

Rural and Regional Affairs and Transport Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2013
Agriculture, Fisheries and Forestry

Question: 89

Division/Agency: Biosecurity Plant Division

Topic: Horticulture Industries

Proof Hansard page: 15 (27/05/2013)

Senator XENOPHON asked:

Ms Mellor: I understand that a range of consultation was done that included directly face to face with peak industry bodies and there was information sent out through the electronic fields and by the industry bodies to their members themselves.

Senator XENOPHON: But was there face-to-face consultation with the small, niche exporters?

Ms Mellor: I do not know if—

Senator XENOPHON: Can you take that on notice, please?

Ms Mellor: Yes, I can get you much more information on that.

Answer:

Consultation to develop the new fees and charges model, and the associated service delivery model, occurred through the Joint AQIS – Horticulture Industry Ministerial Task Force (MTF). The MTF met 47 times over a period of 33 months and considered a range of issues papers and consultants reports.

Broader consultation took place through MTF members, who further consulted with their industry during this period. A number of industry communiqués were published and circulated to industry, providing the opportunity for broader public comment, regarding the new service delivery model and the associated fees and charges.

These processes are consistent with Cost Recovery Impact Statement guidelines.

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Question: 90

Division/Agency: Biosecurity Plant Division

Topic: Transmission of Viruses

Proof Hansard page: 81 (27/05/2013)

Senator RUSTON asked:

Senator RUSTON: Not just in terms of insects, what is the biosecurity process that is in place, for instance, for the transmission of viruses? It is all well and good to whack them for bugs, but is there a much more complex process to deal with the viruses and all that, which comes back to the capacity to propagate? As I said, my advice from the industry is that it can be as high as 50 per cent strike rate, which is a level of concern for them.

Ms van Meurs: Our statistics are a lot lower than that and I would be happy to provide them. If you had any advice we would like to know what examples you have got because in the past—I would have to take it on notice—it has been about a one per cent failure rate, which is really low in comparison to the volume that comes in.

Answer:

As of 31 May 2013, 0.66 per cent of consignments of cut flowers did not comply with the devitalisation treatment specifications.

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Question: 91

Division/Agency: Biosecurity Plant Division

Topic: Packing Houses

Proof Hansard page: 89-90 (27/05/2013)

Senator XENOPHON asked:

Ms Calhoun: We wrote to every registered establishment back in November asking them if they wished to remain registered. We got very little response to that. We then issued—

Senator XENOPHON: Can I get a copy of that letter without identifying them?

Ms Calhoun: Yes.

Senator XENOPHON: Just the generic letter please through the committee.

Ms Calhoun: Yes. We can provide that. We then issued invoices in April this year to all of those establishments and everyone that has come back has come back to us in writing or we have recorded reasons when we have had a telephone conversation with them about why they are not pursuing registration. Most of it is due to not using that establishment to export and they have not been using it previously for a long period of time.

Answer:

Yes – copy of the letter provided at Attachment A.



ANNUAL CHARGE FOR HORTICULTURE REGISTERED ESTABLISHMENTS 2012-2013

Dear Sir/Madam

Your establishment has been identified on the DAFF Establishment Register as a horticulture registered establishment. The 2012-13 annual charges for Horticulture Registered Establishments are outlined in the schedule below.

Further to Industry Advice Notice No. 2012/25 sent in June 2012 regarding the new Horticulture Exports fees and charges, the Department of Agriculture, Fisheries and Forestry (DAFF) is preparing billing arrangements for the 2012-13 annual charge for Horticulture Registered Establishments. Invoices will be raised in January for those establishments with an anniversary date between July and January, or during the month of your anniversary date for all other clients.

In accordance with *Export Control (Prescribed Goods – General) Order 2005*, Part 4, Section 4.08 establishments will remain registered until the occupier notifies the Secretary in writing that they wish to deregister.

Should you have any queries regarding the above assessment or wish to deregister your Establishment please contact the Horticulture Export Program at HorticultureExportsProgramACT@daff.gov.au by **COB Friday 21 December 2012**.

Schedule of Charges

| Charge Description – Horticulture | Unit of charge | Fee (\$) | Rebate (\$) | Final Cost (\$) |
|---|----------------|----------|-------------|-----------------|
| Annual charge for Hort Reg Est – Tier 1 | per annum | 2,844.00 | 1,044.00 | 1,800.00 |
| Annual charge for Hort Reg Est – Tier 2 | per annum | 5,687.00 | 3,887.00 | 1,800.00 |
| Annual charge for Hort Reg Est – Tier 3 | per annum | 8,530.00 | 6,730.00 | 1,800.00 |

An attachment has been included which outlines the activities undertaken in each Tier. For further explanations of the activities undertaken within each establishment Tier, refer to the Plant Export Fees and Charges webpage at www.daff.gov.au/aqis/export/plants-plant-products/fees-charges/plant-exports-fees-and-charges#c.

