

Regulation of Waste Exports: Cost Recovery

Consultation Paper – November 2022

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Purpose of this consultation paper

This consultation paper describes how the Department of Climate Change, Energy, the Environment and Water ('the department') proposes to achieve cost recovery for the processed waste exports scheme from 1 July 2023.

The department seeks feedback on the proposal from all participants and stakeholders in the waste and recycling export sector. All feedback received will be reviewed and considered to inform decisions on how the proposal may be adapted and implemented.

The department is consulting on two fee options and a levy model as outlined below. We seek stakeholder feedback by no later than Monday 12 December 2022, via our online portal.

Timeframes for key events

These timeframes are provisional. They are subject to change, depending on the feedback received, and any subsequent adjustments or other actions that may be required in response to feedback.

Table 1: Timeframes for implementing cost recovery

Event	Timeframe
Consultation paper published and feedback period begins	4 November 2022
Consultation feedback period closes	12 December 2022
Feedback is reviewed, adjustments considered and the department drafts Cost Recovery Implementation Statement	December 2022 – January 2023
Ministerial approvals of Cost Recovery Implementation Statement (CRIS)	February 2023
Publication of CRIS	March 2023
Amendment of the regulations and rules are made	March 2023
New fees and charges schedule comes into effect	1 July 2023

How to submit feedback

If you work in the waste and recycling exports sector, the department welcomes your input on the proposed cost recovery fee options and levy model. Should you wish to provide feedback, please follow the link below that will take you to the department's Consultation page.

<https://haveyoursay.agriculture.gov.au/waste-export-cost-recovery-consultation>

You will be asked to complete a short survey in response to this paper. Within this survey you will be asked the following questions:

Survey Questions

- What will these proposals mean for you and your business or industry? What general feedback do you have on what is proposed?
- Which fee option do you prefer, and why?

- Do you have any feedback on the proposed levy model?
- Do you have any comments on the forecasts and assumptions we make, for example, that the waste export licencing and declaration scheme will reduce exports of regulated waste by about 40%. Does this align with your experience or view of future export activity?
- Are there alternate price structures or charge points you would like to propose?
- Are there other issues you would like to raise?

You may also attach a detailed written submission. If you have any issues with the submission of this form, please contact ExportWaste@awe.gov.au.

Interested parties can also email ExportWaste@awe.gov.au with questions about this consultation paper or about the cost recovery implementation process.

The survey and written submissions will be accepted until close of business Monday 12 December 2022 (AEDT).

The department intends to publish a summary of the issues raised in the submissions. If you do not wish your submission to be published in full or in part, please indicate this in your response.

Introduction

Regulation of waste exports

In March 2020, the former Council of Australian Governments (COAG) agreed to regulate the export of waste plastic, paper, glass and tyres while building Australia's capacity to generate high value recycled commodities. These unprocessed waste materials have the potential to cause harm to human health and the environment in the importing countries. Transforming waste material into high value materials will create jobs, build a more sophisticated industry, and provide positive outcomes for the environment and community wellbeing.

The *Recycling and Waste Reduction Act 2020* (the RaWR Act), *Recycling and Waste Reduction Charges (Customs) Act 2020*, *Recycling and Waste Reduction Charges (Excise) Act 2020*, and the *Recycling and Waste Reduction Charges (General) Act 2020* were passed in 2020. These Acts create a framework to improve recycling and waste management in Australia by regulating waste exports and incorporating existing regulation such as product stewardship.

Under this framework, a phased approach to regulate processed waste materials commenced. To date, all materials agreed by COAG are regulated except for mixed paper and cardboard, which will be regulated from July 2024.

Licence and declaration scheme

Exporters of processed waste must hold a licence and declare their exports under a licensing and declaration scheme. Licensed exporters are bound by conditions intended to ensure that the exported material does not pose a risk to human or environmental health in the receiving country. These conditions include (among others) demonstrating commercial arrangements with the importer.

