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**Cost Recovery Implementation Statement (CRIS) template instructions**

**About this Template**

This template is to assist government entities when preparing the CRIS. It should be read in conjunction with [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). Links have been provided throughout the template to take entities directly to relevant sections of the Finance website. An entity may choose to write the CRIS using a different format, but must meet the requirements of the Charging Framework.

**CRIS Information Sheet and Finance Minister letter template** can further assist with the CRIS development process.

This template provides information in a blue box on:

Requirements that must be met irrespective of the sensitivity, materiality and complexity of the charging arrangement; and

Further Guidance to support meeting the principles of the Charging Framework. The level of engagement with the best practice guidance will be influenced by the sensitivity, materiality and complexity of the charging arrangement.

|  |
| --- |
| **Please delete these Guidance sections and any unused example tables.** |



|  |
| --- |
| Australian Government |
| [Insert portfolio name]  |
| [Insert responsible entity name] |

COST RECOVERY IMPLEMENTATION STATEMENT

 **[Insert cost recovered activity title]**

 **[Insert current budget year]**

Charging for regulatory activity involves government entities charging individuals or organisations in the non-government sector some or all of the minimum efficient costs of a specific government activity. The Cost Recovery Policy along with the Australian Government Charging Framework (the Charging Framework) sets out the policy under which government entities design, implement and review charging for regulatory activities. The CRIS is the public document to ensure the transparency and accountability for the level of the charging and to demonstrate that the purpose for charging, as decided by Government, is being achieved.

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# INTRODUCTION

## Purpose

This Cost Recovery Implementation Statement (CRIS) provides information on how [*insert entity name*] implements cost recovery charging for [*insert activity title*]. It reports actual financial and non-financial performance information for [*insert activity title*] and contains financial and demand forecasts for [*insert current budget year*] and three forward years. The [*insert entity name*] will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

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| --- |
| Required:o Identify the regulatory activity being cost recoveredo Identify the policy outcomes charging for the activity will supporto Identify why the government decided the level of cost recovery appropriateo Identify who will pay the regulatory charges |

# POLICY AND STATUTORY AUTHORITY TO CHARGE (COST RECOVER)

##  Government policy approval to charge for this regulatory activity

*Describe the policy decision/s to impose regulatory charges, including the level of cost recovered from the price charged (i.e. full or partial cost recovery)*

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| Required:o Identify when the government initially announced the decision to cost recover this activityo Identify what was announced, by whom and if/when the decision was updatedo Include hyperlinks to relevant announcements/decisionso Describe how cost recovery will be implemented according to the government decision (this may reference the risk management sections of this CRIS)Further Guidance:Government decisions to charge for specific regulatory activities are usually announced in the Budget (budget.gov.au) or via media releases, however they may be contained in other documents, such as explanatory memorandums to the relevant legislation. Details of the government decision is needed, including any conditions, such as partial cost recovery or phased-in implementation. Where the Government has made more than one decision on the level of charging for an activity, or an Accountable Authority has approved operational changes to the costs and prices to maintain the level of charging consistent with the Government decision, all decisions should be listed. For further information on policy to charge please refer to **Stage 1 – Policy design and authority** of [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

##  Statutory authority to charge

*List the authorising legislation to impose regulatory charges. This can relate to a fee, a levy, or both.*

|  |
| --- |
| Required:o List of authorising legislation to impose regulatory charges. This authority may be in primary (e.g. enabling) legislation and/or subordinate legislation (e.g. regulations, ministerial determinations)o Include hyperlinks to the relevant legislationFurther Guidance:For further information on statutory authority to charge please refer to **Stage 1 – Policy design and authority** of [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

# CHARGING (COST RECOVERY) MODEL

##  Outputs and business processes of the activity

*Describe the activities in scope of this CRIS, what the outputs of the activities are and the key business processes involved in the outputs which have been used to determine the costs.*

|  |
| --- |
| Required:o Identify the outputs of the activityo Identify the key business processes for each activity It may be appropriate to provide an example for each type of output (i.e. a fee-type output and a levy-type output) as a demonstration of the broader activity, noting the principle is used to understand the effort needed in similar outputs. Where a large number of outputs are chosen to be listed, this breakdown may be included as an Appendix. Further Guidance:A fee type output is when the activity and its costs can be linked to a specific individual or organisation (e.g. registration) and a levy type output is when the costs can be reasonably attributed to a group of individuals or organisations (e.g. monitoring and compliance). For further information on charging model please refer to **Stage 2 – Develop charging model** of [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