Yours sincerely

Russell Cant
Director Horticulture Exports
Plant Export Operations

27 November 2012

Attachment

Annual charge for Registered Establishments - Horticulture

- **Tier 1** – (\$2,844.00) - basic markets (no additional declarations) – these markets impose minimal import conditions and draw the least effort from the program management and administration deliverable.
- **Tier 2** – (\$5,687.00) - markets requiring additional declarations – these markets require certification against particular phytosanitary conditions or pest and disease freedom of horticulture export product. An additional level of effort is required from the program management and administration deliverable to ensure that the export system meets the requirements of these markets.
- **Tier 3** – (\$8,530.00) - protocol markets – these markets impose strict import conditions on horticulture products and draw the most amount of effort from the program management and administration deliverable.

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Question: 92

Division/Agency: Biosecurity Plant Division

Topic: Fees Increase

Proof Hansard page: 90 (27/05/2013)

Senator XENOPHON asked:

Ms Calhoun: It is not a specific question. We are asking them if they wish to remain registered to pursue entry into export markets and when we are getting feedback from them we are asking them, 'Why do you not want to remain registered?'

Senator XENOPHON: Do any of them say to you that it is too expensive?

Ms Calhoun: Yes. We have had a few say that it is due to the increase in cost.

Senator XENOPHON: How many have told you that it is too expensive?

Ms Calhoun: I would have to take that on notice.

Senator XENOPHON: If you could provide that on notice and provide a copy of it; I would like to get some documents in terms of how the feedback mechanisms works and those generic letters sent out.

Answer:

The Department of Agriculture, Fisheries and Forestry sent a letter (Attachment A) that accompanied the invoice for Annual Registration Charge invoice. This provided a contact mechanism for clients to seek information or provide feedback.

As at 31 May 2013, 42 clients had responded with 23 requesting to de-register and 19 with general queries. Six, of these respondents, indicated directly that de-registration was due to the increase in charges.



3 April 2013

To the registered establishment

**2012-13 ANNUAL CHARGE FOR HORTICULTURE EXPORT
REGISTERED ESTABLISHMENTS**

Please find enclosed an invoice for your Horticulture Export Registered Establishment annual charge for the period 1 July 2012 to 30 June 2013.

The following charges apply for each Horticulture Export Registered Establishment tier.

Schedule of Charges

| Charge Description – Horticulture | Unit of charge | Fee (\$) | Rebate (\$) | Final Cost (\$) |
|---|----------------|----------|-------------|-----------------|
| Annual charge for Hort Reg Est – tier 1 | per annum | 2,844.00 | 1,044.00 | 1,800.00 |
| Annual charge for Hort Reg Est – tier 2 | per annum | 5,687.00 | 3,887.00 | 1,800.00 |
| Annual charge for Hort Reg Est – tier 3 | per annum | 8,530.00 | 6,730.00 | 1,800.00 |

Your classification as a tier 1, 2 or 3 Horticulture Export Registered Establishment has been based on your export activity during the 2012-13 financial year to date.

The rebate amount represents funding provided by the Australian Government to assist horticulture exporters to transition to the full cost of the new fees and charges that took effect on 1 July 2012.

For further explanation of the activities undertaken within each establishment tier, please refer to the Plant Export Fees and Charges webpage (paragraph 4.5.2 Horticulture Establishments) at <http://www.daff.gov.au/aqis/export/plants-plant-products/fees-charges/plant-exports-fees-and-charges>

If you have any queries about this invoice please contact DAFF Accounts Receivable at AccountsReceivableHelpdesk@daff.gov.au.

Kylie Calhoun
Assistant Secretary
Plant Export Operations

Rural and Regional Affairs and Transport Committee
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Question: 93

Division/Agency: Biosecurity Plant Division

Topic: Fees and Charges

Proof Hansard page: 91 (27/05/2013)

Senator COLBECK asked:

Senator COLBECK: That is correct. That is what I am trying to get to; how this has all manifested. So part of the deal in 2009 for the rescission of the disallowance was to continue for two years the subsidy, the 40 per cent rebate, so that went to 2011. Then in 2010-11 there must have been about \$1.6 million under recovery of that period. How much went in out of the \$127 million to plants over that two years?

Ms Calhoun: I think there was \$5.4 million for transitional funding across the horticulture sector, which would have included the rebates as well.