After being granted a licence, each export must be declared to the department before being exported. This provides the department with assurance that the export meets the licence conditions and supports monitoring and compliance.

The scheme is supported by a suite of assurance and enforcement measures to facilitate compliance.

Cost recovery background

Cost recovery involves government entities charging individuals or organisations some, or all, of the efficient costs of a government activity. These costs may include goods, services, regulation, or a combination of these.

The [Australian Government Charging Framework \(Charging Framework\)](#) sets out the conditions under which government entities design, implement and review regulatory charging activities. The Charging Framework provides that, where appropriate, non-government recipients of regulatory activities should be charged some or all the efficient costs of those activities. Cost recovery promotes consistent, transparent, and accountable charging for government regulatory activity and supports the proper use of public resources.

Section 155 of the RaWR Act provides the legal basis for charging a fee for a matter that relates to the administration of the scheme. The *Recycling and Waste Reduction Charges (Customs) Act 2020*; *Recycling and Waste Reduction Charges (Excise) Act 2020*, and the *Recycling and Waste Reduction Charges (General) Act 2020* (the Charges Acts) provide the framework for imposing a levy.

In the 2020-21 Budget, the Waste Exports scheme received funding for the first two-and-a-half years, with fees and charges set at \$0. This means industry does not currently pay a fee or levy for applications for permits, exemptions, variations or on declarations.

Charges for each type of regulated waste material, including the amounts and who is liable to pay them, will be set out in regulations made under the Charges Acts.

Outputs and business processes of the regulatory charging activity

The [Charging Framework](#) notes the need to break down an activity into distinct outputs and the key business processes that are used to produce those outputs. These outputs have a discernible link with the costs, charges, and performance of the activity. The regulatory activities to meet the policy objective have been grouped into the following categories:

- *Program management and administration* – administrative activities that support the department to deliver and maintain the licencing and declaration scheme.

- *Assessment* – activities provided directly to an individual, business, or organisation to assess applications of export licence applications.
- *Assurance* – activities to mitigate risk of non-compliance and support the continual improvement of the regulatory scheme design.
- *Incident management* – activities that respond to incidents concerning alleged breaches of the scheme.

Further description of the activities costed to deliver the scheme is at **Attachment A**.

Costs of the regulatory charging activity

To determine the cost of regulatory activities, the department used an activity-based costing (ABC) methodology. The ABC methodology first involves determining which activities are required to administer and manage the licensing and declaration scheme. The effort at each Australian Public Service (APS) classification level required for each activity and the expected frequency of each task was then determined. This was used to calculate our cost base and staffing requirements.

The ABC methodology uses the following two expense categories:

- *Direct expenses*: these can be directly attributed to the provision of an activity, for example, application assessments and developing guidance. They comprise staff salaries (including on-costs, such as training, superannuation, and leave) and supplier costs (such as office supplies and workers compensation premiums);
- *Indirect expenses*: these support but are not directly linked to an activity provided by the department. Indirect expenses include corporate employee salaries and overheads such as information technology, finance, human resources costs, and indirect capital expenses. This includes expenditure on the department's broader supporting systems, such as maintaining the websites for the scheme and our general email infrastructure.

We include indirect expenses in the cost base to reflect the systems and processes that exist to help with efficient administration, from which the cost recovered arrangements benefit.

A full breakdown of direct and indirect costs per activity are shown on Table 2 on the following page.

Table 2: Cost type breakdown for licensing and declaration scheme for the four years from 2023-2024 to 2026-2027

	Direct Costs (\$)	Indirect Costs (\$)	Total (\$)
Program management and administration			
Policy and instructional materials	1,198,051	359,415	1,557,466
Workforce and business management	135,885	40,765	176,650
Business system administration	2,568,180	770,454	3,338,635
Stakeholder engagement	1,393,624	418,087	1,811,711
Assurance			
Risk management and surveillance	1,897,531	569,259	2,466,790
Incident management			
Investigation support and corrective action	3,080,702	924,211	4,004,913
Subtotal of activity costs (unrelated to assessments)	10,273,973	3,082,192	13,356,165
Assessment			
Assessing export licence applications	2,260,403	278,314	2,538,717
Total	12,534,376	3,360,506	15,894,882

Assumptions underpinning the cost models

Demand

Some activities, such as developing guidance, standard operating procedures and policy development are fixed costs and do not scale with the number of businesses, consignments or weights exported.

