



Australian Government

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response to report:  
**Australia's biosecurity and  
quarantine arrangements**

The Senate  
Rural and Regional Affairs and Transport References  
Committee

June 2012

## **Senate Inquiry into Australia's biosecurity and quarantine arrangements**

### **Terms of Reference**

On 23 June 2010, the Senate referred the following matter to the Senate Standing Committee on Rural and Regional Affairs and Transport (the committee) for inquiry and report by 22 November 2010:

- (a) the adequacy of [Australia's] current biosecurity and quarantine arrangements, including resourcing
- (b) projected demand and resourcing requirements
- (c) progress toward achievement of reform of Australian Quarantine and Inspection Service (AQIS) export fees and charges
- (d) progress in implementation of the 'Beale Review' recommendations and their place in meeting projected biosecurity demand and resourcing
- (e) any related matters.

The inquiry was subsequently re-adopted by the committee in the 43<sup>rd</sup> Parliament.

On 22 November 2010, the Senate granted an extension of time for reporting until 28 April 2011. The reporting date was further extended to 21 March 2012 and 4 April 2012.

## Australia's Biosecurity System

In 2010-11, the Australian Government facilitated the movement of more than 14 million passengers and 152 million mail articles, cleared more than 2 million containers and facilitated the export of more than \$36 billion worth of agriculture, fisheries and forestry products.

Changing global demands, growing passenger and trade volumes, increasing imports from a growing number of countries, population expansion and climate change mean that biosecurity risk is growing. There is also an increasing demand from trading partners for greater levels of assurance in relation to Australia's exports.

The 2012-13 Budget sees the Gillard Government's investment in biosecurity reach more than \$1.6 billion<sup>1</sup> since the 2009-10 Budget. This highlights the Government's commitment to continue building a sustainable biosecurity system to minimise threats to Australia's primary production sectors, human health, and the environment; with flow on effects to the wider Australian economy through faster movement across the border, protection of Australia's unique natural assets and a more effective system which facilitates international trade and underpins Australia's strong reputation as a reliable exporter of high-quality food and fibre.

## Biosecurity reform

The Australian Government is implementing reforms to Australia's biosecurity system to continue to deliver a modern system that is responsive and targeted, in a changing global trading environment.

The reforms being undertaken position us to meet demand and to ensure the biosecurity system is effective and sustainable into the future. The reform program is consistent with the themes outlined in the Beale review<sup>2</sup>, informed by previous reviews and stakeholder needs; and underpinned by five key principles:

- implementing a risk-based approach to biosecurity management
- managing biosecurity risk across the continuum – offshore, at the border and onshore
- strengthening partnerships with stakeholders
- being intelligence-led and evidence-based
- supported by modern legislation, technology, funding and business systems.

The benefits of biosecurity reform will be realised by primary producers, the environment and trading partners – with positive flow through effects to the economy more generally.

The Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Joe Ludwig recently released a report that highlights the progress this Government has made since the Beale review in strengthening our biosecurity system and the challenges and opportunities ahead. The report – *Reform of Australia's biosecurity system – An update since the publication of One Biosecurity: a working partnership* – is available online at [www.daff.gov.au/biosecurityreform](http://www.daff.gov.au/biosecurityreform).

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<sup>1</sup> As indicated in MAFF media releases and 2012-13 Budget announcements

<sup>2</sup> Beale, R., Fairbrother, J. Inglis, A., and Trebeck, D. 2008, *One Biosecurity: A working partnership*, Canberra; accessible at: [http://daff.gov.au/data/assets/pdf\\_file/0010/931609/report-single.pdf](http://daff.gov.au/data/assets/pdf_file/0010/931609/report-single.pdf).

## **Australian Government response to the Senate committee reports**

On 12 December 2011, the Rural and Regional Affairs and Transport References Committee tabled its interim report on the Senate Inquiry into Australia's biosecurity and quarantine arrangements, titled *"Biosecurity and quarantine arrangements; Interim report: the management of the removal of the fee rebate for AQIS export certification functions."* The report addressed issues regarding point (c) of the terms of reference for the inquiry.

The remainder of the committee's terms of reference were addressed in the current report, titled *"Australia's biosecurity and quarantine arrangements"* tabled on 10 April 2012.