Senator LUDWIG: So were they still under-collecting even with the 40 per cent rebate under that \$127.4 million?

Ms Calhoun: Yes.

Senator COLBECK: I am just trying to get back to that point.

Senator LUDWIG: They were in after two years at \$1.7 million. So even with the—

Senator COLBECK: They are still under-collecting at about \$890,000 at this stage, is that right?

Ms Calhoun: No, that is a surplus.

Ms Mellor: We are in surplus now.

Senator COLBECK: Sorry, you are in surplus as of this year.

Ms Mellor: We moved into surplus; expected to end the year in surplus.

Senator COLBECK: There is a turnaround. That is following on from the new fees and charges, the CRC process—

Ms Mellor: For the new fees and charges, yes.

Senator COLBECK: Can you give it to me—on notice is fine

Answer:

The Horticulture Exports Program end of year financial position for 2009–10 to 2011–12 is shown in table 1.

Table 1 – Horticulture Exports Program end of year financial position.

| Year | Revenue | Expenses | Net result |
|-------------|----------------|-----------------|-------------------|
| 2009-10 | \$6.463m | \$7.848m | -\$1.385m |
| 2010-11 | \$5.786m | \$8.333m | -\$2.547m |
| 2011-12 | \$6.484m | \$8.142m | -\$1.658m |

The Industry Equalisation Reserve (IER) for the Horticulture Exports Program is nil, as at 1 July 2012. The deficits over the last three years were managed through the application of export certification reform funds. The balance of the IER is only adjusted at the end of a financial year.

Rural and Regional Affairs and Transport Committee

ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 94

Division/Agency: Biosecurity Plant Division

Topic: Potato Cyst Nematode

Proof Hansard page: Written

Senator WILLIAMS asked:

1. Could I get an update on the Potato Cyst Nematode management plan?
2. The Victorian DPI has come up with one plan, but from what I've read AUSVEG says it is not enough and it has a national plan.
3. Are all states bound by a national plan?
4. What is the Department's input into it?

Answer:

1. The Australian National Potato Cyst Nematode Management Plan (ANPCNMP) developed by AUSVEG was finalised in June 2012. AUSVEG provided a presentation of the ANPCNMP to Plant Health Committee at its 19-20 June 2013 meeting. The committee reconfirmed general support for the ANPCNMP.
2. The Victorian Department of Primary Industries proposed the national Risk-Based Regulatory Reform Model for management of Potato Cyst Nematode (PCN) prior to the endorsement of the final ANPCNMP. This model also addressed concerns raised by Victorian potato industry sectors regarding the continuation of unnecessary restrictions placed on non-infested properties.

The Victorian model is not intended as a replacement for the ANPCNMP, its scope is restricted to the regulatory aspects of managing PCN. The ANPCNMP covers a much wider range of elements—such on-farm best practice and risk management—which complement and support the regulatory framework proposed by Victoria through its risk-based model.

3. State and territory governments are responsible for applying their legislation within their jurisdiction, including implementing any national plan or regulatory arrangements to which they have agreed.
4. The Department of Agriculture, Fisheries and Forestry contributes to discussions on interstate trade issues through Plant Health Committee's Subcommittee on Domestic Quarantine and Market Access (formerly the Domestic Quarantine and Market Access Working Group). The major role of the Commonwealth in this forum is to ensure that interstate regulation is not inconsistent with that imposed at the international border in line with Australia's treaty obligations to the World Trade Organization.

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Question: 95

Division/Agency: Biosecurity Plant Division

Topic: Banana imports

Proof Hansard page: Written

Senator BOSWELL asked:

Are there any applications for bananas to be imported into Australia?

Answer:

No.

Rural and Regional Affairs and Transport Committee
ANSWERS TO QUESTIONS ON NOTICE
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Agriculture, Fisheries and Forestry

Question: 96

Division/Agency: Biosecurity Plant Division

Topic: AQIS fees

Proof Hansard page: Written

Senator NASH asked:

1. Can the department please outline why it is that these fee increases are needed? Was the registration and inspection process running at a loss?
2. Can the department please outline the rationale behind the exact value of each of the new fees? How were these new fees calculated?
3. How much does the department expect to raise/save with these increased fees?
4. Is the department able to explain the logic behind the interim assistance being offered for the year 2013? Why is it that someone exporting a tier 3 product gets to pay the same amount as someone exporting a tier 1 product when the costs of inspecting/assessing both are very different?
5. Can the department please explain the logic behind a fee arrangement that sees a person exporting one tonne of horticultural products being charged more than someone who sends hundreds of tonnes?
6. Did the department consider finding extra revenue from the import-side of the equation? If not, why not? If so, what led the department/minister to believe that imposing extra costs on Australian producers would be a better idea?
7. Has the department done any modelling on whether the increases in fees will lead to a reduction in the amount being exported out of Australia, especially by smaller start-up producers with no established markets?
8. Does the department agree that such fee arrangements disadvantage the entrepreneurs and small producers over the large-scale, well-established exporters? Isn't it a false economy?
9. Can the department please outline the level of consultation that was conducted with the various tiers of exporters before such changes were made? What was the general reaction of the producers affected by these changes (without having to be specific as to who was spoken to)?

