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FERTILIZER INDUSTRY FEDERATION OF AUSTRALIA, INC.

Dr John Carter
The Committee Secretary
Parliamentary Joint Committee Of Public Accounts And Audit
Review of Australia's Quarantine Function
Parliament House
Canberra ACT 2600
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Monday, 20 May 2002

Dear Dr Carter,

I am writing in response to the call for public submissions to the Review of Australia's Quarantine Function based on the Joint Committee of Public Accounts and Audit report "*Managing For Quarantine Effectiveness*".

The Fertilizer Industry Federation of Australia (FIFA) is the peak industry body for the mineral fertilizer industry in Australia. Our members are involved in the import, manufacture and sale of more than 95% of the fertilizer used by Australian farmers each year.

The industry is a vital input to Australian agriculture with some \$2 billion spent on fertilizers each year, a key input to the \$26 billion of agricultural production. Of the 5 million tonnes of fertilizer used, more than 4 million tonnes is imported as raw material or finished product in around 140 bulk shipments.

The Federation's members are committed to effective quarantine measures to safeguard the interests of our customers, Australian farmers. FIFA works closely with the Australian Quarantine and Inspection Service (AQIS) in developing and managing procedures that reduce the quarantine risk associated with contamination of fertilizer imports. This was recognised in 1999 with a National Quarantine Award for contribution to plant quarantine.

FIFA has developed supply chain assurance procedures that significantly reduce the risk of contamination of fertilizer cargoes and is currently negotiating a possible compliance agreement with AQIS.

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Significant additional costs (conservatively estimated at \$5/t, equating to approx \$20Million per year) are presently incurred by the fertilizer industry in addressing valid quarantine concerns. However it is in the long term interest of all parties to keep these costs to a minimum to ensure that Australia's agricultural exports remain competitive in the international market.

It is also important to ensure that the risks associated with AQIS compliance do not deter quality importers, service providers, shipping lines or insurers from supplying the needs of the Australian fertilizer market, or providing their services at a globally competitive price.

Given the high value of fertilizer cargoes (a typical shipment is worth \$10 million), the high cost of delays in discharge (at least \$15,000 per day) and the implications of quarantine rejection (supply interruption, treatment costs or distressed sale to another country), FIFA is vitally interested in adopting procedures to minimise any risk of contamination.

Where those procedures are proven to be robust and effective, FIFA strongly supports measures to reduce commercial risk and cost associated with quarantine issues. Specifically, FIFA would like to see offshore arrangements that allow pre-sail quarantine clearance at the port of loading.

FIFA, on behalf of its members, would like to receive any subsequent reports or publications resulting from this enquiry and would be happy to make representation at a public hearing if required.

Please find following a detailed submission relating to the "*Managing for Quarantine Effectiveness*" report and other quarantine related matters. I would like to thank you for the opportunity to provide input from the Fertilizer Industry Federation of Australia to your enquiry.

Yours sincerely

Nick Drew
Executive Manager

Fertilizer Industry Federation of Australia (FIFA) Submission

Joint Committee of Public Accounts and Audit Review of Australia's Quarantine Function May 24, 2002

1. FIFA supports recommendation No 6 of the audit report, "*Managing for Quarantine Effectiveness*", that Agriculture Fisheries and Forestry Australia more effectively communicate the concept, definition and application of Australia's appropriate level of protection (ALOP). The clear definition and understanding of ALOP is fundamental to consistent and logical development and application of quarantine measures.
2. FIFA supports the concept of the quarantine continuum and would like to reinforce the fact that significant commercial issues are involved. The limited treatment options on detection of contamination in a fertilizer cargo or vessel mean that inspection at the port of discharge (i.e. border control) is inefficient and potentially expensive for the fertilizer industry compared with the possibility of inspection at the port of origin (i.e. off-shore clearance). Off shore clearance would:
 - a. Reduce supply risk for Australian farmers.
 - b. Eliminate costs and risks associated with delay due to quarantine concerns on arrival of a ship in Australia.
 - c. Allow discharge and re-loading of vessels at the port of origin, or diversion to a less restrictive destination if contamination was detected.
 - d. Eliminate the creation of a distressed (i.e. discounted) cargo as happens if detected in Australia and subsequently re-exported.
 - e. Avoid contamination issues arising from the close proximity of Australian grain handling facilities and transport chain at the majority of Australian discharge ports for imported fertilizers.
3. FIFA supports the suggestion that AFFA develop operational targets and criteria to guide the use of pre-border arrangements.
4. FIFA strongly recommends that commercial considerations are included as a key part of the criteria.
5. FIFA would like to see early consideration given to pre-border arrangements where significant work has already been done to significantly reduce quarantine risk.
6. The collection and management of information on detected quarantine incidents, the treatment options considered and the eventual outcome needs to be improved. The information is not only useful to AFFA in terms of performance measurement, but is useful to industry in streamlining the management of future incidents and managing risk to reduce the likelihood of future incidents.
7. Despite the national importance of the task and the significant commercial implications of AQIS decisions, many policies and procedures are poorly documented. This leads to inconsistencies in application and leads to major disruptions whenever there are staffing changes. FIFA recommends that AFFA act to clearly document policies and procedures for AQIS operations and make these available to stakeholders through a consistent and robust delivery mechanism.
8. The importance of clearly defined and communicated policies and procedures is also a significant issue for AQIS in delivering consistent approaches at regional locations, particularly where these are handled externally.

9. In developing, documenting and delivering policies and procedures to AQIS staff and stakeholders, appropriate use should be made of stakeholder input.
10. In the key findings of *“Managing for Quarantine Effectiveness”* (pp 23) Assessment of offshore supply systems, point 53, states that only one such arrangement has been implemented. Please note that there are now 18 such arrangements for fertilizer load ports as documented in the AQIS document *“Information For Importers For The Assessment Of Bulk Fertilizer Shipments In Ship’s Holds, High Or Reduced Risk, Version 1.4 January 2002”*.

Submission ends.