Activities such as licence assessments and compliance activities will scale with the demand of the scheme and will drive costs. An estimate of the demand of number of businesses, consignments and weights of exports was required to forecast the expense base.

For glass, plastics and tyres the demand in future years can be estimated based on the existing number of participants in the scheme. Under the RaWR Act, licences can be issued for a maximum of three years and exemptions for a maximum of one year.

Within the last 18 months a total of 224 applications were made in the department's client licensing portal, resulting in 120 decisions to grant licences, exemptions and variations across the first three waste streams. Importantly there were peaks and troughs of application activity associated with the introduction of regulation of each stream, which we would expect to be replicated when licence renewals are due, three years after they were granted. It is currently difficult to estimate a likely annual application rate due to a range of influencing factors including the introduction of cost recovery, and the potential for changes in market conditions which may drive increased export activity and demand for licences.

For paper and cardboard, to estimate the number of businesses, consignments and weights of exports that may be captured by the licensing and declaration scheme, the department analysed five years of export data. This data was provided by the Australian Border Force and based on the Australian Harmonized Export Commodity Classification (AHECC) Codes.

Based on these assumptions, the department estimates there will be 108 businesses regulated, across glass, plastics and tyres, in 2023-2024. This figure will increase to approximately 134 businesses, due to the regulation of paper and cardboard, in 2024-25.

It is estimated 981 million tonnes of processed waste material, across all regulated material types, will be exported from when the scheme commences to the 2024-25 financial year.

Increasing scheme maturity

As the scheme has matured, the department has observed a decrease in the time taken per assessment. The scheme has, and will continue to, improve assessment procedures, and build information libraries and staff knowledge, reducing time required to complete assessments in each phase of the scheme's implementation. Importantly, assessment time is also expected to reduce as exporters build their knowledge of the scheme's legislative requirements and familiarity with the department's systems and processes. At some point, these efficiency gains will plateau.

By 1 July 2023 (when charging commences) the scheme will have matured further, and it is reasonable to assume that the time to complete an assessment will be significantly less. It is estimated that, when charging commences, the effort required will have reduced by 35 per cent compared to the past levels for licence and licence variation applications. The level of assessment for exemptions is estimated to reduce by a slightly lower proportion than licences, 30 per cent, because exemption applications will continue to raise novel situations meaning there is less opportunity to learn from past assessments and build standard procedures.

The cost models assume that these efficiency gains will be fully in place by 1 July 2023 and do not assume further efficiency gains after that point. However, the department will continue to record time taken on assessments and will review costs annually to ensure they remain accurate.

Cost Models

Overview

Under the Charging Framework, where specific demand for a government activity is created by identifiable individuals or groups, they should be charged for it unless the government has decided to fund that activity. The department has determined that a fee is the most appropriate form of cost recovery for assessment of applications because there is a service provided to an identifiable recipient. The amount charged should be no more than the full and efficient cost of the activity. To date, industry has not been charged under the waste export licencing and declaration scheme.

The department is proposing to charge for assessing licence applications, including for renewals, exemptions and variations. This is a core regulatory activity of the scheme. Costed activities in the licence assessment process include:

- ensuring the applicant has provided all necessary documents;
- assessing the application, including requesting further information, responding to enquiries and developing licence conditions;
- briefing the Minister or the delegate of the Minister as the decision maker and notifying the applicant of the outcome; and
- internal review and appeals processes.

