



13 August 2010

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

Dear Ms Radcliffe

Re: Inquiry into Biosecurity & Quarantine Arrangements

Qantas Airways Limited (Qantas) thanks the Senate Rural and Regional Affairs and Transport References Committee for the invitation to comment on the items in your letter of 19 July 2010, and wishes to express its gratitude for the granting of an extension of time to respond.

In FY 2008-9, Qantas carried 1.77 million international passengers and 104.9 tonnes of freight into Australia. Due to the nature of our business, Qantas has a significant level of contact with the Biosecurity Services Group (BSG) across a number of disciplines dealing with cargo, passengers, waste and disinsection. As a result, Qantas maintains a very sound working relationship with BSG.

Qantas believes that the items the Committee has asked for comment on are so interrelated to the 'Beale Review' (the Review) that they cannot be easily separated, therefore we will respond accordingly.

Qantas raised a number of issues with the Review. The principal issues were:

Passenger services

- The adverse effect of the implementation of the Improved Quarantine Inspection concept, with its 81 percent mandated intervention target on passenger processing at Australian airports;
- The requirement that galley and other waste from international aircraft be treated as quarantine waste, resulting in significantly higher disposal charges;
- The requirement that Pratique by exception continues to be the standard practice, unless there is an overriding circumstance such as a pandemic outbreak; and

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- The need for the Australian Quarantine and Inspection Service (AQIS) to continue to explore non chemical alternatives to existing disinsection practices.

Freight services

- The inspection of aircargo containers and their contents be undertaken at the point of discharge rather than the destination; and
- That transit and transfer cargo that originates in Australia and is destined for a delivery outside Australia not be subject to AQIS import requirements simply because it is passing through an Australian port.

Qantas concluded its submission by proposing that AQIS should continue to place greater emphasis on risk management as a core aspect of its role.

While the Review did not address all of the issues raised by Qantas, we were pleased to note that the themes expressed by Qantas were reflected in the Review's report, 'One Biosecurity – A working partnership'. This report accepted that "Zero risk is unattainable and undesirable"¹ and that there needs to be "...a change of emphasis from a principal focus on the prevention of harmful pest and diseases entering Australia, through limitations on trade and interception at the border, towards more effective pre-border risk assessment, a still vigilant border inspection system, targeted measures to reduce risk from imports, and more integrated post border monitoring' surveillance and response."²

While not all of Qantas' concerns were specifically addressed in the Review's recommendations, implementation of a number of the recommendations will serve to address many of the substantive issues we raised. However, we continue to be concerned with Recommendation 73, which we believe is ambiguous. The recommendation has been replicated below (emphasis added in *italics*).

"The Commonwealth should increase its Biosecurity investment by an amount in the order of \$260 million per annum, subject to a full costing by departments, to meet the recommendations of this report. A significant part of this increase in resources should be funded through cost recovery and *an adjustment to the Passenger Movement Charge.*"

Progress toward achievement of reform of Australian Quarantine and Inspection Service export fees and charges

In FY 2008-9, passengers travelling from Australia paid a total Passenger Movement Charge (PMC) of \$502.81 million³ to Customs and Border Protection, which is the collecting agency for this tax.

Although none of the PMC is directly allocated to any of the border agencies, whenever the PMC has been increased in the past, the Treasurer has cited the need to meet the cost of processing passengers as the rationale. Given this, we assume that there are some internal calculations within the Department of Finance and Deregulation to support this position. However, Qantas, and others in the industry,

¹ One Biosecurity A Working Partnership, Beale, Fairbrother, Inglis and Trebeck, Commonwealth of Australia 2008, pp XVI

² Ibid ppXVII

³ Australian Customs and Border Protection Annual Report 2008-09, Commonwealth of Australia 2009, pp19

have not been afforded access to any calculations, despite our continued efforts to seek transparency on how the level of the \$47 charge is arrived at.

We would have no issue if the intention of the report is that BSG receives a greater 'share' of the PMC revenues by way of budget allocation, but we would be concerned if the intention was to increase the quantum of the PMC, especially without any explanation as to how the actual amount of the PMC is derived.

Qantas has received assurances at the Departmental level that it was not the Review's intention to increase the \$47 PMC charge. However, given our experience with previous increases, this remains of concern to us.

The adequacy of current biosecurity and quarantine arrangements including resourcing

In terms of resourcing, Qantas has noticed a significant change in the manner in which passengers are processed at Australian airports as a result of BSG putting into effect some of the recommendations of the Review. We have noted that a greater level of risk assessment is being applied which has had the effect of improving passenger facilitation without, as we understand it, any adverse impact on their intervention successes. We are also aware of a number of trials BSG has undertaken, and is participating in, using technology to improve interdiction without adversely effecting passenger facilitation.

We are also aware that inspections of air cargo containers have declined.

Projected demand and resourcing requirements

Tourism Australia is forecasting inbound tourism growth in the order of 5.5 percent this year⁴. Unless BSG continues its efforts to improve efficiencies, this increase would ordinarily demand an associated increase in resources. While increasing the number of inspectors is possible, the physical limitations of airport facilities are not so easily overcome. We are also aware that BSG had an agreement with Treasury which hampered its ability to source additional funds to cope with an increasing workload, although we understand that this agreement is in the process of renegotiation.

Progress in implementation of the 'Beale Review' recommendations and their place in meeting projected biosecurity demand and resourcing

We note that the Department has established a number of groups, including one chaired by the Secretary, to ensure effective communication with stakeholders, following the Review.

While the Department is to be congratulated on these initiatives, progress on implementing the recommendations is still very slow. While Qantas understands that such a significant change takes time to implement, we consider that more should have been achieved in the past two years. Specifically we note that:

- Although the organisation has undergone a change of name and structure, we are unaware of when the final structure will emerge;

⁴ Forecast 2010 Issue 1, Tourism Forecasting Committee, Australian Government Department of Resources, Energy and Tourism pp 1

- Progress on the drafting of the replacement of the Quarantine Act 1908 appears to have been affected by Government priorities and funding; and
- A General Manager Risk Branch has only just been appointed, however, it remains unclear as to how this person could be fully effective without new legislation being implemented to support this role.

Yours sincerely

DAVID EPSTEIN

Group Executive

Government and Corporate Affairs