



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

**Reference: Review of Australia's quarantine function**

WEDNESDAY, 17 JULY 2002

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## JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Wednesday, 17 July 2002

**Members:** Mr Charles (*Chairman*), Ms Plibersek (*Vice-Chairman*), Senators Colbeck, Crowley, Hogg, Murray, Scullion and Watson and Mr Ciobo, Mr Cobb, Mr Georgiou, Ms Grierson, Mr Griffin, Ms CF King, Mr PE King and Mr Somlyay

**Senators and members in attendance:** Senator Scullion and Mr Charles, Mr Cobb, Mr Griffin and Ms King

### Terms of reference for the inquiry:

To inquire into and report on:

- the coordination of AQIS with other border control agencies;
- the identification of potential risks to Australia and the application of resources to meet those risks;
- the impact of international agreements on quarantine activities, including any proposed free trade negotiations;
- the operations of AQIS that are beyond Australia's borders;
- AQIS border operations;
- monitoring and surveillance within Australia for breaches of the quarantine barrier;
- the development of import risk analyses;
- opportunities to increase public awareness of, and involvement in quarantine issues; and

any other issues raised by Audit Report 47, 2000-01, *Managing for Quarantine Effectiveness*.

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**Committee met at 9.35 a.m.**

**SYKES, Ms Christine Margaret, Acting First Assistant Secretary, Border Control and Compliance Division, Department of Immigration and Multicultural and Indigenous Affairs**

**WALKER, Mr Terry, Director, Air and Seaports Operations, Entry Branch, Department of Immigration and Multicultural and Indigenous Affairs**

**CHAIRMAN**—I welcome representatives of the Department of Immigration and Multicultural and Indigenous Affairs who are appearing at today's hearing. We have received your submission for which we thank you. Do you have a brief opening statement you would like to make?

**Ms Sykes**—I have only two things. Firstly, I will just reiterate the general comment that it is our department's view that there is a very positive, cooperative relationship between DIMIA and AQIS. Through this relationship we try to ensure that practical issues or concerns of one or both agencies are addressed very quickly and, to the extent possible, we use our resources efficiently. I do not know if this is the appropriate time, but I also want to draw your attention to one variation in our submission. It is a minor variation but, in our submission, we indicated that DIMIA was represented on the foot and mouth disease steering committee. We have just been advised by AFFA that we are no longer required on that committee, so we will no longer be a member of that.

**CHAIRMAN**—You got the sack?

**Ms Sykes**—I think we had done our job.

**CHAIRMAN**—That is probably a more polite way of putting it! Thank you very much, Ms Sykes. In your submission you stated:

The increase in AQIS inspections of baggage and the ongoing cooperative relationship between the two agencies, has led to an increased number of passengers being referred to DIMIA Airport Inspectors for matters of interest in the immigration context.

Can you expand on that a bit? I am fascinated.

**Ms Sykes**—Firstly, I need to say that our referral system does not differentiate which agency refers—whether it is from a Customs officer or an AQIS officer—so I do not have specific figures on the increase; but, certainly, the advice we are getting from our airport staff is that it has increased. The kind of things that might be picked up by AQIS officers in the baggage are things like fraudulent or bogus travel documentation: they might pick up documents which look like a person may be in breach of a condition; for example, someone might be carrying a number of passports in their baggage or someone may have entered on a tourist visa and they may have, in their baggage, clothing indicating that they are going to work, a curriculum vitae or addresses of employers. So those sorts of things could be picked up in the baggage area.

**CHAIRMAN**—Can you quantify the increase at all?

**Ms Sykes**—I do not have specific figures on that increase. There has been about a 12 per cent increase in referrals, from the year before last to the most recent year—2001-02—but, as I said, that would be an increase from both Customs and AQIS, so I do not have the specific figures on AQIS referrals.

**CHAIRMAN**—An increase of about 10 per cent. Is that indicative of more people trying to breach our immigration regulations or is it more indicative of the fact that the more you examine people the more likely you are to pick up other ancillary issues?

**Ms Sykes**—I think there is probably a combination of reasons. Certainly, as more attention is paid to things like people's baggage we would expect more referrals. Some of the increase in referrals is because of data discrepancies. The number of people refused entry is not increasing even though the referrals are. That is an indication of things like data needing to be corrected or issues needing to be clarified with a particular person.

**CHAIRMAN**—If I understand this correctly, you said that the increase in referrals is not resulting in an increase in action?

**Ms Sykes**—That is correct. It is not leading to an increase in people being refused entry.

**CHAIRMAN**—Then is the increase in referrals a waste of time and effort?

**Ms Sykes**—I do not believe so. It is very important, for example, that our data is absolutely correct. If somebody arrives and is referred to us because of a data inaccuracy, then we correct the data on the spot. That is certainly not a waste of time.

**CHAIRMAN**—In your submission you stated:

An MOU between DIMIA and AQIS ensures 24-hour coverage on each of the 14 inhabited islands throughout the Torres Strait.

What does that do for you?

**Ms Sykes**—Throughout the islands in the protected zone in the Torres Strait we employ what we call movement monitoring officers—people from the islands—and, if you like, they are our eyes and ears. They look out for any irregular movement of people. The cooperative relationship with the AQIS officers, who are also employed on those islands, means that we have much broader coverage and that, if there is anything untoward happening, it gets reported to us.

**CHAIRMAN**—You also said that you have 'an MOU on the response to illegal landings which includes all border agencies and the federal, state and territory police as signatories'. Does that really work with respect to the Torres Strait? Your reporters on those 14 inhabited islands may say, 'There was somebody funny on Thursday Island last night but they are not here this morning'—and we may never see them again.

**Ms Sykes**—Thursday Island is slightly different because there are actually agencies represented. The islands where we have our movement monitoring officers are above Thursday Island.

**CHAIRMAN**—I picked the wrong island.

**Ms Sykes**—If something is noticed, what will happen is that our people on Thursday Island will be alerted. There will be an appropriate response put in place, whether that is monitoring the person or getting our other staff up there.

**CHAIRMAN**—But if a person is there one evening and not there the next day, does that information get fed to Coastwatch?

**Ms Sykes**—Yes, it would get fed to our immigration staff and to Coastwatch.

**CHAIRMAN**—They would follow the coast and try to figure out if the individual got in a small craft and landed illegally in Australia?

**Ms Sykes**—That is right. Depending on where the person is sighted and what the indications were, it may be that alerts go out to the other islands in the Torres Strait so that the movement monitoring officers keep an eye on those islands to see if they land there.

**CHAIRMAN**—A Customs employee, who is coming to see us this afternoon, says that all the interaction between agencies—everybody being responsible for their own patch and trying to cooperate together—is terribly inefficient and ineffective. It creates fiefdoms and everybody is squabbling all the time over who gets what jurisdiction, who gets what credits and who gets black marks for getting it wrong. You indicate a good positive relationship both with Customs and AQIS. Which viewpoint is right?

**Ms Sykes**—I can only tell you our department's perspective; that is, there is a cooperative relationship. It does not mean that from time to time there are not issues. Those issues need to be worked through and resolved, but we have a number of mechanisms to do that. We have also looked, for example, at our airports for ways to streamline what we do so that we are not duplicating effort. As you are probably aware, at our airports Customs is the immigration agent at the primary line. Of the over 17 million people arriving and departing from Australia each year, our officers would see only about 1.4 per cent. The rest would be dealt with by the Customs officer and would never come near an immigration officer at the airport. We have tried to streamline what we do, make sure we are not duplicating effort and use our officers at the airport to provide the technical expertise required when people are referred.

**CHAIRMAN**—Do you think it would be more effective if your people were on the primary line?

**Ms Sykes**—I think that is a matter of conjecture. Whoever is on the primary line is serving a number of agencies and needs to be well trained and focused on the range of things they have to do. We provide training to Customs officers, as do Customs. Whether it is us or Customs, I am not sure I have an answer for you there, but certainly whoever is on the primary line needs to be well trained.

**CHAIRMAN**—If there were a single border agency, would the functions or the training of the personnel be any different?

**Ms Sykes**—I find that hard to answer. Obviously, the single border agency is a matter of government policy. From our point of view, as things stand we have very different functions. Our role is to make sure the Customs officers at the primary line are well trained in the immigration aspects of their particular role.

**Senator SCULLION**—The issue of the normal border control through airports and ports has been reasonably dealt with. I would like to touch on some of the issues associated with the attempted landings of asylum seekers from foreign vessels. In the worst case, the foodstuffs and the material from the boat itself in those environments would be a quarantine hazard. There is not a great deal of risk to human health nowadays because of our advances in medical technology, but I suspect that there are some health issues involved here. What risk evaluation and occupational health and safety training do your staff have which would give them an appreciation of all the issues they have to face? I am assuming that they would get on the boat at some stage. Do they have a clear understanding of some of the quarantine risks that they would encounter?

**Ms Sykes**—We certainly try to make sure that our staff are aware of the occupational health and safety issues and issues surrounding immunisations they need to have, et cetera; but in the majority of circumstances there would not be immigration staff on the boat. In the vast majority of cases we would deal with the people once they were on land.

