

3rd August 2010
Joint Grain & Seed Industry /Australian Quarantine Inspection Service Ministerial
Taskforce
Export Reform Branch
AQIS
GPO Box 858
Canberra
ACT
2601
Attention : Export Grains Ministerial Taskforce

Please find enclosed the submission to the taskforce prepared by :

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Accredited Premises Number : 5376

This Submission is supported and endorsed by the following Industry Participants
Canz Commodities Pty Yarrie Lake Rd -Narrabri
Fleming Grain Processing –Quirindi
Profeeds Pty Ltd and Empack – Old Flour Mill -Narrabri
Intercontinental Grain Exports Pty Ltd – Sydney
Pars Ram Bros. Exports – Eagle Farm - Brisbane

The following enclosed document is in response to the questions asked in the Issue Paper dated April 2010. I would like to make the Taskforce aware that the above parties acknowledge that this submission is past the due date . And further acknowledge that the above 6 Industry parties and more contacted had no knowledge of the Issue Paper or the ability as Industry participants that there was the ability to make submissions .

Daryl Young

Joint Grain & Seed Industry /Australian Quarantine Inspection Services

Ministerial Task force

Submission:

4.1 Legislation and Inspection Models –Answers

To Provide a best work practice model for delivery of Inspection systems and a local decision making process for quick solutions to unforeseen incidentals. A clear and concise transparent interpretation of the Act that is consistent across state borders and regional boundaries.

Changes in AQIS regional management has meant Industry has seen changes to the traditional processes without change in Legislation, which has had significant financial impact on the grain packing Industry.

Schedule 6a in Mungbeans – Fumigation of inspected products in Containers – was allowed from 1996 to 2007. There was a management change which implemented through their interpretation a more cumbersome cost prohibitive process , on average \$200- \$400 /container .

The legislation was originally designed for Bulk Grain and overlaid onto containerization of grain. This meant that some parts of the act could be interpreted in different ways some cost effective and others cost prohibitive. (Example) Grain sampling via legislation was per consignment. This could be interpreted as one container per consignment , One shipment order per consignment -110m/t (5 Containers) or total order 1000m/t (25 Containers) per consignment . There is a requirement via Legislation for a Registered Independent laboratory to test the grain per consignment. In the case where the order was supplied from one source o f the same grain a single sample was all that was required. This was interpreted by AQIS management in some cases as being each container (23m/t had to be sampled and tested) at a cost of each test ranging from \$50 to over \$3000 on some disease tests.

Not in position to comment as we do no Export

Application of the legislation in practical Terms – AS PER ABOVE Q1. Plus there is continual confusion on what applies in practice. AQIS have a field crop Inspection Manual which details to contractors and Inspectors concise instructions on how to perform inspections and sampling with a list of definitions. Regional managements interpretation of the Legislation meant that this manual was overruled on its interpretation Legislation reviews should be scheduled every 3 years and involve all sections of Industry

Legislation implemented 1982, reviewed 2005 and there was no changes to facilitate containers packing of grain which had grown to be over 20 % of the market in last 10

years.

To be a more effective link in the Industry AQIS should be adopting commercial practices of becoming

The Quality Assurance(QA) Audit process for Industry and stop the duplication by independent firms such as ISO 2000 and others

Become the Independent third party agent for grain sampling (i.e. ITS , SGS etc)

Transparency is lacking and there is a definite lack of information. No feed back on rejected products on a country basis.

Industry at a packing level has no input into rigor, consistency, and transparency of AQIS work practices yet it affects the grain packers. In some instances trains have had to rail half full at a cost of \$60,000 per train full or not. The case in point is the AQIS contractors' interpretation of what was required on the Import permit to China.

AQIS Inspector scheduled for inspections starting 9.00am and failed to be present without reason or contact until 3.00pm meaning the Containers scheduled for the train could not be railed as they were not inspected . Cost to Industry same as above.

Yes it could be better facilitated by developing an Industry Model where AQIS becomes the Audit and Quality Assurance Supervisors with the Physical Operations of sampling and sample collection and QA of shipping Containers and hygiene of premises is conducted by Industry. THIS IS SUBJECT TO the development of a TRANSPARENT , UNIVERSAL set of practical practices that is Borderless and applicable to all states PUT into a Industry MANUAL with a clear set of Definitions , any changes needs to be approved by ALL of industry and implemented by AQIS

Change of the current process of using "corrective Actions "as a means of educating Industry on AQIS policy to a PROACTIVE process of full education and implementation of a model as per NO. 7 through accreditation of each section of the AQIS inspection chain.

