines how the Australian Government's supplementation will support most arrangements with a phased transition to full cost recovery over the next 3 years.

Feedback is sought on the following areas.

- The structure of fees and charges and whether adjustments should be made
- The rationale for charging including activities being transitioned into cost recovery
- How the proposed fees may impact businesses
- If there are improvements, we can make to CRIS consultation and communication.

Background

Fruit Growers Tasmania represents the Tasmanian apple, berry and cherry industries which produce over \$400 million of fruit annually and employ over 10,000 people each year.

The Tasmanian fruit industry has a long history of commitment to export with 80% of all production leaving Tasmania. Exports have varied over the years due largely to international market requirements and the continuous move to becoming a high cost location to grow fruit. As a result the level of exports has changed over time and is markedly different for each of the three Tasmanian fruit sectors.

Like the majority of national horticulture, the export of Tasmanian fruit is generally low.

- Apples albeit in domestic over supply export little and Tasmania's exports focus on niche markets for select and often distinctive apple varieties. With a lower price per kilo and facing enormous competition from other countries, apples are highly price sensitive and will suffer most from the Government's move to significantly increase export regulatory charges.
- Berries are Tasmania's largest fruit sector operating in an environment where the domestic market has grown strongly and now need to lift exports from a very low level.
- Tasmanian cherries are the relative exception but still only export around a third of all production. Tasmania grows half of all Australian cherry exports by volume and significantly more by value. Cherries are Australia's fourth largest horticulture export by value which while an outstanding achievement for such a small industry highlights the challenges facing Australia's horticulture exporters where only one industry exports more than half of its production.

The structure of fees and charges

Unfortunately, the Department has admitted that it has not reviewed the structure of horticulture's fees and charges and hence this seems a rather strange aspect to request feedback on at this point. Nonetheless, this is a very important area that needs review and while it would have been more appropriate to consider in the design phase of the cost recovery process it is better late than never.

Three aspects stand out as needing change for horticulture from a structural viewpoint.

Registered Establishments

- Despite an assumption of the model that “increased use of fee-based charges [as opposed to levies] will improve alignment between revenue and expenses” this has not occurred and is most apparent in the area of registered establishments.
- The charging basis for registered establishments should be a fee not a charge.
- It has been argued during consultation that registered establishments are seen as an “entry point” to engage in the wider export regulatory system. They are not – they are specific decision by an individual or organisation to register an establishment. It is not the registering of an establishment that is the engagement in the wider system it is the activities that are undertaken at the registered establishment that is the engagement with the wider system and these activities are charged for separately, both as fees and charges.
- The fact that there are only 346 registered establishments across all horticulture and these numbers have changed little over the past 5 years demonstrates this fact.
- The result of this mis-classification is that registered establishments are used as a charging point to load up a pool of \$2.27 million of Departmental costs including business systems administration, incident management, risk management, stakeholder engagement and policy and advice to the point where a ‘complex’ registered establishment is currently charged \$11,799 annually, having already increased from the \$6,000 charged in 2020-21. It is proposed that by 2029-30 a complex registered establishment will be charged \$13,632.
 - The previous 2020-21 CRIS assumed there would be 189 complex registered establishments. The current CRIS assumes there will be 103.
 - By 2029-30 the levy on registered establishments will have increased by 127%.
- Levy charging \$2.27 million of costs to registered establishments is wrong and a flawed approach based on the Department's own numbers. It just can't be justified that it will cost \$13,632 to register an establishment.
- The outcome of this flawed structure of fees and charges is failed policy and poor outcomes. As shown by the outcome of the previous CRIS process the number of registered establishments is falling when it would be more efficient and beneficial for the export regulatory system and exports generally if they were increasing – the Government is continuing to price people out of being registered establishments. Registered establishments allow the efficient undertaking of inspections, authorised officer activities and other functions to take place close to the point of production, grading, packing or despatch.

- We have also raised through consultation the question as to why establishments are required to be registered every year. While this might make sense as a ‘charging point’ this seems a clear demonstration of the Department arranging services that suit itself not industry. We suggest a cost benefit analysis should be undertaken on moving establishment registration to a 3 year duration, with minimal if any updates for the intervening years based only on changed circumstances on the part of the establishment. Again the Department has indicated in consultation it has not and does not intend to consider this change as part of the cost recovery implementation and instead is setting charges sufficient to fund its current activities.