**Senator SCULLION**—DIMIA clearly have certain responsibilities and a certain agenda to deal with a whole set of issues arising from that circumstance. Quarantine have a different agenda in order to deal with those issues. Let us say that a big seaworthy boat comes in off Darwin in very rough conditions and that there is not a safety issue involved. DIMIA want to have a chat with these people, to interview them before there is any collusion. However, quarantine officers have identified that there are some black-striped mussels on the boat. It is too rough to transfer these people to another vessel, so they either have to be left offshore where they will collude or be brought into port thereby creating a quarantine risk. How do you resolve that issue? What is more important?

**Ms Sykes**—That is what the MOU was set up to do. All of those issues need to be taken into account. I restate: in most cases we would not go on board to interview the people, and certainly in that case we would not go on board to interview the people. They would be dealt with by AQIS and Customs. Once the people are brought ashore, for example, in Darwin, they would be taken to a centre where our staff can interview them. One of the key things covered in the MOU is to ensure that agencies are aware of what information to get from the people at the time, so we know, generally, the numbers and their ethnicity, but we do not open up the other issues that you have raised.

**Senator SCULLION**—What I was getting at is that, at the end of the day, the arrival of the boat is really a DIMIA issue. The boat has people on it, so that is how the public view that issue. If, to meet DIMIA's required outcome, you were to get your people on board to carry out interviews and all that sort of stuff—



**Ms Sykes**—We do not interview them on board.

**Senator SCULLION**—No. You will not be able to in this case. That is the problem. Does the MOU cover those issues where you cannot get your outcome unless you breach some quarantine barrier? Does the MOU have some process in place where you can prioritise or make some valued judgment in that circumstance? You cannot bring that boat ashore to interview the people because of the quarantine risk. So what do you do? Do you say that it is more important to bring them ashore, unload them, interview them, take the quarantine risk and forgo your agenda? Those are the sorts of issues that are going to strike into jurisdictional areas. That is the real core issue. Does the MOU deal with the issue by saying that this is a bigger priority or this is not a priority? The nature of the hypothetical example may be difficult to respond to. I would be happy if you took that issue on notice. The reason I used that particular hypothetical is that that is one circumstance that may well occur and would be a challenge in Northern Australia, particularly the with problem of the black-striped mussels. What do you do? What is the decision?

**Ms Sykes**—I am happy to take that on notice. The purpose of the MOU was to try to resolve those sorts of issues. In fact, the MOU states that the Australian Customs Service is to coordinate the response to an illegal landing and that it is the responsibility of AQIS to assess and manage the risks to human, animal and plant health in relation to suspected unauthorised boat arrivals and the people and goods associated with them. That is their responsibility. As I said, our responsibility is the people, but once they are off the boat. That is when we would deal with them.

**Senator SCULLION**—Are you telling me that principally Customs are going to make that decision, not you, in any event?

**Ms Sykes**—Customs is the lead agency.

**Senator SCULLION**—They would make the decision, so it is a question I should perhaps put to them.

**Ms Sykes**—There would be consultation if necessary, if it was a particularly unusual situation.

**Senator SCULLION**—Okay. You noted that AQIS, where possible, value add to your processes—for example, they identify people who may be in noncompliance—that they have some training in that area and you provide some of that training. Is that a reciprocal arrangement? Do you supply a similar sort of arrangement for AQIS? Do you provide them with eyes and ears when you are dealing at the front line?

**Ms Sykes**—Do you mean at the airports?

**Senator SCULLION**—Do AQIS provide Immigration people with training to recognise the sorts of issues that may be in noncompliance with quarantine issues?

**Ms Sykes**—Training is given on both sides—both from us to AQIS and AQIS to us. Our immigration staff are not on the primary line; we are behind the line, if you like. It would

probably only be if somebody were referred to us in relation to an immigration matter and something of interest to AQIS came up during that. But because we are not on the primary line, we are not in the baggage hall—we are behind the line—we are probably not going to pick up as much as perhaps a Customs officer would. But certainly we do training with both agencies.

**Mr JOHN COBB**—Ms Sykes, when you are looking at people wanting to come to Australia for whatever reason, do AQIS make requests of you to let them know when anyone comes from a particular region that AQIS may have a quarantine concern about?

**Ms Sykes**—No.

**Mr JOHN COBB**—So there is no early warning system in place, such as when there are a lot of people coming from one particular area, you do not warn AQIS in advance?

**Ms Sykes**—Not that I am aware of, no.

**Mr JOHN COBB**—They have never made requests to you on that?

**Ms Sykes**—I am not aware of any such requests. Certainly, through the flight patterns of airlines and things like that, all agencies would be aware of what planes are coming in and where they have originated. To the degree that that is information of use to AQIS, they would have that.

**Ms KING**—Are you able to tell me how many illegal landings there are each year?

**Ms Sykes**—I am sorry, I do not have that information with me. Would you like me to take that on notice?

**Ms KING**—Yes. Perhaps I will qualify that to how many illegal landings are detected each year. You may also need to take this one on notice as well: are you confident that all illegal landings are actually detected?

**Ms Sykes**—I think that is always a difficult question. We have in place a very good system of monitoring what happens at the border. We also have officers on the ground, such as compliance officers et cetera, who pick up, from a range of reasons, people who are here illegally. Certainly, information from both of those sources suggests that we are not missing people and that we are picking people up. That is the best I can give you.

**Ms KING**—Can you clarify for me what actually constitutes a landing? If an illegal vessel lands on Christmas Island, is that deemed a landing for quarantine purposes?

**Ms Sykes**—I am not au fait with how Quarantine defines a landing, I am sorry.

**Ms KING**—That is okay. Perhaps Quarantine can let me know that later on. You said that, given your current intelligence systems, when you detect someone in the country that has come here in an unauthorised way, you are not picking up that there have been illegal landings and

that that is how those people have arrived here. Given that, are you confident that our current coastal surveillance system is picking up or detecting all illegal landings?

**Ms Sykes**—We have a high level of confidence in the system.

**Ms KING**—Thank you.

**CHAIRMAN**—Ms Sykes, we were told by DIMIA during the Coastwatch inquiry that DIMIA locates approximately 13,000 individuals a year who are deemed to be inappropriately in Australia, and the majority of those—in fact almost all of them—are people who have overstayed visas. They are deported and another 13,000 go on the unrecognised books. Is that no longer true?

**Ms Sykes**—I do not have the exact compliance figures with me, I am sorry. But certainly, as I understand it, the majority of people who are here illegally are overstayers or are doing things that are not allowed by their visa; for example, they may have a visitor visa but they may be working.

**CHAIRMAN**—My memory of the Coastwatch inquiry also is that there is no evidence that there is any illegal entry by land or air into Australia that we do not know about—none. Is that not true?

**Ms Sykes**—Yes, that is what I understand.

**CHAIRMAN**—Your submission focuses on the cooperation between DIMIA and AQIS at the border. But what about pre-border cooperation? For example, if your intelligence contacts uncover a quarantine threat, what is your process for advising AQIS?

**Ms Sykes**—Our primary means of communication of intelligence are to Coastwatch, Customs and Headquarters NORCOM and we would expect that Coastwatch or Customs would be alerting AQIS.

**CHAIRMAN**—How do you overcome the tensions between AQIS's aim to reduce the quarantine risk and your aim to maintain reasonable clearance times, particularly at airports?

**Ms Sykes**—Our focus has been very much on trying to have a system in place which allows us to efficiently and quickly identify that somebody does have a visa and that they can enter. As you aware, we have a universal visa system, so we would expect it to pick up people of interest to us either when they apply for a visa or, in a number of cases where we have advance passenger processing, when they are boarding the plane or when they are getting their boarding pass. Certainly our work is very much focused on trying to streamline the immigration aspects to the degree that is possible, and with advance passenger processing to move that offshore, if you like, so that when people land here they have already been checked, from our point of view.

**CHAIRMAN**—Thank you very much. If you could get back to us with the answers to the questions on notice. If we have any further questions we assume you will not mind if we may ask you in writing, rather than ask you to come back again.

**Ms Sykes**—Not at all. Thank you.

[10.06 a.m.]

**HARTMANN, Mr Michael James, Deputy Director, Cattle Council of Australia**

**CHAIRMAN**—I am going to give you a bit of a blast. I am sorry, but getting your submission this morning makes it impossible for us to read it in advance and necessarily understand what you are trying to tell us. It is helpful to get these things in advance so that we have time to read them and ask the proper kinds of questions. Having said that, do you have a brief opening statement?

**Mr Hartmann**—I do.

**CHAIRMAN**—Be very brief please.

**Mr Hartmann**—No problem. Cattle Council is pleased to give evidence at this public hearing on its own behalf and on behalf of National Farmers Federation. While speaking to NFF's submission I would also like to add some further points particular to Cattle Council's point of view.

Cattle Council is the peak industry body representing Australia's beef producers. A strong and vigilant quarantine system is vital for our industry. Australia is in the enviable position of provider of clean and green product to both our domestic and our export consumers, and this position must be maintained if we wish to maintain the competitive advantage that we enjoy over many other nations. Australia has been free of foot-and-mouth disease since 1872 and we have never seen a case of BSE. An occurrence of either of these two diseases alone could signal doom for our industry, not to speak of the disastrous social and economic effects that would eventuate for the nation as a whole. We simply cannot afford to let our guard down.

Cattle Council has publicly commended the Commonwealth on its injection of almost \$600 million to strengthen quarantine barriers. The FMD outbreak in the UK certainly served to heighten awareness of the devastation that such a disease can cause. It is important that this awareness and commitment continue into the future, even when the graphic pictures of animals burning in smoking funeral pyres have become a mere distant memory in the minds of the metropolitan based public.