Answer:

1-3.

The Department has published a Cost Recovery Impact Statement (CRIS) for the fees and charges of the Horticulture Export Program that came into effect on 1 July 2012. The CRIS complied with cost recovery requirements of the Department of Finance and Deregulation and is accessible on the Department of Agriculture, Fisheries and Forestry website.

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ANSWERS TO QUESTIONS ON NOTICE

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Question: 96 (continued)

4. The Australian Government provided \$6.5 million of transitional funding to the Horticulture Export industry to assist with the transition to full cost recovery and the new service delivery model over a three year period. The 2012-13 annual registration charges were set at the same amount for all tiers of establishments to provide an incremental transition from a single charge to the full cost of each tier over two financial years.
5. The beneficiaries of the program's activities are Australian horticulture exporters. The National Plant Protection Organisations of importing countries set strict guidelines and requirements in relation to the import of horticulture products into and across their borders. The program's regulatory involvement in the export of horticulture products benefits horticulture exporters by ensuring that requirements are met prior to export, thus maintaining access to these markets. The charges reflect the differing requirements for export depending on the products destination.

There are three rates for establishment registration charges. A single rate of charge would not deliver an equitable imposition of costs as not all establishments attract the same level of effort or benefit from the management and administration of the program. To overcome this, charges vary according to particular classes of establishments, which are differentiated by the markets to which the establishment prepares, handles or stores horticulture products for export:

Tier 1 - basic markets (no additional declarations) – these markets impose minimal import conditions and draw the least effort from the program management and administration deliverable.

Tier 2 - markets requiring additional declarations – these markets require certification against particular phytosanitary conditions or pest and disease freedom of horticulture export product. An additional level of effort is required from the program management and administration deliverable to ensure that the export system meets the requirements of these markets.

Tier 3 - protocol markets – these markets impose strict import conditions on horticulture products and draw the most amount of effort from the program management and administration deliverable.

The effort of regulating establishments in each of three tiers has been determined on the basis of the relative effort required to support access to a particular market type and against the number of participants actively exporting to those markets. This approach allows the department to set the establishment registration charge for participants within each tier group.

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Question: 96 (continued)

6. Australian Government Cost Recovery Guidelines strictly prohibit any cross-subsidisation of cost recovery arrangements. The Australian Government Cost Recovery Guidelines (2005) require that cost recovery be undertaken on an activity (or activity group) basis rather than across the agency as a whole. The CRIS presents a set of fees and charges to support the activities of the Horticulture Export Program.
7. The estimated demand for Horticulture Export Certification activities are based on the following:
 - Registered Establishments – the estimated demand is based on a 20 per cent reduction in the number of establishments registered with the department at July 2011. The adjustment reflects industry expectations that a number of establishments are likely to consolidate their activities into other establishments, in order to reduce their costs, and that some participants are not likely to renew their registration as a result of the new rates of charge.
 - Inspection, audit and general services – the estimated demand for services is based on routine auditing needs and estimated inspection needs of 528 export establishments and an additional 220 exporters. The estimated demand assumes no uptake of Authorised Officer arrangements in 2012-13, reflecting industry advice that there will be little or no uptake of these arrangements in the first year of operation.
 - Certification and documentation – the estimated demand is based on the historical average volumes of requests for export permits, export certificates and other documentation. Volumes are adjusted to reflect an expected shift away from manual certification to electronic certification as a result of the reforms.
8. No. The major rationale for developing and implementing cost recovery for the Program is the “beneficiary pays” principle. This principle is applied on the premise that those who benefit from the provision of an activity or service should pay for it, thereby decreasing the burden on those who do not derive a benefit.
9. Consultation to develop the new fees and charges model, and the associated service delivery model, occurred through the Joint AQIS – Horticulture Industry Ministerial Task Force (MTF). The MTF met 47 times over a period of 33 months and considered a range of issues papers.

Broader consultation took place through MTF members, who further consulted with their industry colleagues during this period. A number of industry communiqués were published and circulated to industry, providing the opportunity for broader public comment, regarding the new service delivery model and the associated fees and charges.

