Australian Government
Australian Radiation Protection and Nuclear Safety Agency

arpansa

Cost Recovery Implementation Statement

Activity: Import and export permits for medical and non-medical radioactive sources

2022-23

Cost recovery involves government entities charging individuals or non-government organisations some or all the efficient costs of a specific government activity. This may include goods, services or regulation, or a combination of these. The Australian Government Cost Recovery Guidelines (the CRGs)[1] set out the overarching framework under which government entities design, implement and review cost-recovered activities.

[1] The CRGs are available on the Department of Finance website.

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1. Introduction

1.1. Purpose

This Cost Recovery Implementation Statement (CRIS) provides information on how the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) implements cost recovery for import and export permits of medical and non-medical radioactive sources (permits). It also reports financial and non-financial performance information for permits and contains financial forecasts for 2022-23 and three forward years. ARPANSA will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

1.2. Description of regulatory charging activity

ARPANSA is the Australian Government's primary authority on radiation protection and nuclear safety. Our purpose is to protect the Australian people and the environment from the harmful effects of radiation, through understanding risks, best practice regulation, research, policy, services, partnerships and engaging with the community.

A permit issued by ARPANSA is required to import radioactive substances into Australia and to export high activity radioactive sources out of Australia. ARPANSA charges customers for both import and export permits to recover the costs associated with processing these applications.

The payers of these charges are:

- medical industry with flow on effects to the healthcare system in general
- non-medical industries such as oil, gas, non-destructive testing, education and research.

2. Policy and statutory authority to cost recover

2.1. Government policy approval to cost recover the regulatory activity

When ARPANSA was established in 1998 under the *Australian Radiation Protection and Nuclear Safety Act 1998* (ARPANS Act) the Government required cost recovery arrangements to be established regarding regulatory costs. Cost recovery for import permits continued, having been established by ARPANSA's predecessor the Australian Radiation Laboratory and for export permits, commenced in 2017.

2.2. Statutory authority to charge

At the International Atomic Energy Agency (IAEA) General Conference in May 2004, the Australian Government gave a commitment to work towards implementing the guidance contained within the IAEA Code of Conduct on the Safety and Security of Radioactive Sources (consistent with the terms of GC (47)/Res/7.B). In November 2004 the Australian Government notified the IAEA Director General of its intention to act in accordance with the IAEA Guidance on the Import and Export of Radioactive Sources (consistent with the terms of GC (48)/Res/10.D).

Part of these commitments is the requirement for the regulatory body to establish procedures for the authorisation and control of imports of radioactive substances and the exports of high activity radioactive sources. The Customs (Prohibited Exports) Regulations 1958 and Customs (Prohibited Imports) Regulations 1956 were amended to give legal effect to Australia's international obligations to control the import of radioactive substances and the export of high activity radioactive sources.

The statutory authority for ARPANSA's charges is provided in the following Acts and Regulations:

Legislation	Section
Australian Radiation Protection and Nuclear Safety Act 1998 (ARPANS Act)	Section 54 (ARPANS Act): *The CEO may charge for services provided by the CEO in the performance of the CEO's functions*.
Australian Radiation Protection and Nuclear Safety Regulations 1999 (ARPANS Regs)	Section 3B (ARPANSA Regs): *Functions of the CEO* *For the purposes of paragraph 15(1)(i) of the Act, the following are functions of the CEO:* *a. to grant permissions to export from Australia high activity radioactive sources under regulation 9AD of the Customs (Prohibited Exports) Regulations 1958* *b. to grant permissions to import into Australia radioactive substances under regulation 4R of the Customs (Prohibited Imports) Regulations 1956.*
Customs (Prohibited Imports) Regulations 1956	Section 4R of the Customs (Prohibited Imports) Regulations 1956: *2. The importation into Australia of a radioactive substance is prohibited unless:* *a. a permission in writing to import the substance has been granted by the Minister or an authorised officer; and* *b. the permission is produced to a Collector.* **Authorised officer** means: *a. the CEO of ARPANSA, within the meaning of section 14 of the Australian Radiation Protection and Nuclear Safety Act 1998, appointed in writing by the Minister as an authorised officer for this regulation; or* b. *an APS employee assisting the CEO in accordance with section 58 of that Act appointed in writing by the Minister as an authorised officer for this regulation.*
Customs (Prohibited Exports) Regulations 1958	Section 9AD of the Customs (Prohibited Exports) Regulations 1958 *2. The exportation from Australia of a high activity radioactive source is prohibited unless:* *a. a permission in writing to export the radioactive source has been granted by the Minister or an authorised officer; and* b. *the permission is shown to a Collector.* **Authorised officer** has the same meaning as under the *Customs (Prohibited Imports) Regulations 1956.*