It is equally important that we do not allow ourselves to become too focused on foot-and-mouth disease, thereby lowering our guard with respect to other pests and diseases. Screw-worm fly, for example, poses a threat not only to our livestock but to all animals, humans included, and it is endemic in New Guinea, right on our very doorstep. A vigilant yet resource stretched Northern Australia Quarantine Strategy do a tremendous job in conducting surveillance for screw-worm fly, and their efforts are certainly to be applauded.

Australia's border protection systems are indeed the envy of the world, in particular the United Kingdom. At the height of the FMD outbreak in the UK, Cattle Council received numerous complaints from travellers who believed that, upon their entry to Australia, their scrutiny had in fact been complacent. Cattle Council acted upon each complaint where the

person was able to provide at least their name and the date that they flew. To the credit of AQIS, each was followed up straight away. For the record, I understand that in only one of those instances was there cause for concern. I also understand that the inspector in question was subsequently reprimanded, and we were very pleased with how that was conducted.

I would like to bring to the attention of the committee that while our barrier protection systems are first class, our postbarrier systems are increasingly under threat, particularly through what Cattle Council has termed the 'rural vet crisis.' Rural veterinarians perform a vital function in surveillance for exotic disease outbreaks, and their numbers are decreasing as older vets retire and few young graduates are prepared to take their place. The federal government, jointly with industry, is funding a review to investigate the situation and provide recommendations to address the issue, and these recommendations are expected to be included in the 2003 budget.

Australia maintains a strong risk averse policy with regard to quarantine and this position must not be compromised. Quarantine must always remain our strongest consideration in any trade negotiations. Other nations, in particular the EU, have suggested that Australia has been using quarantine systems as a barrier to trade and unnecessarily prolonging its import risk analyses. Such a perception is a concern and we must ensure that IRAs are conducted as expeditiously as possible. Cattle Council is often surprised by the amount of time given for stakeholder comment on draft protocols—often around two months—and reducing that amount of time may be one avenue for speeding up the IRA time line. Politics and effective quarantine just do not mix.

Maintaining public awareness with regard to quarantine is essential. The efforts of AQIS are commendable not only at the barriers but also through their advertising and promotion at schools. School children are often neglected as important players in Australia's quarantine and surveillance systems, and to teach them that quarantine matters is a wonderful initiative. Unfortunately, however, in some cases simply educating the public is not enough, and some travellers will still try to cheat the system. While hefty fines exist, it is important that these are enforced. A slap on the wrist is just not good enough when the livelihood of a nation could be at stake.

To conclude, may I say that Cattle Council enjoys a fruitful and close working relationship with AQIS. Our quarantine services perform an outstanding job in securing Australia's freedom from pests and diseases, and it is vital that they are given the resources necessary to continue and enhance that service into the future. Again, on behalf of Cattle Council and National Farmers Federation, I thank the committee for this opportunity.

**CHAIRMAN**—Thank you, Mr Hartmann. On Monday, Lenore Taylor reported in the *Financial Review* some statements by the European Union's trade minister, Pascal Lamy—who happens to be in Australia today, I saw in this morning's newspaper. The article said:

Mr Lamy repeated the European belief that Australia used quarantine rules and procedures as a form of non-tariff barrier—rejecting Mr Howard's claim in Brussels last week that this was more of a negotiating point than a concern deeply held by the Europeans. "It is no secret to anyone on this planet that Australia has strong and constant non-trade tariff market access barriers in this area, so I can understand why the Prime Minister would not want to overplay it," he said when asked about Mr Howard's remarks. "We clearly have concerns that the quarantine measures are not proportionate with the sort of risk you have to cover, and don't have a sufficient scientific base. It is a question of transparency of the process and the length of the assessment procedures. If it was a developing country like Botswana that took that long with its procedure, then perhaps we could understand it."

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Mr Hartmann, if Mr Lamy were sitting here and said those things, what would your response to him be?

**Mr Hartmann**—Firstly, I agree that Australia takes a very risk averse policy in our quarantine system. Other countries certainly do have the perception that he has put forward, particularly after how we addressed the foot-and-mouth outbreak in the UK, where we basically stopped imports from not just the UK but wider Europe as well. I empathise with their position, but Cattle Council and National Farmers Federation would certainly agree that the risk averse stance that we are taking—we cannot take a no risk policy but we can take a risk averse policy; that is a strong position—is warranted and our risk assessment systems are based on science.

**CHAIRMAN**—That sounds good, but since you are a representative of the Cattle Council and you are on the NFF as well you want free trade. You do not like the trade restrictions currently imposed by the United States and Europe, do you?

**Mr Hartmann**—No, we would certainly like to see those freed up.

**CHAIRMAN**—You do not really like having cattle quarantined into the States, do you?

**Mr Hartmann**—We understand that the animals need quarantine as they go in.

**CHAIRMAN**—I do not mean ‘quarantine’. Sorry, I mean ‘quotas’. The ‘q’ was right; it was the wrong word.

**Mr Hartmann**—We certainly have issues with quotas. It would be wonderful for the amount of product that we could put into export markets to be increased for the benefit of our producers—there is no doubt about that. We certainly have issues with the subsidy systems that are occurring in other countries, particularly in the EU and now in the US with the farm bill.

**CHAIRMAN**—Would it be reasonable to expect that the United States, Canada or the European Union would sign off on a free trade agreement with Australia without attacking to some extent our quarantine process?

**Mr Hartmann**—I think they are always going to try and attack our quarantine process because we are simply so strict. We have no problem with our strict nature, because we see it as so important. We have a wonderful standing as the provider of clean and green product. To let that slip and allow pests and diseases of any nature in is compromising our position—in particular, the nasties of BSE and foot-and-mouth disease. We could quite easily have said, ‘Okay, we’ll let meat and bonemeal into this country just to satisfy the Europeans.’ Had we done that, we would be in a terrible state as far as our ranking for BSE is concerned. We enjoy what is called a GBR1 status for BSE, which says that we are the least likely country to have mad cow disease. That is basically because in 1967 we banned the import of meat and bonemeal because of the potential for anthrax outbreaks. While we might say that some of these imports appear to be low risk, you never know what might end up happening.

**CHAIRMAN**—I do not like hypotheticals when people put them to me, but I am going to put one to you anyway. We are in the middle of a free trade agreement with the Yanks and they say, ‘If you want the quotas eliminated or if you want an increased quota for the entry of beef

into the United States, you're going to have to relax some area of your quarantine procedures or risk assessment analysis and what you reject.' What would your reaction to that be? Would you negotiate or just walk away?

**Mr Hartmann**—We would not walk straight away. We would certainly discuss it in a national forum, but we would still take the position that our quarantine cannot be compromised. We are not going to put our nation's livelihood at stake just for a few extra thousand tonnes of product going into the US.

**CHAIRMAN**—In your submission, you say:

Maintenance of technical expertise is essential for adequate risk-analyses and to comprehensively monitor overseas scientific developments in disease detection methods, new and emerging diseases and general changes in scientific knowledge on a range of disease organisms. Scientific advances also help identify new risks and measures to reduce these risks to a manageable level.

Do we have enough scientific knowledge? Do we have the personnel? Is AQIS maintaining our stock of appropriately qualified people?

**Mr Hartmann**—We always say we could do with more, especially in science. Australia has got wonderful scientific capability, and it is a credit to our people that they are able to do that with the lack of funds. If we compare ourselves to the likes of the US, they have far greater financial and equipment type resources than Australia does. It is to our credit that we are able scientifically to be up on an international stage. I would always support further advances in science and in scientific resources, and initiatives like Cooperative Research Centres are wonderful to enhance that. I believe that AQIS are doing an excellent job with the current resources that they have, but we would be supportive of any increases in capability.

**CHAIRMAN**—You are very diplomatic. In your submission, you have noted that increased security in Northern Australia is required to bring security up to a level equivalent to that carried out in major centres like Brisbane, Sydney and Melbourne. How on earth do we do that? Good grief!

**Mr Hartmann**—As I mentioned in my statement, we have the Northern Australia Quarantine Strategy, which is running on essentially small resources, covering a vast area of Northern Australia and keeping an eye out for diseases in wild animals and other populations running throughout not just the northern states but also the islands that are dotted between Australia and New Guinea. They are looking regularly at feral pig populations, feral goat populations, buffaloes and the like. The more I talk to people in that operation, the more I am impressed with the work that they are doing with few resources. We would again be supportive of increasing the NAQS capability not just to enable them to continue the work that they are doing but also to look at the potential for items being washed up onshore and eaten by those feral pigs and at things like that which also pose a danger of bringing in exotic diseases. Our vigilance in the north is very important.

**CHAIRMAN**—Would you support tax increases to pay for it?

**Mr Hartmann**—We would have to discuss that.



**Ms KING**—You are fairly critical in your submission of AQIS's role in monitoring and surveillance. I would have thought that that was probably one of the most protective things that AQIS can do for your industry. Why are you so critical of it?

**Mr Hartmann**—Critical in which respect?

**Ms KING**—You have made two statements. The first is:

It is not appropriate for AQIS to undertake inspections and testing of animals after they are released from quarantine.