##  Costs of the regulatory activity

*Describe how each output is costed.*

|  |
| --- |
| Required:o Identify the direct and indirect costs for each activityo Identify the cost driver/so Identify the assumptions about the expected quantity of outputs, to give the cost per output, total cost for a year for the separate outputs and the activity in totalFurther Guidance:Here are some prompts for more detailed information that may be appropriate to include in this section:* How are direct costs allocated to the outputs and business processes of the activity?
* How are indirect costs apportioned to the outputs and business processes of the activity?
* What categories of capital costs does the activity have (e.g. operation and maintenance, depreciation, capital investment)?
* Are any of the resources shared by the regulatory charging activity and another activity that is funded via other mechanisms (e.g. Budget funded)? If so, how are the costs apportioned?
* Are any parts of the activity delivered by parties other than the responsible entity (e.g. an outsourced service provider)? If so, how are their costs determined and verified?
* What cost management strategies, such as asset management, are employed?
* How sensitive are cost estimates to changes in assumptions about cost drivers?

For further information on charging model please refer to **Stage 2 – Develop charging model** of [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

*Below is a possible presentation of cost breakdown estimates for the current budget year. It should be modified to suit the activity.*

|  |  |  |  |
| --- | --- | --- | --- |
|  | Direct costs | Indirect costs | Capital costs \* |
| Output 1 |  |  |  |
| Business Process 1.1 |  |  |  |
| Business Process 1.2 |  |  |  |
| Output 2 |  |  |  |
| Business Process 2.1 |  |  |  |
| Total |  |  |  |

\* Ensure that capital costs are not counted twice as part of direct or indirect costs.

##  Design of the regulatory charge

*Explain the relationship between the output and the user/s by identifying the charging mechanism/s. This should include* ***fees****, where the effort is directly linked to an individual user; and/or* ***levies****, where the effort is linked to a broader group of users. These relationships should be reflective of the policy decision for the level of price to be charged (i.e. to recover full or part costs).*

|  |
| --- |
| Required:o List each output, its unit cost, the charging mechanism (i.e. fee or levy) and the price charged. Outputs may be grouped where they are recovered by a single levy.o Explain why the type of charge has been chosen.o For **fees**, if there is more than one output from an activity and different price levels have been agreed, explain the different approach used (i.e. some outputs at full cost recovery and some at partial cost recovery) o For **levies**, include the methodology for calculating the levy charge (e.g. flat or tiered rates, the proxy used to attribute the total cost to those being charged). Provide examples of how an individual levy payment was calculated.o Include any expected **exemptions and/or waivers** in relation to charges, including their policy rationale, statutory authority, and impact on expenses and revenue for the activity. Further Guidance:If entities are expected to incur expenses in providing the activity to those who are exempt from paying charges, the cost, expected demand and funding source(s) for these exemptions should be identified. The funding source (e.g. appropriation) needs to align with the exemptions and/or waivers, fees and or levies collected should not be used to cover the shortfall. For further information on designing regulatory charges please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

*Below is a possible presentation of the relationship between charges and outputs of the activity. It should be modified to suit the activity.*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Output title | Type  | Unit cost | Charge Rate | Estimated volume | Estimated total cost | Estimated total revenue |
| Output 1 | Fee | $x | $X | 300 | = $x × 300 | = $X × 300 |
| Output 2 | Fee | $y | $Y | 100 | = $y × 100 | = $Y × 100 |
| Output 3 | Levy | $z | $Z | 10 | = $z × 10 | = $Z × 10 |
| TOTAL |  |  |  |  |  |  |