3. Cost recovery model

3.1. Outputs and business processes of the regulatory charging activity

The assessment of permit applications and the subsequent issuing of permits are ARPANSA's primary control mechanisms to monitor the movement of radioactive substances into Australia and high activity radioactive sources out of Australia. This process provides ARPANSA with assurance that the activity is controlled. All permit applications are subject to a detailed assessment as well as the payment of a charge.

The underlying processes involved in the assessment of these permit applications do not vary from one application to the next; however, the time taken to reach a conclusion on an application will vary depending on the complexity of that application. For the purposes of this CRIS, an average permit assessment is used as the basis for the cost recovery of regulatory effort.

The fees for import and export permits are specified in the table below. Each fee is made of up both direct and indirect costs as outlined in the following sections.

Type of permit	Fees
Medical import permits	$175
Non-medical import permits	$175
Non-medical export permits	$297

3.2. Cost of the regulatory charging activity

The fees for import and export permits include the direct costs associated with issuing permits and an appropriate portion of corporate overheads (indirect costs) to support the function. ARPANSA aims to align the revenue and expenses as required for regulatory charging activities under the Australian Government's Charging Framework.

Each fee is made up of both direct and indirect costs.

Output	Direct costs	Indirect costs	Total
Medical import permits	$105	$70	$175
Non-medical import permits	$106	$69	$175
Non-medical export permits	$178	$119	$297

Composition of direct and indirect costs

Permit Issuance process	Medical import			Non-medical import			Non-medical export		
	Direct Costs	Indirect Costs	Total	Direct Costs	Indirect Costs	Total	Direct Costs	Indirect Costs	Total
1. Receive and record application	$ 17.00	$ 11.00	$ 28.00	$ 16.00	$ 10.00	$ 26.00	$ 21.00	$ 14.00	$ 35.00
2. Check and acknowledge application	$ 9.00	$ 6.00	$ 15.00	$ 35.00	$ 23.00	$ 58.00	$ 37.00	$ 25.00	$ 62.00
3.Regulatory authority clearance/threat assessment	$ 4.00	$ 3.00	$ 7.00	$ 10.00	$ 7.00	$ 17.00	$ 21.00	$ 14.00	$ 35.00
4. Input from Australian Border Force, TGA, Custom, wherever necessary including threat assessment	$ -	$ -	$ -	$ 16.00	$ 10.00	$ 26.00	$ 51.00	$ 34.00	$ 85.00
5. Assessment and approvals	$ 58.00	$ 39.00	$ 97.00	$ 10.00	$ 7.00	$ 17.00	$ 34.00	$ 23.00	$ 57.00
6. Finalise assessment and advise applicant	$ 17.00	$ 11.00	$ 28.00	$ 19.00	$ 12.00	$ 31.00	$ 14.00	$ 9.00	$ 23.00
Total	**$ 105.00**	**$ 70.00**	**$ 175.00**	**$ 106.00**	**$ 69.00**	**$ 175.00**	**$ 178.00**	**$ 119.00**	**$ 297.00**

Direct costs are those costs that are directly attributed to the charging activity, in this case the processing of import and export permit applications. The direct costs associated with import export permits consist solely of the staff time taken to assess, approve and process the permit application.

The direct costs associated with the processing of each permit application represent the most efficient cost of performing that task, with tasks being undertaken by staff at the appropriate level.

Indirect costs represent all costs that cannot be directly attributed to a specific activity.

3.3. Design of regulatory charges

ARPANSA's import and export permit charges are calculated based on the time and associated costs allocated to each stage of the permit assessment and issuance process. The fee represents a simple and cost-effective way of passing on the cost of regulation.