I apologise—it is the National Farmers Federation, not your council. The second is:

NFF does not support random testing by AQIS personnel for diseases that we know on clinical grounds do not occur in Australia.

Both of those statements seem to me to be fairly critical of AQIS's monitoring and surveillance function.

**Mr Hartmann**—My understanding is that that statement—as you correctly say, it is the position of NFF, which I am speaking for—is essentially saying that AQIS should really be focusing their efforts on barrier surveillance and quarantine at the entry level, that their resources would be best applied at that level and that we allow our systems that are operating within the country to do the monitoring and surveillance for product that comes past the barrier.

**Ms KING**—You are confident in those systems alone?

**Mr Hartmann**—We are confident in the capability of AQIS at the barriers, but, as I was saying, our postbarrier surveillance and quarantine systems are becoming stretched with our rural veterinarian situation. The education that is being undertaken within Australia is commendable, but we really need to address the veterinarian shortage as a priority.

**Ms KING**—Can you tell me a bit about what your council does to maintain Australia's clean green image with beef?

**Mr Hartmann**—We do a lot of work promoting quality assurance with our constituents and also we have recently signed off on the cost sharing agreement between governments and industries for sharing the costs of exotic disease outbreaks and responses. As part of that we are promoting biosecurity among Australia's cattle producers. Biosecurity means ensuring that they are doing their level best to stop any exotic pest or disease coming into their properties and if something does come in they have taken appropriate measures to ensure that it does not spread as fast as it could. Essentially, these are commonsense practices that most people do but it is a good idea to jog their memory occasionally of some things they could forget about. For example, when there is a public road going through a property, it is quite common for travellers to pull over and have a picnic under a shady tree. It is important to remember to go and pick up their rubbish afterwards. Small things like that can be very important to the biosecurity on farms. If we do have the unfortunate situation where some disease creeps into the country, the theory is that we can stop it pretty quickly at the farm level before it spreads. Those are the sorts of activities that Cattle Council of Australia are undertaking.

**Ms KING**—This is separate to the quarantine stuff, but I have a question in relation to the cotton trash incident that occurred several years ago which saw higher pesticide levels in our beef than were accepted on the US market caused enormous damage to the industry at the time. How confident are you that something like that is not going to happen again?

**Mr Hartmann**—I cannot say that it is never going to happen again, especially when you have situations like we have at the moment with drought spreading throughout the country and people looking for alternative measures to feed their animals; we realise that. And when a farmer sees animals potentially dying they might try to do whatever they can to keep the stock alive. If they have access to some corn trash, which may or may not have some sort of declaration associated with its chemical status, there are issues there. We have recently been promoting the point that they need to know the status of that product before they feed it to their cattle. We also have a system, which has been established since the cotton trash incident, of national vendor declaration where every animal traded has a signed-off declaration from the consignee attributing the chemical status of that animal, in particular with endosulphan.

**Ms KING**—Again, this question is slightly outside the terms of reference of the inquiry, but you raise the issue of export certification. What are your concerns about the export certification system?

**Mr Hartmann**—Largely, there are always issues with export certification from the countries that are receiving the product. The major ones that leap to mind are the things that have been happening in the Arabian countries which have been concerned about our products when they went in there. I am hesitant to speak with authority on that subject because it is not an area that I have been dealing with closely.

**Ms KING**—That is fine. The Angus Beef Association have obviously set up a certification scheme that they have based on the US model. They are very keen to export their commodity, to participate as part of the US quota system, to get part of that quota system—because they claim they have a fairly unique product—and to get into the Japanese market as well. This follows on from the chairman's comments. With them trying to export there is enormous pressure on Australia then to deal with our quarantine to make sure that it is not a trade barrier. How do we manage that issue?

**Mr Hartmann**—We manage that with science. If there are issues with the United States bringing in certified Australian Angus beef we would hope that those are based on science, and likewise we would reciprocate with product going in from this country. I cannot state strongly enough that our import risk analyses must be based on science.

**Senator SCULLION**—In your submission you mention that you feel there is a need for AQIS to work closely with other technical groups in making sure we maximise opportunities for scientific advantages. What sorts of technical groups were you referring to?

**Mr Hartmann**—At the moment there is a bid in for a cooperative research centre in relation to emerging exotic animal diseases. Those sorts of scientific resources that are not automatically under the AQIS umbrella would certainly have merit if they were utilised. It is taken on a case-by-case basis but, if a particular issue comes along, AQIS may not necessarily have experts at the top of the level who understand that situation, and they should go out and find those people.

**Senator SCULLION**—So you advocate more outsourcing of some technical information, if required?

**Mr Hartmann**—As required, yes.

**Senator SCULLION**—I am interested in appropriate levels of protection and the levels of protection we have established for BSE. It has been put to me on a number of occasions that the saviour for any agriculturalist is that if you can associate a disease with human health, people take it seriously, but that if it is only on economic terms, it is less of an issue. What do you think about Australia's levels of protection across your industry? Do you think they are appropriate levels that have been set?

**Mr Hartmann**—It is a very hard issue, because it has not actually been set in concrete in the form of: this is what our ALOP is. But we are certainly supportive of it being high. It is a very difficult concept to actually measure. The analogy is: what is our ALOP on aeroplane crashes? It is certainly high, but we know there are always going to be some crashes. So we are supportive of it being at a high level. Measuring where it should be is another issue which I really am not at the point of being able to comment on at this stage.

**Senator SCULLION**—It is interesting that the pork producers, in one of their submissions, say they believe and put fairly succinctly that the more concise the ALOP, the more rigour it has in places like the WTO. In view of that, do you think we should be moving to tightening up and making more concise our ALOPs?

**Mr Hartmann**—There is certainly a strong school of thought behind that philosophy, and I can see the validity in doing so. As far as where it is at the moment with beef is concerned, we remain confident that it is reasonable at the present time. But I understand that the pork industry and others, in their situations, have issues different to the cattle industry as far as ALOP is concerned.

**Senator SCULLION**—A number of people through this inquiry have mentioned the capacity for us to respond in terms of veterinary resources in rural and regional Australia. Many of our constituents would put it to us that we have a whole suite of issues facing regional and rural Australia, and they say to me, 'Look, Nigel, we do not have any doctors or nurses either.' How do you help me with the response I need to give these people if they ask: 'Why do we need more vets? For a maybe? What maybe will happen?' What if they say: 'We definitely need doctors, dentists and nurses in the community?' What sort of response do you think I should give to my constituents? How do I put a priority on those things?

**Mr Hartmann**—The priority as far as rural veterinarians are concerned is really that they are our front line for surveillance: they are the first people that are called when a farmer has an issue. When a farmer sees a blister on a cow's lip or sees something that looks a bit strange, they call a vet. It is becoming more common, and certainly will become even more common over the next 10 years, that a farmer might see something a bit strange but there is nobody to call because their local vet may be a couple of hundred miles away. The issues there are about exotic diseases, but also about the welfare of our animals. We need to have our veterinarians out there. Also, for the welfare of our human population, we certainly need to have our rural doctors, and to keep our cars moving we need to have rural mechanics.

It is certainly a huge issue, and there is a lot of commonality across those issues. Why don't doctors stay in the bush? Why don't veterinarians stay in the bush? That is why we have this major review being conducted at the moment—so that we can look at all the issues and come up with some recommendations for the government, and then it can address those issues. It is a hard one to put your finger on at the moment. We cannot yet say, 'This is what we need to do as far as rural vets are concerned.' Our minister understands that, and that is why the review was proposed in the first place.

**Senator SCULLION**—In regard to your comment on animal welfare, I note with interest that you think perhaps it is not a wise thing to include the public in some of these IRAs, because these mischievous, if you like, animal welfare groups would like to perhaps bring us into line with some other countries: 'How long is it going to be before Australian cows are wearing raincoats? How long is it going to be before you start taking that into consideration? What role do you think animal welfare is going to play in trade barriers in the future?' Has your organisation considered those things?

**Mr Hartmann**—Yes, we are certainly very concerned about the movements that are happening in the EU at the moment to have, effectively, animal welfare as a trade restriction. It is very likely that they will be setting rules to say that you can only import beef into the EU if it has been on a truck for only four hours at a time—at the most. In European countries in some cases four hours probably will get you across three countries, but in Australia four hours sometimes does not get you off the farm. We certainly have issues with that. It is a misunderstanding of our environment. Unfortunately, when diplomats and the like from the EU come to Canberra, they tend to turn up with about two days notice. They want to go and see a farm and the best that we can do is to take them out to Murrumbateman and show them a farm out there. It is not exactly like taking them out to Longreach, Nockatunga or somewhere like that to show them what a myriad of Australian farms are like. We would really like to address that and to increase their understanding of what really goes on in this country and what our welfare is. Our code of practice for the trucking of animals is that they cannot be trucked for any longer than 36 hours, and 36 hours in Europe will get you from Britain across to Spain.

**Senator SCULLION**—When you mentioned penalties, you dealt with the education of the public and said that a slap on the wrist was perhaps not appropriate. I am not sure if you are aware that in recent times fines of \$8,000 and \$10,000 have been handed out. Are you aware of that?

**Mr Hartmann**—I am aware of that, and we were very pleased to see that come forth. There have been cases where people have been feeding swill to pigs, and the magistrate, not necessarily understanding the significance of what that could do, has imposed \$200 fines and said, 'Don't do it again, old boy.' That is the sort of thing that really needs to be jumped on.

