

Government Response

Senate Rural and Regional Affairs and Transport
Reference Committee

Inquiry Report: Management of the removal of the
rebate for AQIS export certification functions

Inquiry into the management of the removal of the rebate for AQIS export certification functions

Report of the Senate Rural and Regional Affairs and Transport Reference Committee

Government Response

In line with the recommendations of the independent review of quarantine and biosecurity arrangements, *One biosecurity: a working partnership* (the Beale Review), the 40 percent government contribution towards AQIS (Australian Quarantine and Inspection Service) export certification functions lapsed as scheduled on 30 June 2009.

New export fees and charges commenced on 1 July 2009 to support a return to full cost recovery as recommended by the Beale Review and supported by Government. On 15 September 2009 the Senate passed a motion to disallow the new fees and charges.

The consequence of the Senate disallowance of the new fees and charges' Orders was that these fees and charges were immediately substituted by the export fees and charges that were in effect as at 30 June 2009, which only recovered around 60 percent of the full cost of AQIS export certification services. The disallowance of the export fees and charges did not reinstate the 40 percent Government budget appropriation that was in place prior to 1 July 2009. The impact of this decision left the export certification programs underfunded by \$46 million to the 30 June 2010, with a further forecast shortfall to occur of \$60 million in 2010-11.

On 24 November 2009, the Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP, announced that, consistent with recommendation 2 of the Committee's report, the Government had reached agreement with the Federal Opposition and Greens' senators to an Export Certification Reform Package (ECRP) at a cost to budget of \$127.4 million over a nineteen month period to 30 June 2011. The Package also included the implementation of a new set of export fees and charges that returned industry to full cost recovery in December 2009.

Specifically the ECRP provided:

- \$85.3 million for fee rebates to assist exporters to transition to the new fees and charges. This funding provides a 40 percent offset of the full cost impact on export industries from 1 December 2009 to 30 June 2011. It also addressed the revenue shortfall that accrued to 30 November 2009 as a consequence of the Senate's disallowance of AQIS export fees and charges on 15 September 2009.
- \$16.1 million for reform of the regulatory and export supply chain.
- \$26 million for meat inspection reform.

On 25 November 2009 the Senate agreed to rescind its resolution of 15 September 2009 disallowing the export fees and charges, which has allowed the reform program for export certification to proceed. New export fees and charges returning industry to full cost recovery commenced 1 December 2009. New export fees Orders

commenced 1 December 2009 with the revised export charges Regulations commencing on 18 December 2009.

Recommendation 1 - The committee recommends that the Senate move to disallow the Export Control (Fees) Amendment Orders 2009 (No. 1).

The Government did not agree with this recommendation. The Senate on 15 September 2009 passed a motion to disallow the new export fees and charges. The consequence of this decision was a 40 percent underfunded AQIS export certification program with no opportunity to reform export certification services.

Recommendation 2 - The committee recommends that the government continues the current regulatory reform process, and commits sufficient public funds to it, until such time as all reform initiatives identified by each of the ministerial task forces have been successfully implemented.

The Government agrees in principle with this recommendation. The government has always supported the need for reform of export regulatory and certification services provided by the Australian Quarantine and Inspection Service. It therefore committed to funding a substantial reform agenda as outlined in the ECRP, worth \$127.4 million to 30 June 2011. The ECRP will provide regulatory and supply chain reform as well as transition funding for the meat, live animal, horticulture, grain, fish and dairy export industries. It also includes a new set of export fees and charges to return industry to full cost recovery.

The rescission in November 2009 by the Senate of its earlier disallowance of export fees and charges has enabled the ECRP to proceed. Joint Industry – AQIS Ministerial Taskforces (MTF) established for each export sector (dairy, fish, grain, horticulture, live animals and meat) are currently at varying stages of implementing specific measures in support of the ECRP. Export industries are highly committed and enthusiastic participants in this regulatory and industry partnership through the Ministerial Task Forces to deliver a once in a generational reform to export certification services in Australia.