Small Horticultural Products Registered Establishment program

- Despite undertaking from Minister Watt (see letter in Appendix 1) the Department continues to choose not to include a review of the Small Horticultural Products Registered Establishment program (SHPRE) which aims to offer reduced annual charges for small establishments. The Schedule thresholds which are listed in the Export Control Rules 2021 need to be reviewed in particular the tonnages allowable which are too low, particularly for growing sectors such as berries (5 tonnes) and cherries (30 tonnes) and the inclusion in the volume calculation of exports to open markets. It is not a requirement for horticultural exports to use a registered establishment for open markets (Hong Kong, Singapore and Malaysia) and therefore tonnages to those markets should not be included in determining the establishment’s eligibility for SHPRE. This program fails to meet its objectives because few if any small producers produce sufficiently low volume to meet the criteria. Further to this point businesses in Tasmania could not profitably remain a registered establishment (albeit using SHPRE) with a total cherry export volume < 30 tonnes.

Indirect costs

- Under the structure of the fees and charges 31% of Horticulture’s modelled cost base is attributable to indirect costs. This is the highest of any arrangement with Grain also saddled with this same indirect cost share. This is significantly above the average indirect cost share of 23.9% and this higher share places an additional \$1.45 million on the Horticulture cost base.
- While an indirect cost share of total costs of 31% is excessive enough, the unreasonable nature of the indirect cost burden that is imposed upon Horticulture is even better demonstrated when indirect costs are assessed in comparison to direct costs.
 - For every \$1.0 million of direct Horticulture costs the Department spends another \$449,000 on indirect costs. This is simply unreasonable and must reflect an overallocation of indirect costs against cost recovery activities versus those funded by appropriation.
 - Again Horticulture has a greater imposition of indirect than the average across all arrangements where for every \$1.0 million of direct costs the Department spends another \$313,000 on indirect costs.
 - How can it possibly be justified that an additional \$136,000 in indirect costs for every \$1.0 million of direct costs is imposed upon Horticulture?

Fit and proper person assessments

- Fit and proper person assessments is a new activity being included in cost recovery. These assessments are a specific requirement of an individual but instead of establishing this as a new fee it is proposed to apportion 79.49% to the independent assessment price pool, 9.52% to the horticulture exporter levy pricing pool, 7.19% to the horticulture establishment levy pricing pool and 3.81% to the horticulture authorised officer levy pricing pool.
- This seems overly complex and contrary to the assumption of the model for “increased use of fee-based charges”.

The rationale for charging

The rationale for charging is fundamentally flawed.

- The Government’s cost recovery principles are based on recovering ONLY the “efficient costs of specific government activity. In this context, efficiency means delivering government activities at the least cost while still achieving the intended policy objectives and meeting the government’s legislative requirements.”
 - The Department has admitted in the consultations that it has ASSUMED that actual costs are efficient costs.
 - No analysis of what represents “efficient costs” as been undertaken which is unacceptable and contrary to the Government’s own cost recover principles.
- The previous CRIS was also designed to achieve full cost recovery. Revenue growth was achieved with a 109% increase over the course of the previous CRIS (2020-21 to 2024-25). However, the Department’s Horticulture costs grew another 40% over the course of the previous CRIS. Departmental Horticulture costs are projected to grow another 23% across the proposed CRIS implying Departmental Horticulture costs will have grown 74% since 2020-21.
 - Full cost recovery looks simply as a process for Government to force industry to fund unchecked public sector spending. There is no incentive for restraint nor any adherence to the concept of “efficient costs”.
- A further fundamental flaw of the process is that there is no consideration whether a Departmental regulatory service is necessary or needed nor whether that service achieves the purpose required by the intent of the legislation. If a service is unnecessary or of marginal value the case for recovering its cost from industry is unfounded.

Assumption in the model that volumes remain unchanged

If we accept that proposed volume charging in the model is based on the demand for the Department’s export related “activities” and not on horticultural export analysis, then the flat trajectory of volumes assumed is unjustified. Looking at the information, the Department has provided on volumes:

- There was a 10.3% increase in the number of phytosanitary certificates issues between 2021-22 and 2024-25; this equates to an average 4.5% increase per year showing increased demand.