**Mr JOHN COBB**—In relation to a couple of issues that you were just talking about, I would have thought that the main problem with time in flight or the shortening of the period in which an animal could be conveyed would be where it might have to touch down on the way here—in other words, the quarantine risk imposed by it having to set down somewhere on the way. Wouldn't that be the greater problem?

**Mr Hartmann**—It is certainly a part of the problem. Are you suggesting a situation where animals have to be unloaded and put into a saleyard overnight and those sorts of issues?

**Mr JOHN COBB**—Or possibly in a country that increases markedly the risk to us.

**Mr Hartmann**—Yes.

**Mr JOHN COBB**—Does NFF find that the shortage of vets varies between states?

**Mr Hartmann**—The surveys that have been conducted by the Australian Veterinary Association show that at the moment our veterinary resources, number-wise, are not too bad. A good number of rural practitioners are out there. In fact, there are some 6,500 registered vets, which sounds like a lot but a staggering number of those are not actually practising. We have a vast reserve of vets out there that we might be able to call upon, and that is something that may be addressed through the review—having something like an army reserve with a veterinary capability. But the AVA surveys have also shown that those vets that are practising are an average age of 50, and that is the real issue for us. That is why we came to government and said, ‘If this government is forward thinking it needs to start thinking now about what we’ll do in five or 10 years time when those people will be retiring.’

**Mr JOHN COBB**—Back on the issue of states, though, to your knowledge do some states have a better surveillance program? In other words, are some state agriculture bodies more into surveillance than others?

**Mr Hartmann**—They all have the same belief in surveillance and quarantine, but I would say that a state such as New South Wales has been doing an excellent job through its Rural Lands Protection Boards and its government vets. A lot of that has been exacerbated through the government’s understanding of what happened in the UK situation. That has been a wonderful push in public understanding and awareness, but there are certainly issues with government veterinarians. For example, the ACT only has one government vet. The problem there is that that government vet spends an awful lot of time spaying kangaroos at Yarralumla and doing things like that rather than being able to look at a lot of the important issues that other government vets need to look at.

**Mr JOHN COBB**—You were talking about the use of swill a while ago. I think in New South Wales there is nowhere registered in the state to use it. Is that the same across states, to your knowledge?

**Mr Hartmann**—It is, yes.

**Mr JOHN COBB**—On your comment about a magistrate, was he not aware of the law? Was it a slap on the wrist rather than a serious prosecution?

**Mr Hartmann**—That is right.

**Mr JOHN COBB**—So it was not the fact that he did not realise it was illegal; it was the fact that he perhaps did not take it as seriously as others might have?

**Mr Hartmann**—Correct.

**Mr JOHN COBB**—I want to question you about the importation of semen and animals into Australia. Do you have any concerns about the way that is done? Do you have any quarantine concerns on it? Is NFF by and large happy with the way that is done?

**Mr Hartmann**—On one side, we encourage the importation of better quality genetics into our stock. However, we need to ensure that genetics is not bringing other nasties in with it. There are actually two import risk assessments at the moment that are looking into the import of semen from other countries. I have been impressed by the level of science that is behind those IRAs as far as the importation of semen is concerned, particularly regarding our rules about foot-and-mouth disease from those countries. The semen is not necessarily a problem; it is what comes with the semen which can cause issues. We encourage the use of it, but we also encourage the science behind the risk analysis.

**Mr JOHN COBB**—But, to answer my question, as far as you know you are happy with the way it is being done at the moment?

**Mr Hartmann**—Correct.

**Mr JOHN COBB**—Has NFF been invited to be observers or to be in any way involved in the war games or whatever you would like to call them in September?

**Mr Hartmann**—I am the person on the working group for the exercise. We have taken a very strong position on the exercise, because it allows us to understand how our national capabilities are standing and allows our industry to test our own capabilities. We have an emergency plan in place, which we will be testing as if it were the real thing come the September simulation. We have roles that are set out under our cost sharing agreement as our technical advice and our management group representation, so we have our people lined up to do that at any stage. They are trained and prepared to do so. As far as observers, facilitators, umpires and the like are concerned, we are waiting for Emergency Management Australia to provide us with the numbers that they require for industry representation at that level. We have been pushing for that and expect that to be in the next week or 10 days.

**CHAIRMAN**—In your report to us, you said:

NFF does not support random testing by AQIS personnel for diseases that we know on clinical grounds do not occur in Australia.

I was fascinated by the logic that, on the one hand, you are all for Biosecurity Australia and you think we have a good scientific basis for our import risk analyses but, on the other hand, you do not think AQIS personnel ought to go around and test any of our stock because they might inadvertently say we have something that we do not have. Isn't that a bit incongruous?

**Mr Hartmann**—For a start, there are other resources to do that surveillance and testing that are outside AQIS. There are vets, government vet labs and the like. My understanding of the statement in that submission is just that AQIS should do what they are best at, which is the barrier surveillance. As for going further and doing random testing to ensure that those barriers

have not been breached, we will leave that to the other areas we have there on a state by state basis.

**CHAIRMAN**—The NFF did say:

Indeed, such surveys could well be counterproductive since random testing of negative populations invariably leads to false positive results, possibly compromising our status until yet more testing is carried out to confirm continuing freedom from the actual disease.

That seems a bit odd.

**Mr Hartmann**—There are issues there. BSE is one example where we know that we have put in all the barrier work to stop any likelihood of Australia having BSE. We go through to ensure that we are meeting our OIE obligations with the testing that we do of those specified target animals, but we do not want to see the situation where we go through and we test randomly, throughout the population, animals that may or may not be showing clinical signs in case we have let something through. We are basically looking for flying pink elephants, which is not really an effective use of our resources.

**CHAIRMAN**—You said:

The system developed by AQIS over the past 12-18 months is now more transparent and has a far better developed scientific review process in place than was originally the case. However, it is worth noting that there is a tendency for AQIS to use 'in-house experts' for the development of some IRAs where access to outside expertise would be an advantage.

You did tell us you are happy with the scientific expertise in the department, and now you are saying they should not really become too insular.

**Mr Hartmann**—Yes. If they do not have the adequate expertise and if they do not have the world-class people within AQIS, they should feel free to go and find those people elsewhere and contract them to assist.

**CHAIRMAN**—Are you saying they do not do that?

**Mr Hartmann**—I am speaking for what is written in that submission from the NFF. It was not a Cattle Council statement. If they were not doing it already, I would support them going and finding that expertise outside AQIS.

**CHAIRMAN**—This is the last question I have got. Yesterday we heard about some push to have economics considered along with the scientific analysis or import risk analysis to decide whether or not we should exclude something. I notice that in your paper to us you said there was:

... a Research Report on the 'Impact of a Foot and Mouth Disease Outbreak in Australia', which found that a major outbreak could cost Australia over \$9 billion in lost export earnings over an 8 year period and reduce Australia's GDP by between \$8 billion and \$13 billion.

You are not really proposing that we make our import decisions based on an economic analysis rather than pure science, are you?

**Mr Hartmann**—No.

**CHAIRMAN**—I am glad to hear that. Thank you very much. If we have further questions, do you mind if we put them to you in writing?

**Mr Hartmann**—No.

**CHAIRMAN**—Thank you.

**Proceedings suspended from 10.50 a.m. to 11.01 a.m.**



**AMBLER, Mr Chris, Senior Policy Analyst, Australian Pork Ltd**

**PLOWMAN, Ms Kathleen, General Manager, Policy Division, Australian Pork Ltd**

**CHAIRMAN**—Thank you for your submission, which we have received. Do you, by any chance, have a brief opening statement or are you happy for us to go straight to questions?

**Ms Plowman**—I would happy at this stage to go straight to questions.

**CHAIRMAN**—In Monday's *Financial Review*, Lenore Taylor reported some comments made by Pascal Lamy, the European Union's trade minister, who happens to be in Australia today. I know because I saw a photo in today's *Australian*. She said that Mr Lamy repeated the European belief that Australia used quarantine rules and procedures as a form of non-tariff barrier, rejecting Mr Howard's claim in Brussels last week that this was more of a negotiating point than a concern deeply held by Europeans. The article continued with Mr Lamy saying:

"It is no secret to anyone on this planet that Australia has strong and constant non-trade tariff market access barriers in this area, so I can understand why the Prime Minister would not want to overplay it," he said when asked about Mr Howard's remarks.

"We clearly have concerns that quarantine measures are not proportionate with the sort of risk you have to cover, and don't have a sufficient scientific base ...

"It is a question of transparency of the process and the length of the assessment procedure. If it was a developing country like Botswana that took that long with its procedure, then perhaps we could understand it."

Do you have any comment? How would you answer Mr Lamy if you sat across the table from him today?

**Ms Plowman**—I would actually refute his statement. I think Australia has a very transparent import risk assessment process. It is one of the most transparent in the world. We are the only country that has a handbook. If you ask the Americans or any other country to explain or provide an assessment of how they undertake their own import risk assessments, they cannot provide that. Australia has always shown that it bases its import risk assessments on rigorous and sound science. The issue here is the length of the process, not the science. I think we should be very careful as a country not to confuse the issue of quarantine protection with economic protection.

**CHAIRMAN**—As I read your submission, you did make the following statement:

Australia's IRA process involves only a scientific risk based approach with a minimal economic cost-benefit and quantitative analysis as it relates to Article 5.3 ... There is no account made of the cost incurred to producers through the introduction of diseases.