The responses to the committee's recommendations are provided in the order they are presented in the current report.

## **Department of Agriculture, Fisheries and Forestry (DAFF) Biosecurity identity**

Areas of the department previously referred to as the Australian Quarantine and Inspection Service (AQIS) and Biosecurity Australia (BA) are now known as DAFF Biosecurity. In this response, AQIS and BA will either be referred to as "DAFF Biosecurity" or "the department".

## Response to the Senate committee recommendations from the current report: *Australia's biosecurity and quarantine arrangements*

### Recommendation 1

3.43 *The committee recommends that, as part of the process of developing the new Biosecurity Bill, the Government review the Import Risk Analysis (IRA) appeals process, the role of the Eminent Scientists Group (ESG) and the publication of scientific (and other) materials used by the ESG in making determinations.*

**The Government does not support this recommendation.**

The Eminent Scientist Group (ESG) is not a decision making body and does not make determinations.

The independent review of Australia's quarantine and biosecurity arrangements *One biosecurity: a working partnership* (the Beale review) recommended that the group should be expanded to include an economist (recommendation 34). The Government has implemented this recommendation.

### Recommendation 2

4.32 *The committee recommends that the Government give higher priority to funding and implementation of the Beale Review reforms.*

**The Government does not support this recommendation.**

The Government notes that the only significant non-Government biosecurity policy announcement since the Beale review is the Coalition's 2010 pledge to establish an underfunded "special agency", known as a Biosecurity Flying Squad which would undertake tasks currently undertaken by the department.

By contrast, the Gillard Government's 2012-13 Budget provides a further \$524.2 million investment in Australia's biosecurity system including a \$379.9 million (over seven years) state-of-the-art post entry quarantine facility near Melbourne. This investment will build a sustainable biosecurity system.

On 7 March 2012, the Gillard Government released the publication *Reform of Australia's biosecurity system – An update since the publication of One Biosecurity: a working partnership*<sup>3</sup>.

The report outlines initial moves towards a risk return model, which have resulted in productivity improvements including:

- faster vessel clearance (estimated at up to \$19 million per annum savings by the shipping industry);
- paperless processing of air cargo resulting in an estimated 25.6 working years or in excess of \$1.8 million in saved industry labour costs; and
- targeted, rather than mandatory, external container inspections which have reduced truck waiting time at sea ports by an estimated 13.3 years per annum which saves approximately 349,000 litres of fuel and 932 tonnes of carbon emissions.

These improvements – all consistent with Beale recommendations – were described by the opposition spokesperson as "Quarantine cuts". The Government welcomes the Committee's stated commitment to the implementation of Beale recommendations.

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<sup>3</sup> Available at [www.daff.gov.au/biosecurityreform](http://www.daff.gov.au/biosecurityreform)

### **Recommendation 3**

4.34 *The committee recommends that the Senate refer the exposure draft (and the consultation regulation impact statement) in relation to the new Biosecurity Bill to the Senate Rural and Regional Affairs and Transport Legislation Committee for inquiry and report.*

#### **The Government notes this recommendation.**

The Government notes the Senate's interest in the exposure draft biosecurity legislation being referred to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report.

## **Response to the Senate committee recommendations from the interim report: *Reform of export fees and charges***

### **Recommendation 1**

- 3.9 *The committee recommends that DAFF develop and maintain a comprehensive database (which includes current email addresses) and provides the means of contacting all relevant stakeholders.*

#### **The Government notes this recommendation.**

The Establishment Register (ER) maintained by the department includes comprehensive information on all registered establishments of prescribed goods (animal and plant export products regulated under the *Export Control Act 1982*), including in most cases email addresses. The Export Documentation System (EXDOC) includes email contacts for most exporters. The department has also recently contacted exporters, to update their email addresses and maintains a central database of industry contacts.

### **Recommendation 2**

- 3.11 *The committee recommends that DAFF review its current consultation model, with a view to developing a more flexible, more inclusive model that can be used into the future.*

#### **The Government agrees with this recommendation.**

The Gillard Government is committed to implementing efficient service delivery in partnership with export certification users. As the Ministerial Task Force processes draw to a conclusion, the Australian Government has established an arrangement with each export sector to continue to drive efficiency. Consideration of stakeholder engagement is an ongoing business practice. Work has commenced on a framework and associated strategy to drive strategic engagement with our stakeholders. The department currently undertakes stakeholder engagement on specific issues. In addition, operational areas maintain links with the clients they are servicing through industry consultative committees. Large projects develop stakeholder engagement plans as part of the project management process.