- There was a 3.9% increase in the number of electronic documents issued over the period and a 10.3% increase in the number of manual documents issued over the same period.

If the Department does not reconsider its flat trajectory approach as part of the modelling, there is a significant risk of over recovering on two large and important charging areas. It is fair and reasonable to assume that an increase in volume of at least 1.5-3% going forward for these charge points should be factored into the modelling.

How the proposed fees may impact businesses

The Department's charging model which only considers its own activities and associated costs and fails to take into consideration the broader benefit of agricultural exports and the competitive nature of international trade suggests the Department is quite indifferent to impacts on industry.

Horticulture exports contribute a small but important proportion of sales volume. It is an outlet for production supply and underpins domestic pricing - assisting every farming business in Australia. The model unfairly places a high level of cost burden on a small number of 103 complex registered establishments, or 314 (including simple) registered establishments. Further it poses a significant barrier to new entrants. It is a huge disincentive to exporting.

Clearly costs increase across the board but for example, 127% on establishment registration, 111% on authorised officer applications and 133% on authorised officer approvals are not easily absorbed by small businesses who are trading into highly competitive markets. Growers are already having to adjust to higher electricity and fuel prices, water charges, wage rates, workers compensation, insurance and market compliance requirements.

These new charge rates and additional costs will do nothing to support horticultural businesses, the regional communities they operate in nor the business supply chain they support.

Improvements to CRIS consultation and communication

At the outset we would applaud the efforts of Chris McDonald, Assistant Secretary of the Sustainable Trade Funding and Traceability Branch for the way he has led and managed the face to face consultations and ensured responses have been provided to questions raised.

The commitment to face to face consultation around the country was also appreciated.

We also appreciate the extension of time provided for the consultations and response, albeit the original time allowed was unnecessarily short.

However, these have been the highlights of the CRIS consultation and communication.

Generally speaking the consultation was launched from a very negative platform that no real consultation was undertaken on the design of the cost recovery process and model. This put the current CRIS consultation process on the back foot and required more explanation than it should have.

Unfortunately, the responses to questions raised and points discussed have consistently been responses not answers and inadequate in the timeliness of sufficiently detailed information being provided. While we did generally get to a reasonable level of detail this took too long and its provision at the outset would have improved the level of understanding and the consultation process significantly.

Furthermore, many of the responses to the Department have been of a defensive nature seeking to justify the status quo. The fact that no real changes to the structure and nature of the fees and charges were considered and consistently ruled out during the consultation process, was disappointing.

Finally, it is of concern that the Department proposes to use the Horticulture Export Industry Consultative Committee to progress the regulatory efficiency program. This industry consultative committee is not fit for purpose. HEICC has been a poor forum for communication and consultation - meetings are infrequent, the Department determines the agenda, actions happen at a snail's pace, it has no decision making capability, is unable to set priorities and industry is not able to call meetings or use it to discuss and address urgent issues. Further we believe it doesn't represent the interests of the national Pest Free Area for Fruit Fly.



**Chief Executive Officer
Fruit Growers Tasmania**

20 March 2026

Appendix 1



**SENATOR THE HON MURRAY WATT
MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY
MINISTER FOR EMERGENCY MANAGEMENT**

MC23-006730

Mr Peter Cornish
Chief Executive Officer
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Dear Mr Cornish

Thank you for your correspondence of 17 April 2023 concerning the Small Horticultural Products Registered Establishment Program.

I note your concerns with the current threshold set for cherry exporters relating to the Small Horticultural Products Registered Establishment annual charge. I understand the eligibility threshold for all commodities were set in consultation with industry and subsequently implemented on 1 January 2016.

The Department of Agriculture, Fisheries and Forestry is currently engaged in an internal audit of the horticulture exports cost recovery arrangement. It is expected that the Small Horticultural Products Registered Establishment annual charge will be covered by this audit. I have requested that the department keep you informed of the review and any relevant outcomes.

Thank you again for bringing your concerns to my attention.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Murray Watt', written in a cursive style.

MURRAY WATT

5 / 5 / 2023