From your submission, it seems to me that you are proposing, in addition to the scientific basis, that we also take into account the potential economic cost to us of a disease incursion.

**Ms Plowman**—While I understand that it is not the function of Biosecurity Australia to undertake such a rigorous social, economic and regional assessment I believe there is a role for government to make that type of assessment concerning the import risk assessments we are looking at. We need to have a greater understanding of the potential impact, on rural and regional Australia and producers, of disease incursion and how it could affect their viability. It should not necessarily be an input of the IRA process. In 1996, when the Canadians brought pork into Australia, our industry suffered greatly. There was a need for a review about whether we needed to have a safeguard. That review was undertaken but by the end of the review it was far too late to assist our industry in that matter.

**CHAIRMAN**—You are arguing that we should take more account of the economics but you would be more than happy if other countries lifted their trade restrictions with Australia so that you could sell more pork overseas. Is that true?

**Ms Plowman**—I would like to see other countries, particularly our trading partners, recognise their own domestic subsidies: they have a distinct competitive advantage in those markets. While we might all advocate free trade, it does not necessarily make for fair trade.

**CHAIRMAN**—Do you really think that the United States or the European Union is going to negotiate with Australia at the next GATT round or at an individual FTA without taking into account our use of quarantine barriers?

**Ms Plowman**—As I stated before, I do not believe that Australia uses quarantine as a barrier. I believe that we have to be very careful that we do not confuse quarantine with economic protection.

**CHAIRMAN**—But you are proposing that we take account of the economic risk as well as the scientific risk. It seems that you are blowing your argument completely out the door.

**Ms Plowman**—No, I said before that I do not believe that that is a function of BA. The government should undertake a review to understand fully the implications of these decisions and to find out whether any adjustment needs to be made to assist industries if imports of a particular product are allowed.

**CHAIRMAN**—The 1996 decision was based on science, was it not?

**Ms Plowman**—I believe it was based on science, yes.

**CHAIRMAN**—Your industry got hurt because you were not prepared for the onslaught of imports competing with Australian production. Subsequently, you got your act together and you started to export and now the industry is many times better off than it was before the 1996 problem. Isn't that correct?

**Ms Plowman**—The industry believe that while we were significantly hurt in 1996-97—and there are factors involved other than the import of our product—it was one of the better decisions to have been forced upon us. You are right; we have gone from exporting only four per cent of product in 1997-98 to 15 per cent now. We argue that during that period there was not a sufficient adjustment mechanism for the industry.

**CHAIRMAN**—You should be a great proponent of free trade agreements then, Ms Plowman. Is that correct?

**Ms Plowman**—On a personal or industry level?

**CHAIRMAN**—I will have it both ways; I do not care.

**Ms Plowman**—I agree with free trade agreements but, as I stated before, we have to be very careful how we perceive free trade and whether it is fair trade.

**CHAIRMAN**—I am a bit confused. In your submission you say:

Two Senate inquiries have demonstrated Biosecurity Australia (BA) is not too clear about the nature of ALOP.

‘ALOP’ means appropriate level of protection. You go on to say:

Currently, Australia’s assessment of low risk is essentially qualitative which stems from BA’s inability to define ALOP. A more quantitative definition would be consistent with WTO rules.

Could you expand on that? What are you trying to get at? What are you trying to tell us?

**Ms Plowman**—With regard to the appropriate level of protection, we have seen that there has been a definite lack of understanding by producers and industry bodies of what it means. We advocate that it minimises risk but, to a producer, what does that mean? When you tell him you are minimising risk, what actually do you mean? I would suggest that the import risk assessments—and we are actually undergoing two import risk assessments in our industry—are based mostly on qualitative as opposed to quantitative assessments. I think we need to move more towards a quantitative assessment of an appropriate level of protection. With regard to your other comments, I would be quite happy for Chris to follow them up with you.

**Mr Ambler**—The two Senate inquiries concerned the importation of salmon and the importation of apples from New Zealand. I have an extract from the inquiry into the importation of salmon, but at a hearing of the Joint Standing Committee on Treaties in March 2001, Ms Plowman said:

... the potential impact on industries, the environment and biodiversity, should also be taken into account, as the WTO rules allow.

As part of that, both qualitative and quantitative analyses are allowed, but my understanding is that a quantitative analysis would give you a much more useful indicative figure to use. With the vagary around the appropriate level of protection at the moment, we feel that would give us more certainty as to the outcome of and the rationale behind the importation risk analysis and the protocols.

**CHAIRMAN**—Your submission states:

In the current IRA on porcine semen the economic implications of a disease outbreak ... have not been assessed. While the risk of a disease outbreak may be theoretically low, the economic consequences of a disease such as porcine respiratory and reproductive syndrome are very high while the value to the industry from semen imports is negligible.

It seems to me that, once again, you are arguing against your basic premise that IRA ought to be purely scientifically based. Now you are arguing that we ought to take into account the economics; that there is no value to your industry from importing genetics from other herds from other countries—which I would question; I do not know that I understand that. Secondly, you are arguing that we should take into account the economic considerations, not just the scientific basis.

**Ms Plowman**—With regard to the genetic variation in our herd, the majority of our breeders oppose the importation of pig semen. We believe that the genetic variation of our herd is sufficient for the short- to medium-term. What really concerns us in this import risk assessment is the lack of scientific knowledge, particularly with respect to a disease called post-weaning multi-systemic syndrome or PMWS and also PRRS. With these specific diseases there is a lack of scientific understanding and the risks involved at this stage if they were to be imported through pig semen, recognising that the distribution of semen would be across Australia: it would not be isolated to one particular region, it would be Australia wide. This would have significant impact on the viability of producers.

**Ms KING**—In the previous submission we read that the NFF believes that AQIS should not be involved in surveillance and monitoring; that they should focus much more on barrier control and that other agencies that are already in place—perhaps with an enhanced function—should look at surveillance and monitoring. In your submission you have stressed that it is becoming increasingly important to monitor diseases as well as the avenues of potential entrance. Could you comment on the NFF's view that AQIS should not be doing that monitoring and surveillance. Do you share that view?

**Ms Plowman**—From my reading of NFF's submission I understood that they were referring to the testing of diseases in Australia, which we have been recognised under OIE as not carrying. I would certainly support that. Why would you want to direct resources to an area where you have already proven you do not have the disease when you run the risk of false positives and then have to direct resources to find a solution to that matter.

A lot of our debate on quarantine always seems to centre on import risk assessment, and that is vital. That is a preborder strategy, but there are other preborder strategies—and also postborder ones—which I think we could be directing resources to or looking at more closely. One of the things I have noticed in our system is that we place a very heavy reliance on the official reporting notifications from other countries and on their public statements. I understand that Biosecurity Australia and AQIS have very close relationships with our trading partners, but I often wonder if they are sufficient. A case in point was the import risk assessment for Canadian pork coming in in 1996: it was not until Australia pressed Canada about the notification of PMWS that it was actually brought up in the IRA process. Canada had been aware since 1991 that it had this disease in its herd. I would like to see AQIS, for example, undertake some more quantitative measurements on the different risk pathways so that we can prioritise and allocate our resources accordingly to the areas of greatest risk. I certainly support the initiatives that are occurring in Northern Australia, and I particularly encourage directing more funding to support our neighbouring countries in their own disease surveillance, monitoring and disease eradication.

**Senator SCULLION**—I must say I was very impressed by this particular submission: you have gone to some length to draw analogies that I can clearly understand. You have just mentioned the postweaning multisystemic syndrome, which took some time to discover in Canada, and you have drawn a reasonable analogy to the methylbromide fumigation of timber and the inadequacies of certification. I certainly think, given these assumptions that we make, that is an area of the assessment process that may be tightened up. Would you suggest that we somehow ask the equivalent of AQIS in other countries to pass some sort of an audit or an ISO certification? Do you think that is the way we need to go? How do we resolve that issue? I think you have brought up a very good issue, but what can you contribute towards a resolution?

**Ms Plowman**—One of the resolutions I would like to see is some form of audit that occurs from AQIS. I might write to them and ask them, ‘Can you assure me that the product that is coming into Australia—pork from Canada and Denmark—meets those protocols that we have established?’ and they will say, ‘Yes,’ to this consultation process. But how do we know that there has actually been an audit and that that product actually meets that specification? We do not. We rest a lot on faith here. Australia has a unique health status and it is our competitive advantage, and if I were a businessperson looking in I would be targeting someone’s competitive advantage.

**Senator SCULLION**—Would you then accept an independent third party international auditor—there is a number of commercial auditors around to do that task—or would you think that it would be more appropriate that AQIS change part of its function so that it actually does an audit on the sorts of people whose assurances we accept?

**Ms Plowman**—You have raised a very interesting point there, and I can see benefits in both approaches. I think we would have to really review what kind of function and role we want from AQIS in this and whether it is cost efficient or what benefits are there from employing AQIS in this area. The other point though is that having an independent auditor obviously could placate some of our trading partners in that it is not being run to an Australian agenda.

**Senator SCULLION**—Thank you.

**Mr JOHN COBB**—You mentioned benchmarking a couple of times. Can you give us an example of how you think it should be done?