Output	Type	Rate	Estimated volume	Estimated total revenue for 2022-23
Medical import permits	Fee	$175	849	$148 575
Non-medical import permits	Fee	$175	632	$110, 600
Non-medical export permits	Fee	$297	34	$10,098

4. Risk assessment

The objectives of ARPANSA's risk management policy are to:

- Support organisation-wide strategic risk review annually, involving branch and office heads and their functional leaders

- Provide guidance as required to support integration of risk management in the business plans for the branch and office
- Promote a risk aware organisational culture through sound risk management practices throughout ARPANSA
- Maintain records of the status of the implementation of risk controls
- Facilitate a periodic assessment of risk management status, and review and adjustment of the control measures as required
- Maintain and continuously improve the risk management policy and framework.

Analysis of issues and risks

- Failure to adequately regulate the import and export of radioactive materials poses significant safety and security risks to Australia and any other nation, particularly if radioactive material falls out of regulatory control.
- Several incidents have occurred nationally and internationally where radioactive material that is out of regulatory control has entered countries without regulation. (This has included radiologically contaminated semi-finished products, which have been subsequently sold to the community in the form of bowls, spoons and other products whilst contaminated). In these circumstances the public have been exposed to ionising radiation without knowledge. From a security perspective, if radioactive materials are brought into Australia and sold to persons or individuals outside regulation, the consequences of a malicious act could be very damaging.
- State and territory radiation regulators within Australia rely heavily upon ARPANSA's ability to monitor and control the import and export of radioactive material. This information provides jurisdictional regulators with confidence that entities importing, and exporting are adequately licenced to perform their activities.

In accordance with the cost recovery guidelines and as required by the Department of Finance, ARPANSA has also undertaken a charging risk assessment (CRA) that included consideration of the ARPANSA operating environment, including its:

- complexity: structure, processes, and implementation of cost recovery activities
- materiality: financial value of the cost recovery activities
- sensitivity: level of interest from key stakeholders in the cost recovery activities.

Using criteria established in the CRA template, a cost recovery risk rating for 2018-19 resulted in an overall rating of medium risk, and to date there has been no change to this rating.

The key attributes leading to the rating of medium risks for costs recovery are:

- level of cost recovery revenue being less than $10 million
- complexity in the type of cost recovery charges used, being fees only
- level of impact of cost recovery on payers assessed as low.

ARPANSA will address relevant risks by continued improvements in regulatory functions and ensuring charging practices are transparent and aligned to services provided.

5. Stakeholder engagement

The issuance of permits is not a new initiative for ARPANSA as the cost recovery for import permits continued, having been established by ARPANSA's predecessor the Australian Radiation Laboratory and for export permits, commenced in 2017. Several consultations have occurred with the customers/stakeholders over the years (most recently in 2017). Overall, the feedback has been very positive with regards to the service.

6. Financial estimates

	2022-23 estimate	2023-24 estimate	2024-25 estimate	2025-26 estimate
Expenses	$269 000	$272 000	$275 000	$277 000
Revenue	$269 000	$272 000	$275 000	$277 000
Surplus/(Deficit)	0	0	0	0
Cumulative balance	0	0	0	0

Actual financial performance, including any material[2] variance, will be explained in updates to this CRIS each financial year, along with an explanation of how ARPANSA will balance the variance, if any.

7. Financial performance

ARPANSA will provide financial performance updates, including details of revenue and expenses relating to the import and export permits, on an annual basis following the end of each financial year.

8. Non-financial performance

ARPANSA measures non-financial performance by reporting against measures published on the ARPANSA website in the Corporate Plan. These measures are reported annually in the annual performance statement, which is published as part of the Annual Report.

ARPANSA has worked with the Australian Bureau of Statistics (ABS) and the Department of Immigration and Border Protection (DIBP) to harmonise the Integrated Cargo System used to manage the import and export of medical and non-medical radioactive sources at the border.

Stakeholder engagement is measured through feedback, which has generally been very positive both about the helpfulness of staff and the timeliness of approvals.

9. Key forward dates and events

This CRIS will be reviewed periodically . The CRIS will be updated and available on ARPANSA's website following any pricing review or any other material changes.

[2] As defined by AASB1031 and Division 12 – Materiality and Disclosure of the Finance Minister's Orders.

10. CRIS approval and change register

Date	Change	Approver	Reason
15 August 2022	Financial Estimates, and Fees	Accountable authority	Periodic review
20 August 2019	Agreement to the CRIS	Responsible Minister	Portfolio charging review recommendation
23 July 2019	Certification of the CRIS	Accountable authority	Portfolio charging review recommendation