

26 July 2011

Jeanette Radcliffe
Committee Secretary
Senate Rural Affairs and Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600



Dear Jeanette,

RE: Inquiry into Biosecurity and Quarantine Arrangements - Management of removal of fee rebate for AQIS export certification functions

Thank you for the opportunity to comment on the impact of the change to full cost recovery for AQIS certification functions. The Victorian Farmers Federation (VFF) sees biosecurity as a high priority issue for its members and accordingly made submission to the Beale Review, where the full cost recovery recommendation originated.

Across all sectors of agriculture it can be said that strong export markets plays an important role in the prices received by all industry participants, not just those involved in directly supplying export markets. Therefore the agriculture industry questions the emphasis on full cost recovery from only a small section of the industry, and in general the principal of reduced government support for our agricultural export markets.

As the VFF represents a number of commodity sectors we will briefly address our concerns on each in the dot points below;

Red Meat Sector

- The VFF believes that 100% cost recovery of export abattoir inspection will cost around \$6 per head for cattle; similar costs expected for the sheep industry. The VFF believes strongly that this is a direct cost that will be passed on by the red meat processing sector to cattle and sheep producers. The total cost to industry has been estimated to be about \$22 million.
- We believe that there have been attempts made by both the red meat processing sector and the AQIS to reform the inspection process and deliver savings however the implementation of these increased efficiencies has not yet occurred.
- As the majority of countries or red meat exports compete against do not have a similar cost imposed on them we believe that our products are at a competitive disadvantage.

Horticulture Sector

- The VFF is concerned that the aim of the Beale Review recommendation for AQIS to move to full cost recovery has not been well managed by DAFF but rather has looked for an easy way for example by AQIS proposing to increase Packing shed registration from \$330 to \$12,300 in a move that is seen as an attempt by AQIS to recover overhead costs rather than to recover the cost of the activity of registering a Packing shed. This has the very real possibility of destroying an export market already under significant pressure due to the high Australian dollar.

- The horticulture industry is also concerned that AQIS is proposing to impose costly imposts on growers that are not required by countries Australia exports to. For example:
 - the proposed requirement for growers to label their boxes with details such as country of origin details, where Export countries in most cases have not sought a change to current labelling requirements and
 - AQIS's proposal to inspect all containers to ensure "food grade standard" before they are used to transport export produce. This, again, has not been requested by any country other than New Zealand and there is currently insufficient resources within AQIS to enforce this proposal. The cost for increasing resources, for no real benefit, would then be borne by growers/exporters.

Should you require any further or have any questions please Darren Keating, Manager VFF Livestock or Lis Blandamer, Manager VFF Horticulture (03) 9207 5500.

Yours Sincerely

Andrew Broad
President