**Ms Plowman**—I will leave that to Chris.

**Mr Ambler**—Which page are you referring to?

**Mr JOHN COBB**—As you sum it up, you talk about leakages and how to determine how effective we are in quarantine; I am sorry, I should have said that. Can you give us some examples of how you would do it?

**Mr Ambler**—That stems from the ANAO report, and I was just picking it up as it came out because I thought that it would be good to know how you would benchmark that as an issue to be approached.

**Mr JOHN COBB**—I agree.

**Mr Ambler**—Maybe you would do surveys. With cargo you could determine how many shipments come through, predict a level of disease risk in those particular elements of cargo and benchmark how much you pick up. That is one way of doing it.

**Mr JOHN COBB**—All right; you have not gone into it. You mention quality assurance, which obviously is good from the export point of view. What is the reason you mention it? Is it because you think we should encourage people overseas to get into it? I am trying to work out why you mention quality assurance in terms of quarantine.

**Mr Ambler**—That gets back to our reducing the risk of disease transmission in Australia. We have the HACCP program to increase food safety and you can apply that to the disease status as well.

**Mr JOHN COBB**—What I am getting to is that there has been some talk—in my opinion, not enough—about ID of animals. Is that where you are coming from?

**Ms Plowman**—What I would like to say about quality assurance—and this would come under the cost sharing agreement between the Commonwealth, states and industries—is that industries were required under that agreement to develop and implement their own biosecurity programs. I think that is an excellent initiative, because it brings responsibility back to the producer. It is about disease management and ensuring that the health status and the integrity of your herd is maintained. With regard to livestock identification, there have been some very strong moves across all industries that this is an imperative, particularly if we were to have an exotic disease incursion such as FMD. We need to be able to trace, forward and backward, very rapidly if we are to minimise and contain the disease quickly.

**Mr JOHN COBB**—My further question is: have you pursued this with NFF and other agencies?

**Ms Plowman**—National livestock ID?

**Mr JOHN COBB**—ID, yes.

**Ms Plowman**—Last year we reviewed our own industry's livestock identification to see if it was adequate to meet an exotic disease outbreak. What we found is that there are differences in state legislation regarding ID, and there is a strong need to harmonise that.

**CHAIRMAN**—In your submission you noted that Agriculture, Fisheries and Forestry - Australia should be commended for its current work on the nipah virus in Indonesia. What the heck is that?

**Ms Plowman**—Some would state that our industry's exports have actually been on the back of the nipah virus, purely out of luck. The nipah virus broke in Indonesia. Indonesia was a strong supplier into the Singapore market, and gave us our access into Singapore very quickly. This is an excellent example of why you do not want an exotic disease and how it can cripple your markets.

**CHAIRMAN**—What is the virus?

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**Ms Plowman**—That particular virus affects pigs and humans. More than 80 people died.

**Mr Ambler**—It is a disease that originates in bats.

**Ms Plowman**—So the initiatives in Northern Australia are very important. BA provides the surveillance for Japanese encephalitis in the sentinel pig herds every summer, and you can actually monitor what is happening with the disease and its potential entry to Australia's mainland?

**CHAIRMAN**—You also stated:

Equity demands that the burden of providing protection be borne by those who impose the risk or allow it to spread or those who benefit by protection ... Currently, this is only met by Australian industry which means importers may be taking greater than optimal risks.

Would you like to expand on that?

**Ms Plowman**—This comes back to how AQIS ensures our postborder and preborder quarantine. As an industry, we have witnessed an example where imported product has not met with the import protocols. I think that importers may be prepared to take a greater risk or that our actual framework is not strong enough to ensure that those risks are not taken.

A case in point is that some imported Danish product was stolen from a warehouse in Sydney. This was over a long weekend. The pork itself was not the target. It was just that this particular warehouse was being raided and they took a crate of Danish pork. The fact is that that particular shipment container should never have been in this particular transport area, in this warehouse. It was not approved for pork product. It was just that it was a long weekend and they needed to put it somewhere.

**CHAIRMAN**—I am certain that I could do an economic analysis that said to you that, while the Australian industry pays for the protection that is provided by the border protection, there is a benefit to Australia from having a relatively free trade status so that our industries are under competition from overseas industries. In some of these things we do have the world market now, like it or lump it—and you seem to like it pretty well because you are exporting a lot and that means you are growing more pork.

**Ms Plowman**—Yes.

**CHAIRMAN**—I think that economic analysis would probably prove that overall it was to Australia's benefit to take some calculated risk, rather than taking no risk and just slamming the gates up.

**Ms Plowman**—That is a good point, because if you can show that to your producers you have started to quantify the risk to something that they can actually understand.

**CHAIRMAN**—I would have thought your producers ought to have already got that message since they learned how to export. What is the size of your market today compared with what it was in 1996? I am asking: what is the size of your total market today versus 1996?

**Ms Plowman**—When you say ‘total market’, are exports included, the products, the amount that we have—

**CHAIRMAN**—What does the Australian pork industry, which you represent, now gross a year?

**Ms Plowman**—About \$850 million.

**CHAIRMAN**—And what did it gross in 1996?

**Ms Plowman**—I think it was around \$600 million or \$500 million. I am not actually refuting—

**CHAIRMAN**—I would have thought that your producers ought to already have assimilated the message.

**Ms Plowman**—They certainly recognise that we live in a global market and that we need to trade. But I would like to point out that our ability to trade in animal and animal product is reliant on our health status. It is our competitive advantage. That is what gets us into the Japanese market; that is what gets us into the Singaporean market. We would try to go into the EU market but it is closed.

**CHAIRMAN**—That is why we try to negotiate more free trade agreements, isn’t it—so that you can have better access to other markets?

**Ms Plowman**—We would be in agreement on that, yes.

**CHAIRMAN**—Thank you very much for appearing before the committee today.



[11.32 a.m.]

**DREW, Mr Nicholas James, Executive Manager, Fertilizer Industry Federation of Australia Inc.**

**LEWIS, Mr John, Director, Fertilizer Industry Federation of Australia Inc; General Manager, Agrow Australia Pty Ltd**

**PRITCHARD, Captain Michael Hugh, Member, Fertilizer Industry Federation of Australia Inc; Shipping and Stevedoring Manager, Pivot Ltd**

**CHAIRMAN**—I now welcome representatives of the Fertilizer Industry Federation of Australia Inc. appearing at today's hearing. We have received your submission, for which we thank you. Do you have a brief opening statement or shall we proceed directly to questions?

**Mr Drew**—I have a brief statement. I would like to state at the outset that FIFA's members' customers are all farmers and that we have a common interest in the outcomes of good quarantine in terms of plant protection. FIFA has a history of working cooperatively with AQIS in developing effective supply chain quality assurance that extends offshore, from suppliers through to the transport chain and the original producers. That partnership with AQIS has been effective in reducing the number of quarantine incidents from 18 per cent of ships in 1996, when karnal bunt first lit the fuse of quarantine for fertiliser, to less than two per cent from 2000 to date. In our submission we make several comments about operational matters, in particular the lack of consistency of procedures in AQIS. We would like to point out that we are working on an operational level to try to advance that cause as well and, particularly recently, that does seem to be progressing reasonably well. We feel it is important to have that stated as a policy of the organisation, because where you have a change of personnel or new programs the principle of having strong procedures that are well understood by both parties makes a lot of sense.

Our most significant submission relates to offshore clearance arrangements. FIFA has put in place quality assurance procedures covering the whole supply chain to various ports now classified as low risk by AQIS. There is agreement that the fertiliser product from those ports is not a quarantine risk, leaving the contamination of the ships that bring the fertiliser from the port to Australia as the only point at which there is some quarantine risk. AQIS-approved inspection of the ship and cargo or their agents at the port of loading would significantly reduce the commercial risk and cost to the fertiliser industry and Australian farmers, and has the potential to improve quarantine effectiveness because they would be able to inspect the entire vessel rather than the top surface when it is full of fertiliser.

We actually conducted a trial with AQIS in offshore clearance at Tampa in Florida in 1999. AQIS's main conclusion from the trial was that, whilst it might well be effective, it was not an efficient use of their resources. We would like to strongly support the recommendations in chapter 4 of the audit report that AFFA develop 'structured planning and performance targets' for preclearance. We would like to add that, given the principle of cost recovery and the significant commercial implications that are involved, those criteria should include the

evaluation of the commercial implications and that FIFA stands ready and willing to help advance that cause.

**CHAIRMAN**—Thank you very much for that. In Monday's *Financial Review*, an article by Lenore Taylor reports comments by the European Union's trade minister, Pascal Lamy—who I understand is in Australia today, by the way. The article says:

Mr Lamy repeated the European belief that Australia used quarantine rules and procedures as a form of non-tariff barrier—rejecting Mr Howard's claim in Brussels last week that this was more of a negotiating point than a concern deeply held by the Europeans.

“It is no secret to anyone on this planet that Australia has strong and constant non-trade tariff market access barriers in this area, so I can understand why the Prime Minister would not want to overlay it,” he said when asked about Mr Howard's remarks.

“We clearly have concerns that the quarantine measures are not proportionate with the sort of risk you have to cover, and don't have a sufficient scientific base ...

“It is a question of transparency of the process and the length of the assessment procedures. If it was a developing country like Botswana that took that long with its procedure, then perhaps we could understand it.”

If Mr Lamy were sitting here across the table from you now, what would you say to him?