# RISK ASSESSMENT

*Provide a summary of the most recent charging risk assessment.*

|  |
| --- |
| Required: o Undertake a Charging Risk Assessment (CRA) and agree risk rating with Financeo Describe the risks associated with charging for the regulatory activity (e.g. risks impacting the costs of the output such as variations in demand, input costs etc.)o Explain how these will be managed (e.g. internal controls, systems or procedures to identify and engage with these risks, and how often these controls, systems or procedures will be applied.)Further Guidance:When analysing risk, entities should consider the entity’s operating environment and factors that influence charging, across three areas: complexity, materiality and sensitivity. Risk management in a CRIS is about assurance to users and the Government that the price charged is in line with the Government decision, the policy outcomes for the activity and that the entity monitors costs and prices over time to ensure consistency with the Government decision. The CRA rating may be disclosed in the CRIS. The primary purpose of the CRA is to use it as a tool to guide risk assessment and development of risk mitigation strategies for entities. For further information on charges risk assessment please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

# STAKEHOLDER ENGAGEMENT

*Summarise the most recent engagement with stakeholders on regulatory charging.*

|  |
| --- |
| Required: Identify the most recent engagement with stakeholders that took place, including:o Who was engagedo The views stakeholders expressedo How were these views addressedo What opportunities will be provided to stakeholders for future engagementFurther Guidance:Consultation papers or industry feedback may be included as an Appendix, depending on the materiality, sensitivity and complexity of the sector/industry.Entities should engage actively with stakeholders throughout all stages of the regulatory charging process, from policy development through to implementation and review. For further information on stakeholders engagement please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

# FINANCIAL PERFORMANCE

*Provide information on the financial performance of the combined total of all outputs. This can be presented as separate tables or sections of the CRIS with complimentary explanations, or combined into one table, depending on the amount and complexity of reportable financial performance. Below are examples of how this information may be presented. Actuals and Estimates in the CRIS should be updated annually by the end of December.*

|  |
| --- |
| Required:o Financial estimates for the current Budget and Forward yearso Financial outcomes for the most recent financial yearFurther Guidance:The historical financial estimates, and how actuals compare to these estimates, are critical to demonstrating that Government policy is being achieved and maintained.  For further information on requirements on financial reporting please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

##  Financial Estimates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Item | [Insert budget year] | [Forward year 1] | [Forward year 2] | [Forward year 3] |
| **Total expenses** |  |  |  |  |
| **Total revenue** |  |  |  |  |
| Balance = revenue - expenses |  |  |  |  |
| Cumulative balance |  |  |  |  |

##  Financial Outcomes

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial Item | [Previous year -3] | [Previous year -2] | [Previous year -1] | [Previous year] |
| Estimates |
| Revenue = X |  |  |  |  |
| Expenses = Y |  |  |  |  |
| Balance = X – Y |  |  |  |  |
| Remissions, rebates and adjustments = Z |  |  |  |  |
| Net balance = balance – Z |  |  |  |  |
| Actuals |
| Revenue = X |  |  |  |  |
| Expenses = Y |  |  |  |  |
| Balance = X – Y |  |  |  |  |
| Remissions, rebates and adjustments = Z |  |  |  |  |
| Net balance = balance – Z |  |  |  |  |

|  |
| --- |
| Further Guidance: Entities should consider whether any of the following components are applicable to their regulatory charging arrangement, and include relevant information presented similarly within or in addition to the financial performance tables. Where relevant, a separate table may be appropriate for the Special Account. Entities should also consider identifying any policy and legal decisions that relate to financial information and provide relevant information where appropriate. For further information on requirements on financial reporting please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | [Insert budget year] | [Forward year 1] | [Forward year 2] | [Forward year 3] |
| Aggregate Depreciation |
| Aggregate Asset Value |  |  |  |  |
| *Depreciation Expense* |  |  |  |  |
| Accumulated Depreciation (investment returned to government) |  |  |  |  |
| Capital Maintenance |
| Aggregate Asset value |  |  |  |  |
| Capital Maintenance Limit (max 10% of Aggregate Asset value) |  |  |  |  |
| Capital Maintenance Reserve (actual cash, at bank) |  |  |  |  |
| Capital Maintenance Forecast  |  |  |  |  |
| *Capital Maintenance Expense* (max 20% of Capital Maintenance Limit) |  |  |  |  |
| Working capital |
| Annual Operating Expense |  |  |  |  |
| Working Capital Limit (e.g. 30% of Annual Operating Expense) |  |  |  |  |
| Working Capital Actual (Cash) |  |  |  |  |
| *Working Capital Expense* (e.g. 5% of Annual Operating Expense) |  |  |  |  |
| Special Accounts (identify if reporting on a cash or accruals basis) |
| Special account estimated balance  |  |  |  |  |
| Special account closing balance |  |  |  |  |