The current AQIS process of using contractors is in conflict with developing any sort of Industry implemented scheme as the contractors are reliant on the ongoing inspections of product and containers for employment. There is resistance to allowing Industry to understand or implement any self reliant process.

This been evident in the NW of NSW where a registered premise under a full CA arrangement has been reduced to 1 when it was 8.

Development of on line (down load) Training Processes for Industry Participants to be educated by, this would fit with No.7 & No.8 Above.

ExDocs needs to made user friendly .There is really two parts in it that packers need to fill in part of a consignment and the Exporter needs to finales the consignment paper work .

More practical approach to Premises Hygiene. AQIS need to have a better understanding of practical solutions in export packing of grain against import requirements.

4.2 Market Access and System Interfaces and Capacities – Answers

Development of a practical useful website. Current practices mean Industry make contact by phone and not knowing who to contact or what section of AQIS to deal with. Once Contact has been established it is usually a process of working through each department until you get to someone who can help, if you can. (The example) is organic certification from AQIS. The website needs to have:

Relevant DPI Contacts in each area –especially laboratories where tests can be obtained that satisfy AQIS’s requirement in certification.

Where to get certified weed seed and other tests done

The Actual Pyhtosanitary database to be keep up to date and current

On the website have links or identification of Insects , pests or diseases

ID Kits for Insects

ID Kits for soil contaminants

ID Kits for Insects

Interactive web based Training courses

Timing – Most grain marketing opportunities are developed around peak demand periods which have some degree of historic timing but more importantly if anomalies arise in the market such as supply shortage demand then the supply chain needs to be able to react to this swiftly as the Supply Shortage is usually short lived and the premium prices paid are short lived. Unless Industry including AQIS can ramp up to meet these shipment demands then they are missed.

Example is chickpeas and the cut off period .Shipment need to be completed by mid December. Storage facilities are limited and product throughput needs to be quick and extended work hours are required by Industry, this needs to be applicable to AQIS as well.

Individual Industry Trade Delegations to Countries. A more concerted attempt to ensure all sections of the Industry have the ability to participate in Trade delegations to give a holistic concerted presentation to the countries the delegation is visiting. AQIS , Associations , Logistics , Exporters , Producers all need to be part of trade delegations to give a more professional approach to being able to access markets .

(Example) Canada – Pulse marketing delegation cover all parts of the supply chain in the delegation

Lack of Uniformity leaves gaps – AQIS is a federal body yet runs on a state Hierarchy that has inconsistencies in operations and interpretations. There needs be development in Industry practices being standardized

Training of staff and continued auditing of performances

Training in insects identification and knowledge

Training in disease and pests

Flexibility in hours of operation to meet Industry needs not Industry to meet AQIS timing
In peak period AQIS need to be available as per rated standard hours 6.30am to 6.30 pm, in practice this doesn’t happen and Industry has to book AQIS and wait, if AQIS are late Industry has to go on hold.

Feed back to Industry – Industry has no means of finding out if any problem arises with shipment if rejections occur –for what reason? And if there is to be improvements or monitoring then there needs to be feedback to enable Industry to improve and develop.

AQIS need to gain a better understanding of when grains are likely to export and to

which countries and proactive liaisons with those countries to standardize Import permits before the export of those grains takes place. Interpretation and qualification needs to be with the country first hand and then be put practically in place with consultation with Industry. Last minute country changes to import permits need to be monitored and interpretation standardized.

The example being fumigation of bagged pulses where the Industry where fumigating in shipping containers. AQIS regional management interpreted the import permits differently and stopped fumigation in containers. Now after two seasons and expense to Industry to change this has no been changed back to allowing fumigation in containers with no changes to the import permit.

Needs to be MORE INDUSTRY EDUCATION on the AQIS data base as incorrect results can be obtained if you are not fully aware of certain methods of use to extract the information.

ExDocs – needs Education to Industry and AQIS ground staff need to have a basic understanding. It has a large problem in that the Phytosanitary certificate on ExDocs has to be completed before the vessel sailing date which is not the same as manual certificate. The exporter requires all the documentation including the Phyto to lodge as part of the shipment documents and some times due to test results and actual documents being couriered from the packing site there is not the opportunity to lodge the Phyto in the time constraints of ExDocs.

IT could facilitate and speed up the process of documentation if it started with the appropriate section of Industry first and then was capable of being moved/exported electronically to the Exporter. Through website interface as explained in 1 and connection to all elements of Industry electronically such as testing labs and quality analysis parties and banking would expedite the process.