On 20 December 2020, assessment activity commenced for waste export licences with receipt of the first licence application. To date, the activity has had phases as follows:

- Glass commenced 1 January 2021
- Plastics phase 1 (waste plastic must be sorted) commenced 1 July 2021
- Tyres commenced 1 December 2021
- Plastics phase 2 (waste plastic must be processed) commenced 1 July 2022.

For the purposes of the costing model, actual costs incurred between 1 January 2021 to 31 January 2022 were analysed. These costs are presented on Table 3.

The costs were split between those that were directly related to assessments, which would be recovered on a fee for service basis, and costs that cannot be directly linked to applicants and so would be recovered by a levy, as detailed below. Employee expenses were split based on an estimation of effort.

The expenses were split by the number of assessments completed during this time, which was used to calculate a cost per assessment. The cost of assessing a glass export permit was disproportionately high as they were the first assessments completed, when processes and procedures were being developed. However, as there were only six glass assessments the results do not materially change when they are included or excluded from the data.

The department has observed a decline in the assessment time as the scheme has begun to mature. By 1 July 2023 (when charging commences) the scheme will have matured further, and it is reasonable to assume that the time to complete an assessment will be significantly less.

Under the scheme, licences can be granted for a period of up to 3 years. The models outlined below do not propose a different fee depending on the length of licence. The cost for a 1-year licence will be the same as a 3-year licence, as the effort taken to review licence of different lengths is the same.

Option One: Flat fee for each application type

Option One is a simple flat fee, depending on the type of application. A flat fee will allow both industry and the department to know exactly how much will be charged for a licence, exemption, variation, or renewal of a licence.

The average cost incurred by the department to assess each type of application to date is presented on Table 3.

Table 3: Actual cost per assessment

Application Type	Cost Per Assessment (\$)
Licence	29,376
Exemption	19,939
Variation	20,834

The scheme has, and will continue to, improve assessment procedures, and build information libraries and staff knowledge, resulting in a decline in time required to complete assessments in each phase of the scheme's implementation. Assessment time is also expected to reduce as exporters build their knowledge of the scheme's legislative requirements and familiarity with the department's systems and processes.

It is estimated that as the scheme matures, the effort required will reduce by 35 per cent compared to the past levels for licence and licence variation applications. Licence renewals are expected to involve the same effort taken as licence variations (in both cases, the fundamental information relating to the licence has already been established in the initial licence application). The level of assessment for exemptions is estimated to reduce by a slightly lower proportion than licences, 30 per cent, because exemption applications will continue to raise novel situations and so there is less opportunity to learn from past assessments and build standard procedures.

The proposed fees are set out on Table 4. This reflects the anticipated efficiency gain.

Table 4: Proposed Fee Schedule

Application Type	Proposed Flat Fee (\$)
Licence	19,090
Exemption	13,960
Variation	13,540
Licence Renewal	13,540

Example

Sarah applies for a licence to export processed waste glass and plastics for a period of three years.

Sarah is required to pay an application fee of **\$19,090**.

Option Two: A base assessment fee and an additional fee for further assessment as required

Option Two has a base assessment fee with a cap for the hours to complete licence, variation, or exemption assessments. Applicants would be charged for any additional assessment time required.

This option allows for a lower fee to be charged for most applications, while still recovering the full efficient cost of assessing applications. This option is designed to incentivise well-organised, high quality, and complete applications to avoid additional costs. However, this option will require more administrative effort from the department to calculate and recover additional fees. This will mean consequential effort from applicants to engage with the department to pay these additional fees.

On average, fees paid by applicants will be the same under either option. However, under this option, applicants with more complicated or less organised applications will pay more – with the most complicated potentially paying substantially more than under Option One.

Capped hours

Assessment officers have recorded the time they spent assessing applications.¹ Eighty per cent of assessments were completed in less than 75 hours, or two working weeks. There have been eight “complex” assessments that required more than 112.5 hours, or three working weeks. They represent less than 10 per cent of assessments, but over 25 per cent of the recorded effort.