# NON-FINANCIAL PERFORMANCE

*Provide information on the non-financial performance of the activity. Non-Financial performance indicators should demonstrate how charging is achieving the policy objectives for the activity and reflect the principles of regulator performance.*

Could include: Historical and forecast demand - actuals and estimates

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Output description** | **Total output volume** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
| e.g. Application for registration (fee-type output) | Actuals | xx | xx | xx | xx |  |  |  |  |
| Estimated |  |  |  |  | xx | xx | xx | xx |
| e.g. Onsite audits (levy-type output) | Actuals | xx | xx | xx | xx |  |  |  |  |
| Estimated |  |  |  |  | xx | xx | xx | xx |

|  |
| --- |
| Further Guidance:Demonstrating forward forecasts of demand supports both user and Government assurance. Best practice is to undertake benchmarking, it could be against themselves for business process; could be volume, output or activity, compared to another similar regulator. Identify what is the most appropriate non-financial performance indicator for them. Activity Estimates drive the calculation of the minimum efficient cost per output, and therefore the price for a regulatory activity under the Charging Framework. The CRIS demonstrates that the level of the charge is appropriate for the Government policy objectives for the activity. When charging occurs, it occurs for a purpose including, but not limited to:* + promoting equity, whereby the recipients who create the need for a government activity, rather than the general public, bear its costs
	+ influencing demand for government activities
	+ improving the efficiency, productivity and responsiveness of government activities and accountability for those activities
	+ increasing cost consciousness for all stakeholders by raising awareness of how much a government activity costs
	+ improving the fiscal position of government
	+ recognising the value of government assets.

Non-Financial performance indicators demonstrate that the charging is achieving this/these purposes. Further information is available at [Commonwealth Performance Framework](https://www.finance.gov.au/government/managing-commonwealth-resources/planning-and-reporting/commonwealth-performance-framework). For further information on requirements on non-financial reporting please refer to [RMG-302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework). |

# KEY FORWARD DATES AND EVENTS

*Provide a table listing the key dates and events for the cost recovered activity*

|  |
| --- |
| Required:o next scheduled update of financial outcomes o next scheduled portfolio charging review. Further Guidance:Entities should consider including the next scheduled stakeholder engagement round and other key dates and events (e.g. implementation of new fees or levies; broader policy or program reviews that may affect cost recovery for the activity). Events that result in changes to the CRIS should be included in the CRIS approval and change register in the next section.  |

# CRIS APPROVAL AND CHANGE REGISTER

*Provide an up-to-date CRIS approval and change register. Below is an example of relevant information and how it could be presented.*

|  |
| --- |
| o Identify changes have been made to the CRISo What were the reasons for making the changeso Who approved the changeso When were the changes published |

|  |  |  |  |
| --- | --- | --- | --- |
| Date of change | CRIS change | Approver | Basis for change |
| DD/MM/YYY | Approval for the CRIS release  | Finance Minister | High CRA rating charging activity  |
| DD/MM/YYY | Update of financial estimates  | Title of accountable authority  | Changes in assumptions (e.g. at Additional Estimates) |
| DD/MM/YYY | Update description of costs and charges  | Title of responsible Minister | Changes in costs of resources |
| DD/MM/YYY | Amend description of business processes | Title of accountable authority  | Revalidation of the costing model (operational change)  |
| DD/MM/YYY | Amend description of the activity and cost recovery model | Government  | Addition of a new group of fee payers (policy change) |
|  |  |  |  |

# APPENDICES

*Items that may be included as Appendices or Attachments may include, but are not limited to:*

* *Information to industry about regulatory reforms in the activity space that have occurred*
* *Summaries of stakeholder feedback following consultation*
* *Further detail on outputs, activities or costing information*