AQIS needs to have a consultative process with all components of Industry to investigate interfacing of IT systems and practical solutions for all participants. Along with standardization and developing electronic copy of documentation for registered premises and between premises which would expedite both Industry and AQIS's execution of documentation both at formal documents (Phyto) and Accredited Premises Documents.

Electronic Certification via ExDocs has not addressed the logistical Industry operations and the participants within the Industry. It was designed to work with the Exporter not the packers who actually performs most of the operations and acquire the documentation for the exporter.

Example: The Packer was hamstrung by not having a copy or access to the Import permit, looking to meet shipping deadlines and unable to get feedback from AQIS on the interpretation of the Import permit to perform the duties required. AQIS could facilitate this by standardizing terminology on Import Permits country to country liaisons and posting the standardized terms on the website country by country.

To develop any sort of innovation and efficiencies out of the Industry the first and most

important criteria is to get a full understanding of how the industry operates , what each party contributes and where the physical logistics constraints are and what other elements influence the effectiveness of operations . UNTIL THIS IS DONE there is only added risk if new innovations are adopted or electronic gadgetry introduced. The Taskforces primary roll should be consultative to all sections of the Industry and only after gaining a FULL understanding of operations and constraints within the Industry can any form of reform take place and efficiencies and innovation be introduced.

4.3 Financial Impacts of Inspection Arrangements

Timeliness of Inspectors – AQIS Contractors are booked to be on site. If Industry are late in having goods available for inspection –WE PAY. If AQIS are late to the inspection site and our business is stopped there is no recuperation of the down time!

Corrective actions – Contractors using AQIS empowerment to place Industry on suspension through corrective actions that had no consequential result or impact on the export of goods – example - bait stations in or out of the warehouse.

AQIS working with Industry to allow Industry to go on full CA Arrangements. Example – This Company went of full CA Arrangement in the drought and had an AQIS inspection when we weren't exporting and weren't allowed back on a full CA arrangement. Both points above could be avoided as costs to industry if we where encouraged, helped, back on to a full CA arrangement.

Incorrect rejection of product from AQIS Contractors – This has lead to Industry being unable to place loaded shipping containers on the train and the train departed partially loaded or not loaded . The cost of the train is paid by Industry whether they ship the containers or not.

Tonnage /item Rate - there is differences charged by AQIS for bulk containerized product to Bulk hold (vessel rates. Currently containerized grain pays premise registrations, dry box inspections, arrangement fees and Inspections fees where bulk facilities charges are far simpler and a based a round a Tonnage charge .

If rolls where designated that AQIS where to provide an Education/ advisor /auditing roll AND Industry gained registration/accreditation to inspect, sample , test , ,fumigate and complete documentation , the gains in efficiencies and costs would result in savings . there would need to be:

Education and certification of Industry

Transparency -Better Industry communications and feedback from AQIS

Stricter control and regulation of breaches and O/S country rejections

An Industry forum for discussion development and co-ordination of improved practices
Same as 2&3 above

Development of a standard Unit charge and practices across all Industry Participants.
Whether participants are big or small collectively we all make up the export grains Industry and to allow all parties to be competitive there needs to be a level playing field. At the moment this doesn't exist –EXAMPLE. Certain company's remains on sampling arrangements while new entrants into the grains Industry are allowed onto a full CA Arrangement without complying with the standard time frame issued by Regional AQIS

management at the time, therefore one party gain a competitive advantage.

4.4 Communications Pathway

Commenting on the “ Communications pathway Diagram” page 11 , this diagram gives clear distinct direction from within the government organization and high level associations and consultative committees but fails to identify Industry other than industry when in fact there are multiple facets to Industry and levels of communications needed from various government sources to these different levels of industry. Development and maintenance of this missing link is critical.

No I was not aware of AGICC until I arranged and attended a meeting with AQIS –Canberra as a member of Industry I as never informed of the Committee from Industry Association or regional AQIS. I have since looked up the membership of AGICC and would pass comment that it doesn't represent all level of Industry and at “the Cold Face” of dealing with inspections and inspection protocols and interpretations of legislation there would not be any member of the committee dealing with that on a day to day basis. There is also no representation of people or workers dealing with AQIS from registered Export establishments.

No I am not satisfied on information received – there is no feedback or consultative process we are informed by AQIS of changes and have no input into the process. A more co-ordinated practical approach needs to be implemented with:

Industry Meeting held bi-annually

Notification in writing of AQIS staff and their roll and responsibilities

Establishment of a peak body to represent all levels of Industry that AQIS can consult with and develop a path forward .This is in essence what is loosely in place with Bulk Exporters but for Containerized grain and grain products no such entity exists.