Under this option, 90 per cent of applications would be expected to pay a lower rate than under Option One, while the remaining 10 per cent (that take more than three working weeks) would pay a higher rate than under Option One. The proposed hourly caps are outlined on Table 5.

Table 5: Capped hours per application type

Application Type	Capped Hours
Licence	112.5
Exemption	75
Variation	75

Calculation of flat fee component

Of the eight “more complex” assessments, noted above, six were licence applications and two variation applications. The reason for a lack of complex exemption applications is likely due to the small number processed so far (meaning a limited dataset) rather than any greater inherent simplicity.

¹ This recorded time is an underestimate of the true time assessments have taken, because it does not include the time of other staff who are not the assessment officer for a particular application but have assisted with applications. Nevertheless, this provides an estimate and also an indication of the relative time taken for simple and complex assessments.

The time spent on complex applications was removed from the total actual hours used to calculate the models. This reduced the actual hours for licences and variations, but not exemptions, due to the absence of historical complex exemption applications and therefore a lack of data. However, this also made exemption applications more expensive than in Option One unless adjusted.

Table 6: Actual hours vs. Hours without complex cases

Application Type – all cases	Cost Per Assessment (\$)
Licence	29,376
Exemption	19,939
Variation	20,834
Application Type – simple cases	Cost Per Assessment (\$)
Licence	23,123
Exemption	19,939
Variation	16,343

To ensure a consistent reduction in costs for Option Two, a 21 per cent reduction was applied to exemptions. This percentage was determined by averaging the percentage difference in actual hours and reduced hours for licence and variations applications. This reduction is outlined on Table 7.

Table 7: Amended cost per assessment, consistent reduction applied to exemptions

Application Type	Cost Per Assessment (\$)
Licence	23,123
Exemption	15,508
Variation	16,343

As in Option One, it is assumed the effort required to assess each type of licence application will reduce by 35 per cent and exemption applications by 30 per cent compared to past levels, by 1 July 2023. Taking this efficiency gain into consideration, the proposed flat fee component for Model Two is outlined on Table 8.

Table 8: Model Two: Proposed flat fee component

Application Type	Proposed Fee (\$)
New Licence	15,030
Exemption	10,860
Variation	10,620
Licence Renewal	10,620

Calculation of hourly rate

The hourly costs of assessment were calculated and are presented on Table 9. This is based on figures provided by the department on staffing required for each assessment.

The model assumes that the split across staffing levels will remain consistent, i.e., that an assessment that takes more time to complete will also require more time for the senior assessor to check, and the delegate to consider and decide.

The hourly rate is based on current (FY 22-23) contractor hourly rates for the department. Contractor costs have been used as the main body of staff administering the scheme are hired on a contractual basis, but this is also a reasonable proxy for staffing costs including overheads. Rates have been adjusted for the first year of cost recovery (FY 23-24) according to forecasted wage growth and inflation at a rate of 3.7 percent. This rate will be adjusted in line with inflation and wage growth annually.

Table 9: Actual hourly cost of assessments

Assessment Hours						
APS Level	Hourly Cost	Adjustment for Inflation (3.7%)	Total Assessment Hours	% of Assessment Hours	Hourly Direct Costs (\$)	Hourly Costs including Overheads (\$)
EXEC 2	132.23	137.12	1,306	13%	17.72	23.04
EXEC 1	109.11	113.15	6,144	61%	68.78	89.41
APS 6	89.61	92.93	2,290	23%	21.05	27.37
APS 5	78.87	81.79	367	4%	2.97	3.87
APS 4	72.54	75.22	-	0%	-	-
Total			10,107	100%	110.52	143.68

Proposed Fee Schedule

Accordingly, under Option Two, exporters will have a reduced flat fee for applications that take less than the capped hours to complete. Any applications that exceed the capped hours, in Table 10, will be charged an hourly rate for each additional hour of assessment. A summary of the Proposed Fee Schedule is outlined in Table 10, on the following page.