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Question: 97

Division/Agency: Biosecurity Plant Division

Topic: Importation of table grapes to WA from California.

Proof Hansard page: Written

Senator BACK asked:

Hansard p. 79

Dr Vanessa Findlay asked which viruses the growers were concerned with.

They listed these in their submission:

The viruses found in the Adelaide fruit were Speckle and Leaf Roll but the paper was included to show that any virus can be on the pathway. The viruses we are particularly concerned with are Red Blotch Virus and Fan leaf virus. Others of concern to other crops include Strawberry Ringspot. Can the Department please take note of these viruses?

Can the Department provide further detail about the threat from these viruses to WA table grape growers if table grapes from California are allowed into WA?

Answer:

The text quoted above does not appear on page 79 of the Hansard transcript.

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Question: 98

Division/Agency: Biosecurity Plant Division

Topic: Flower Imports

Proof Hansard page: Written

Senator COLBECK asked:

1. When and where are imported flowers treated / fumigated before entry to Australia?
2. What checks are done to ensure this is done properly? What chemicals are used?
3. What assurance is there that these fumigations are actually occurring?

Answer:

1. Singapore and Malaysia follow systems approaches for their cut flower production that ensure that the flowers are largely pest free. Under the systems approach, flower suppliers may undertake farm practices that manage pests in the field in the country of origin. Packers may undertake chemical dipping, fogging, or fumigation while the flowers are being prepared for export before being shipped to Australia. Their systems are monitored by their respective National Plant Protection Organisation (NPPO) to ensure that the flowers comply with Australia's biosecurity requirements. The Department of Agriculture, Fisheries and Forestry (DAFF) does not specify what treatments (if any) should be applied.

China applies methyl bromide fumigation on all cut flower consignments before they are exported to Australia. The fumigation occurs at a point during the packing or on packed flowers just prior to export, and the fumigation must be certified on a Phytosanitary certificate by the Chinese NPPO. DAFF recognises the pre-shipment treatment but also checks all consignments on arrival for pests and diseases.

Other countries that supply cut flowers to Australia are required to ensure the cut flowers meet Australia's import requirements (freedom from pests). They may undertake to "condition" cut flowers prior to export, which could involve a chemical treatment.

2. All consignments of imported flowers are inspected by DAFF and if live pests are found the flowers are treated with chemicals such as methyl bromide.
3. DAFF inspects all consignments of imported flowers to ensure compliance with Australia's biosecurity requirements.

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Question: 99

Division/Agency: Biosecurity Plant Division

Topic: Golden Leave Syndrome (GLS)/Yellow Canopy Syndrome (YCS)

Proof Hansard page: Written

Senator MACDONALD asked:

The “yellow cane” phenomena (also known as Golden Leave Syndrome (GLS) and Yellow Canopy Syndrome (YCS)) was identified in the Barron River Delta in 2012 and has spread south through the Herbert and Burdekin districts as far as Mackay.

1. Has the Department investigated Yellow Canopy Syndrome?
2. What funding will the Department provide to BSES (or to the new body that will be created under the *Sugar Research and Development Services Bill 2013* and the *Sugar Research and Development Services (Consequential Amendments and Transitional Provisions) Bill 2013*) to investigate further?
3. What is the department doing to work with growers to address and mitigate the impacts on yield and quality (productivity) of the Yellow Canopy Syndrome?

Answer:

1. No structured plant pest response has been initiated by the Queensland Government through formal emergency procedures as the condition is not suspected to be an emergency plant pest.
2. The Australian government supports sugar research and development (R&D) through the operation of the Sugar Research and Development Corporation (SRDC) which makes decisions on research funding allocations. The SRDC can provide funds to support research on matters such as this, where industry has identified it as a priority. These funds comprise funds levied on sugar growers and millers, matched by an equal contribution from the Australian Government.

The Department of Agriculture, Fisheries and Forestry has been advised that SRDC will provide joint funding, in partnership with the Bureau of Sugar Experimental Stations (BSES) Limited and the Queensland Department of Agriculture, Fisheries and Forestry, for a project to address the problem of yellow canopy syndrome including identification of the cause, or causes, of the syndrome and development of a strategy to mitigate against potential cane losses. SRDC is expected to provide \$500 000 out of a total cost of \$976 000.

3. Yellow Canopy Syndrome is being examined by experts from BSES, who have inspected and analysed soil and plant samples, which indicate that the condition does not appear to be a direct result of nutritional, pest or disease issues. BSES is continuing to gather information in relation to observations of this condition, by publicising the symptoms of the condition widely throughout Australian cane growing regions and requesting growers to report any observation of these symptoms.