Industry advice notices tend to be reactive AQIS needs to look to be more proactive in this area and develop mechanisms through understanding the industry more intimately so Industry advises are not affecting Industry during peak season.

Information is received through Industry Advises and through AQIS contractors. Some contact with regional officer but it usually in disputed cases and discussion of interpretation of the legislation. There has been Regional Industry meeting but these are not productive as Industry is told what expected and input or discussion is not productive or constructive.

There are many improvements that are needed, particularly in the Containerized grain section; an Industry Liaison Agent would provide Industry with a direct contact point rather than through contractors who could have ulterior motivation around job protection /security.

No Industry is not satisfied with AQIS decision making process. The improvements would be :

Long term notification to changes of operation that effect Industry

Transparency of charges and operations

Tangible feedback on O/S country rejections

Reports analysis progress and Key performance of the Grains Industry (i.e.) Tonnes exported to Tonnes rejected plus others.

At least two regional meeting a year with a set agenda and Industry consultation & participation in decisions made.

The Establishment of an Industry Association utilizing some of the government funding to pioneer and establish the Industry Association.

AQIS needs to move from Contractors to full time employees so that job security is not an issue that clouds judgment or decision making processes.

The Key Performance Indicator for AQIS to see if they are facilitating Industry needs to meet Legislation is the Number of Corrective Actions Issued. Once these are monitored and addressed and reported it shows AQIS are educating Industry and facilitating progress.

AQIS Employees / Contractors need to be qualified through an AQIS accreditation program and audited on their ability to work with Industry. In numerous cases AQIS employees are far less qualified than industry to identify weeds, identify insects and understand practical solutions within the Industry.

Interactive web based training for Industry workers

Trained on what's required to maintain a Full CA Arrangement without the goal posts moving and using Industry consultation (example) Introduction of Communicable Disease Policy by AQIS and now its lapse. Training in :

ExDocs

Manual Phyto.

Web based training Modules so employees can learn on site rather than cost industry down time and travel & accommodation costs to educate employees

Flow charts showing the placement need and requirements for documentation.

Complete Register of Industry Participants – at all sections of Industry , Exporters ,Export Banking , Train operators ,Shipping Companies, Packing Sheds , Processing Premises, Storage Operators, Train Loading Operators

I think the importance of this reform packaged is being undervalued in its delivery. I believe it is up to the Industry Consultative Committee to be proactive in investigating what Industry wants. Taking this reform issue out to Industry instead of sitting back and asking for Industry input! As an Industry member I was unaware of the happening but I sincerely doubt that the majority of Industry in Containerized Grain are fully aware or know of the ability to submit application or have an input.

5. Other Considerations

If the Industry is to achieve reform and rationalization then ALL of the Industry needs to be included and consulted with at all levels, as per my comments in 8 above. There is less than 12 months to do this and concerns are that this whole process is being driven from above (See communications Pathway diagram) and not a consultative and cooperative program with all of Industry as it should be. There are concerns within several other organizations in the form of reports that essential demonstrate the same opinion of AQIS operations in the grains Industry those comments are :

AQIS are a federal organization yet still run on a state based hierarchy that is segmented and divided in its approach.

Management at regional & National Level is not responsive to employees & Industry input

AQIS needs to standardize procedures and protocol across the agency.

The Above Comments are included in the
Callinan Report – 2007

CPSU Submission 28th April 2008

Comcare Case : Golds Vs Comcare (1999)

Industry Fear Factor - There needs to be an appreciation that there is a real reluctance within Industry particularly at a Accredited premises level to speak out against impractical and biased AQIS procedure . It has been witnessed that AQIS have the ability to inflict unwarranted cost on Industry through a “Interpretative means of Legislation “ . This at times has hamstrung Industry in having a co-operative approach to arriving to a practical solution with AQIS. It could be termed as abuse of power through Ignorance, in that most premises rely on there regional /Local AQIS Inspector to interpret ate what is required be it Legislation or Import Permits. Unfortunately these interpretations are not always correct or practical.

Review of the Current Export Control Order 2005 –these orders where designed for Bulk Grain and the reviews process should define and set a clear set of principals for Containerized grain.

RE-INTERATION – Within all the parties represented in the review process and consultative committee there is no real voice (Association) for the Regional Containerized Export of Grains. Containerized grain is over 20 % of the market and growing because of the efficiencies and timeliness of delivery to the overseas customer. This Industry participant is at the “cold face” of operations and interface with AQIS Inspections yet is not represented in the review process. The SOLUTION is addressed in 4.4(1) and 4.4(5f) above.