Table 10: Proposed Fee Schedule

Application Type	Proposed Fee (\$)	Hours included in Fee
New Licence	15,030	112.5
Exemption	10,860	75
Variation	10,620	75
Licence renewal	10,620	75
Additional hourly fee for over capped hours	143.68	

Example

Sarah applies for a licence to export processed waste glass and plastics for a period of three years.

Sarah will be required to pay an up-front application fee of **\$15,030**.

Due to the complexity of the application, the department takes an additional 10 hours, over the capped 112.5 hours, to assess and approve the application. In addition to the application fee, Sarah is required to pay a further **\$1,436.80**.

The total cost of the application will be **\$16,129.50**.

Levy

From 1 July 2023, costs of administering the RaWR Act that cannot be directly linked to applicants will be recovered through a levy.

The department is proposing a levy of \$3.98 per tonne to be paid upon export of each consignment. This levy will be consistent across all export types, as there are no systematic differences across each of the material streams that would drive different program costs. We want to hear stakeholder views on this assumption and whether there are reasons to think that a different levy rate for different material streams would better reflect program costs. The levy would be calculated based on how much the licence holder exports over the lifetime of the licence.

The proposed levy has been calculated on the basis that leviable costs from 2023-2024 to 2026-2027 are forecast to be \$13.36 million, and the forecast export volumes over the same period are 3.36 million tonnes, yielding a per tonne cost of \$3.98. Further explanation of these figures is below.

Activity Cost Breakdown

Using the ABC methodology, the direct and indirect costs of the scheme have been calculated. As detailed above, effort at each APS classification level required for each activity and the expected frequency of each task was used to calculate our cost base and staffing requirements. Table 11 details the breakdown of these costs for the period of 2023-2024 to 2026-2027. Further details of the activities are at **Attachment A**.

Table 11: Cost type breakdown for licensing and declaration scheme for the period of the financial year 2023-2024 to 2026-2027

Activity	Costs 2023-2024 to 2026-2027		
	Direct Cost (\$)	Indirect Cost (\$)	Total Cost (\$)
Policy and instructional material	1,198,051	359,415	1,557,466
Workforce and business management	135,885	40,765	176,650
Business system administration	2,568,180	770,454	3,338,635
Stakeholder engagement	1,393,624	418,087	1,811,711
Investigation support & corrective action	3,080,702	924,211	4,004,913
Risk management and surveillance	1,897,531	569,259	2,466,790
Total	10,273,973	3,082,192	13,356,165

Forecast of Export Volumes

The forecast for future export volumes is based on export figures from the Australian Border Force.

It is assumed that waste production will increase by six per cent annually until 2027. This assumption has been based on a review of trends over the last decade. This percentage has been applied to the forecasted export figures as exports will likely increase as waste production increases.

Table 12: Forecast export tonnes to 2026-2027

Material	2023-24	2024-25	2025-26	2026-27	Total tonnes
Glass	1,067	1,131	1,199	1,271	4,670
Total plastics	62,801	66,569	70,564	74,797	274,732
Tyres	171,490	181,780	192,686	204,248	750,204
Paper	-	731,913	775,828	822,378	2,330,119
Total	235,359	981,394	1,040,277	1,102,694	3,359,724

Total Levy

Based on the above, the levy has been calculated as follows:

$$\frac{13,356,165}{3,359,724} = \$3.98 \text{ per tonne}$$

Example

Sarah exports a consignment of 129 tonnes of mixed cullet glass (the average consignment exported under the scheme so far), at \$326 per tonne (current market value glass waste).

The value of the export is \$42,054 and Sarah is liable to pay a levy of **\$512.82**.

Financial Performance of Scheme

The Waste Export Scheme will likely run at a deficit until the 2026-27 financial year. This is a result of majority of exports, by weight, only occurring once paper and cardboard is regulated from 1 July 2024. However, the scheme will be revenue-neutral over the four years to 2026-27.