### **Recommendation 3**

- 3.24 *The committee recommends that DAFF investigate and report to the committee on the feasibility of the proposal put forward by Mr Greg Darwell to reduce the costs associated with multiple certifications for small air freight consignments. The investigation should define the eligibility criteria for 'small air freight consignments' and include a cost analysis for each of the Ministerial Task Forces to ensure equitable treatment across commodity groups.*

#### **The Government does not support this option.**

Fees and charges are applied in accordance with the Government's cost-recovery guidelines. These guidelines require that the cost of delivering the service is recovered<sup>4</sup>. It is not appropriate to apply a "one size fits all" approach for multiple certifications for the following reasons:

- certification requirements are driven by importing countries and differ from commodity to commodity

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<sup>4</sup> Further information on the Government's cost recovery guidelines can be found at: <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/cost-recovery.html>.



- departmental effort is expended to review/verify/deliver information presented on each individual export permit and certificate and costs therefore differs from commodity to commodity
- as the cost of delivering certification differ from commodity to commodity, it cannot be arbitrarily aligned without introducing a degree of cross subsidisation.

Mr Darwell's proposal has been investigated by DAFF, however it would necessitate costs to be subsidised by other fee payers and does not present an equitable outcome for all person/s that require export certification and is unlikely to be supported by the broader fee payers.

#### **Recommendation 4**

*3.28 The committee recommends that the 40 per cent rebate for AQIS export certification functions remain in place, and fee increases not be passed on, until negotiations with all industry sectors have been finalised and consultations with individual businesses have taken place.*

#### **The Government does not support this recommendation.**

The department operated on the basis of full cost-recovery for all its export programs prior to 1 November 2001, at which time the Government implemented a temporary rebate on export certification to the value of 40 per cent of the cost of export certification service delivery. This rebate was renewed in 2005 and terminated, as planned, in 2009.

The Government provided \$127.4 million, under the Export Certification Reform Package, from the end of 2009 until 30 June 2011 to enable industry to work with Government to reduce regulatory costs and to assist the industry to move onto full cost recovery, through the development and implementation of reform initiatives. Of this total, \$85.3 million was used to provide rebates to exporters of 40 per cent of their export certification costs. The rebates provided under the Export Certification Reform Package concluded on 30 June 2011.

The Government agrees with the additional comments, provided by Senator Sterle, that the Minister and his department are committed to working with industries on improving service delivery and implementing efficiency. Senator Sterle has correctly noted that there is no "one size fits all" approach for multiple export certification user groups. The blanket approach of subsidising service delivery costs, against their own cost-recovery policy, is part of the problem with the Liberal/National approach. It entrenched inefficiencies in service delivery at the cost of export certification users and the Australian taxpayer.

The Government notes the inconsistency of this approach with the Coalition's stated agreement to the new fees and charges and transitional assistance in the meat program<sup>5</sup>.

The dairy export program is subject to full cost recovery. The grains, nuts and seeds export program will be subject to full cost recovery from 1 July 2012. The meat, fish and eggs programs are subject to transitional assistance until 2013.

Government has been working with horticulture exporters to implement new fees and charges for this sector on 1 July 2012, and to determine the most appropriate mechanism for the application of transitional assistance.

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<sup>5</sup> (Coalition Stands by Meat Industry to the tune of \$25.8 million – Media Release, Hon. John Cobb MP, accessible at: <http://www.nationals.org.au/News/LatestNews/tabid/94/articleType/ArticleView/articleId/6790/Coalition-stands-by-the-Meat-Industry-to-the-tune-of-258-million.aspx>)



## **Recommendation 5**

3.31 *The committee recommends that DAFF explore the possibility of developing a mechanism whereby stakeholders can submit suggestions or complaints confidentially or anonymously.*

### **The Government notes this recommendation.**

The department has well established complaints receiving mechanisms consistent with other Australian Government agencies but will consider the issue in taking steps consistent with Recommendation 2.