The below forecast is based on the recoverable costs (expenses) over the financial years, and the projected revenue from implementation of the levy.

Table 13: Forecast financial performance of Waste Export Scheme

Forecast Levy Revenue	2023-24	2024-25	2025-26	2026-27
Levy Revenue (\$)	935,641	3,901,408	4,135,493	4,383,623
Expense (\$)	3,232,966	3,596,124	3,262,793	3,264,281
Balance (\$)	(2,297,326)	305,285	872,700	1,119,341
Cumulative Balance (\$)	(2,297,326)	(1,992,041)	(1,119,341)	-

Payment of fees and levy

Licence applicants will be required to pay the full application fee (under Option One) or the base application fee (under Option Two) when they submit their application. For Option Two, the department will need to calculate any additional hourly fees that are payable and issue an invoice to the applicant, which must be paid before an application is finalised.

The levy will be charged at the point of export for each consignment. The processes will be finalised and built into the client licensing portal and any other systems over the coming months, with consultation with exporters and their agents and with the Australian Border Force as required.

Costing Reviews

The costing models will be reviewed annually, no matter what fee model is implemented. This will allow the department to continue to monitor and amend the charging model as the scheme matures and becomes more efficient.

As it is likely the scheme will run at a deficit until 2026 - 2027, the levy charge will not be reviewed until this time. Industry will continue to be consulted throughout the review process.

Risk assessment

The department completed a risk assessment for the cost recovery component of the licensing and declaration scheme. The overall risk rating for implementation of cost recovery is high, as this is a new scheme and cost recovery is being implemented for the first time.

Some of the risks associated with the charging arrangement and how we will manage these risks are presented on Table 14 on the following page.

Table 14: Potential risks and management with cost recovery

Risk	Management
The regulated community is not aware of, does not plan for or does not support, the future proposed implementation of cost recovery	<p>The department will continue to engage with the current and anticipated regulated community to ensure they are aware of implementation of full cost recovery from 1 July 2023.</p> <p>The department is releasing the consultation paper, and will release a CRIS, to provide industry with ample time to prepare for these changes.</p>
The actual demand is different to the expected demand	The department will regularly review the forecast demand and compare this to real life data. This will be considered in the annual review of the CRIS.
The cost of fees and levy encourage some to operate outside of the regulatory framework, resulting in containers being turned back from destination countries.	There are substantial penalties for illegal activity (up to 5 years imprisonment for fault-based offences and civil penalties of up to 600 penalty units) and application fees and charges will still represent a small proportion of the costs of collecting, processing and shipping regulated material.

Next Steps

Consultation on this paper is open until 12 December 2022. Within the consultation period, stakeholders are encouraged to provide the department feedback on the costing and levy models, as detailed in the [How to Submit Feedback](#) section above.

Should you wish to meet with a representative of the department to discuss this paper, please email ExportWaste@awe.gov.au.

Once the consultation period has closed, the department will consider the survey responses and submissions and amend the models where necessary. Any amendments will be reflected in the CRIS, which will be released in early-2023 after ministerial approval.

Although there is legislative authority to recover costs, the department will be required to implement regulations and rules for the administration of the cost recovery. The drafting process will commence in early 2023 to take effect by July 2023.

The department will continue to update stakeholders on the progress of the cost recovery implementation. Should you have any questions in the meantime, please do not hesitate to contact ExportWaste@awe.gov.au.

Attachment A: Outputs and business processes of the regulatory charging activity

The regulatory activities to meet the policy objective have been grouped into the following categories:

- Program management and administration – administrative activities that support the Department to deliver and maintain the licencing and declaration scheme.
- Assessment – activities provided directly to an individual, business or organisation to assess applications of export licences.
- Assurance – activities to mitigate risk of non-compliance and to support the continual improvement of the design of the regulatory scheme.
- Incident management – activities that respond to incidents concerning alleged breaches of the scheme.

Further description of the activities costed to deliver the scheme are below.

Program management and administration

Policy and instructional materials

The regulation of waste exports has been introduced in phases. When cost recovery commences, glass, plastics and tyres will have been regulated for at least a year, with policies and procedures in place. Costed activities for these materials include ongoing updates and improvements.

The regulation of paper and cardboard will commence from 1 July 2024. Costed activities for this include development of the rules and updates to the legislation, policy support and procedure design. Once established, there will be ongoing maintenance and improvement of policies and procedures.

Costed activities on an ongoing basis include ongoing updates and amendments to the legislation, reviewing charging arrangements and developing new rules as needed.

Workforce and business management

Most administrative and staff overhead costs are included in the on-cost component for staff (which includes costs for training, superannuation and leave). This output includes administrative costs that are not covered in on-costs, or explicitly included in other outputs. This includes recruitment of new staff and training in regulatory system operations.

Establishing standard operating procedures will increase the efficiency of regulatory activities and will result in consistent decision-making. Specific activities include developing application forms and developing and maintaining standard operating procedures for internal and external stakeholders.

Business system administration

This output contains a broad range of activities needed to administer the scheme. This includes costs associated with:

- managing application workflow and tracking systems

- internal, regulatory and international reporting requirements
- IT system maintenance and building additional system capacity for plastic, tyres and paper
- legal advice for legislative interpretation and drafting fees for amendments to the rules
- creating and maintaining Australian Harmonized Export Commodity Classification (AHECC) codes to streamline export data
- monitoring and internal reporting of export data
- engaging with the Australian Border Force (ABF) to ensure consistency of declaration information reported to the department and the ABF

Stakeholder engagement

Engaging and educating stakeholders is crucial to supporting and encouraging compliance with the scheme. Investment in industry outreach and education reduces costs associated with non-compliance as the scheme grows. It also ensures the broader stakeholder community such as exporters, states and territories, and other government agencies have access to scheme information as needed.

Costed activities include hosting webinars to educate the community on their obligations, boosted social media presence, developing and maintaining educational guidance materials and the department's website, and handling enquiries from stakeholders.

Assessment

Assessing export applications

Assessing licence applications, including for renewals and variations, is the core regulatory activity of the scheme. Costed activities in the licence assessment process include:

- ensuring the applicant has provided all necessary documents through a process of applicant consultation and requests for further information as required
- assessing the application, including requesting further information, responding to enquiries and developing licence conditions
- briefing the Minister or the delegate of the Minister as the decision maker and notifying the applicant of the outcome
- internal review and appeals processes

The department collects data on the time taken to assess applications, to inform the development of charges to assess licence applications when cost recovery commences on 1 July 2023.

Assurance

Risk management

This output contains the department's efforts to manage the risk of non-compliance.

Compliance and enforcement activities are focused on helping regulated entities understand and comply with the Act and rules, through education and outreach.

Other risk management activities include:

- cross referencing our data with data from other Australian border law enforcement and intelligence agencies
- auditing exporters' record keeping to ensure they are operating within their licence conditions
- intelligence collection on regulated entities to inform audits and investigations

These activities inform targeted education, updates to operational policy and regulatory guidelines, and investigation and enforcement activities. They support continual improvement of the regulatory scheme, compliance, and regulatory outcomes.

Incident management

Investigation support and corrective action

Compliance and enforcement costs have been developed in line with similar regulatory programs the department administers.

To verify compliance, the department monitors activities through document assessment, information and data analysis, inspections and audits, intelligence assessments, investigations and targeted operations.

Where non-compliance is detected and it is relevant to do so, the scheme will share information and conduct joint investigations with other law enforcement agencies and regulators. Costs incurred by other law enforcement agencies and regulators are not included in the incident management costs, as they are not recoverable under the Charging Framework.