**Mr Drew**—I suppose the simplest answer from the fertiliser industry's point of view is that there are some four million tonnes of product imported into Australia from a large number of countries—I do not know from how many—and they are all successfully conducting that business. We would have some small concerns about the detail of the implication of the policy but, given the nature of fertiliser, which gets taken and spread into fields at the time when it is most conducive for things to grow, if there is contamination with a wheat seed from the US that may have disease on it, for example, it gets the best possible opportunity to succeed and establish and therefore potentially create problems.

**CHAIRMAN**—You would not be in favour of us risking further free trade agreements so that our agricultural industry in total—and I do not need to remind you that if we do not have an agricultural industry then we do not have any need for your association—

**Mr Drew**—I would not get paid either!

**CHAIRMAN**—I think you are probably correct. So it would seem to me at least that free trade is an objective that all of us ought to work for; but Mr Lamy thinks that we are using our border protection as a non-tariff barrier. What would you say to him?

**Mr Drew**—As I have already said, I can only speak for the fertiliser industry, and the evidence is there that there is plenty of trade going on and it is reasonably free and includes a significant amount of fertiliser from Europe.

**CHAIRMAN**—Each year some \$2 billion is spent on fertiliser, equalling five million tonnes. Of this, more than four million tonnes is imported as raw materials or finished products in about 140 bulk shipments. Significant additional costs of approximately \$20 million each year are

presently incurred by the fertiliser industry in addressing valid quarantine concerns. Are you complaining about the \$20 million?

**Mr Drew**—No, we are not. The point there is that that \$20 million, which is \$5 a tonne, is the estimate of what it costs us for added insurance premiums and costs of shipping compared with other routes, because of the perceived risk of bringing cargoes into Australia purely due to quarantine.

**CHAIRMAN**—I do not know what it is but \$20 million divided by \$2 billion is certainly weighed down in the fractions of a per cent.

**Mr Drew**—That is the ongoing effect on every tonne of fertiliser brought into Australia. My colleagues can give you some examples of the costs when you actually have an incident with a ship.

**Capt. Pritchard**—I would just like to mention that recently we had an incident with one of our members with their vessel called the *Alkimos*. It got rejected by AQIS. We would conservatively put a price of \$US8 million on that shipment being rejected. Not only that; it has had a lot of implications in that various comments were made from a very senior level in government, and those comments created a problem in trying to on-sell the product to another country. The ship is in fact sitting outside Bangladesh, where it is being on-sold as a distressed cargo. It has been sitting there since 2 June because of all the comments made. Those are the sorts of costs incurred when we have an issue with a ship coming to Australia which gets rejected due to a quarantine issue.

**CHAIRMAN**—Was it produced fertiliser?

**Capt. Pritchard**—Yes.

**CHAIRMAN**—So it was the final product that we were buying?

**Capt. Pritchard**—Correct.

**CHAIRMAN**—Did the company that purchased it have to pay for it even though it could not meet our quarantine standards?

**Capt. Pritchard**—It comes down to a fairly legal argument—the recipient of the cargo pays for the cargo initially—as to where the liability lies with regard to the cargo being rejected. We usually have two main issues with rejection of cargoes. One is on the logistics chain from the supplier side, which is actually in the product or from the ship itself. We go through a lot of procedures and processes to ensure that both sides of that logistics chain have got to the standards which AQIS approve. Once the cargo comes into Australia and gets rejected it becomes an insurance claim. Naturally, the liability is then put onto the party who people think is negligent. I am led to believe that in the first instance it will be the insurance company of the receiver of the cargo, who will then seek redress from the person who is negligent.

**CHAIRMAN**—From your statement and submission you clearly support pre-sailing quarantine clearance arrangements at the port of loading. You have told us in your opening

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statement that AQIS thought it was not cost-effective. Do you know how non-cost-effective they thought it was? Did they tell you that? Did they quantify that statement?

**Mr Drew**—The simple answer is no.

**CHAIRMAN**—We might take that on notice and ask AQIS for you.

**Ms KING**—On page 4 of your submission, at dot point 4, you have noted that there are now 18 offshore supply systems that have been certified by AFFA as meeting quarantine requirements. Can you explain to me the process for assessing and certifying offshore supply systems?

**Capt. Pritchard**—We do our own audit of the whole logistics system before importing product into Australia, not only from the supply side, where we get the input from the supplier, but also from doing ship selection. We go through a very rigorous process. Once we have come to the conclusion within ourselves that we are satisfied with the logistics chain, we invite AQIS or a representative from AQIS to go overseas, at our expense of course—the user-pays principle—and inspect the facility which we consider has a reduced risk status. AQIS, in conjunction with the party concerned, will make the arrangements and go across and do an audit of the system. They will do a report and come back and make a decision on the basis of what they have seen. The majority of the places which we actually put forward are totally dedicated facilities with load port facilities being dedicated also, not handling grain or organic material. That is part of the process. Then we look at the ship itself.

When we charter a ship, as I said before, we go through the ship selection process, which is fairly rigorous. This is where we come down to the commercial responsibilities of getting a ship that comes up to our standard and has not carried grain on the international market, and of the timing. So there are a lot of competing pressures of getting the supplier to agree to load that ship in a window whereby we can say that we want to get the product into Australia in that time required.

**Ms KING**—In the case that you were referring to previously where the shipment was rejected, did that come via the certified offshore system?

**Capt. Pritchard**—Indeed, it did.

**Ms KING**—Can you explain how that occurred?

**Capt. Pritchard**—We have been using the same people. I know it came as a great shock to all of us in regard to that shipment. We believe that we have got a very good system in place—a very good process procedure that has been working extremely well. Like everything in life, you are depending on the human element. Something like 195 ships went through Tampa in the last five years. Members of the FIFA organisation have used the same people in the industry to maintain the continuity and the standards. These same people have been inspecting these ships, and unfortunately it is one of these things whereby they found it—if you want to look at the report—behind a pipe bracket high up in the regions of the cargo hold.

The ship had carried English barley two years previously. In fact, it came under the AQIS standards whereby reduced risk is considered to be the last six cargoes. We go back two years as a FIFA organisation; however, there are commercial realities involved in what ships are available to carry that cargo. In this case, I am led to believe—I am speaking on behalf of the other member—that they made a commercial decision that, because it was two years ago, it would come up to the standard of our own inspection procedures. Unfortunately, it got missed.

**Mr Drew**—I do not know how many hatches there were on that vessel, but there are five discrete holes. One of the cargoes was a not completely manufactured product, so fine material that was allowed to discharge was subject to a very extensive sieving regime to try and detect if there was any grain actually in the cargo—the expectation being that there would not be. The whole of that cargo was subject to that regime and no grain was found in it. So it was very much back again to the issue which we still have to find a solution for—that is, there was some contamination in the superstructure of the ship, not in the cargo.

**Mr Lewis**—We need to point out that we work on a zero tolerance, which is even higher than that used by the pharmaceutical industry. We have a pool of ships whose main trade in the world is basically carrying grain; that is what they are designed to do.

**Ms KING**—In light of that incident, are you looking at the certification system again? It would seem to me that that incident has indicated that there is a flaw somewhere in the system. Whilst the two-year barrier seems on the surface to be a good one, it clearly did not work in this instance. I would think that, given the sorts of ships that you are using, the potential for that to occur is pretty high.

**Capt. Pritchard**—I would like to disagree with that comment, if I may. We come down to the human element once more. We believe that the auditing of the system and keeping people's focus on what they do are very important. Just bear in mind that that ship had carried probably 40,000 tonnes of grain two years previously. Because of the amount of grain found—if you can try to put it in perspective: the size of a hold of a ship which might take 10,000 tonnes with a high superstructure; I am not trying to make excuses; I am trying to make—

**Ms KING**—No. The fact that contamination occurred is what concerns me in the first place.

**Mr Lewis**—To answer your question, we audited our own processes and immediately sent out our own people to go through the procedures to find out where the problem was and what had happened. We have an automatic mechanism that kicks in as soon as something like this happens. As I said, this is the first one we have had in five years. There was a human element here: if you are physically inspecting 30 or 40 ships in two weeks, this is a very rigorous thing to have to actually do. The processes have been changed and updated to take in this one incident.

**Capt. Pritchard**—In fact I went to Tampa—quite literally a week later—on Easter Sunday because we had a ship being loaded. It was a brand-new ship without any previous cargo grain history. I audited the system, and they admitted they were very upset about it because it reflected on their own status, skills and expertise that this one had got past them. Let us get back to the degree of contamination in that cargo of 36,000 tonnes: there were just a couple of grains on the superstructure.

**Mr Drew**—Your concern is one that we share. That is one of the driving reasons why we would like to get to offshore clearance—if we can—and have the inspection of the ship done before it spends 35 days travelling to Australia. When we detect the problem when it is too late, we run into to all those issues of possible supply shortages, distressed cargo to sell, demurrage time at the dock—all those things that represent such a large cost.

**Mr JOHN COBB**—Are you saying that you want preshipping clearance? In this case it would still have been contaminated even if there had been a preshipping process.

**Mr Drew**—They would have found the contamination prior to the ship loading and it could have been cleaned and the ship could have been loaded.

**Mr JOHN COBB**—When is it inspected now?

**Mr Lewis**—But the cargo was not contaminated.

**Mr JOHN COBB**—Okay.

**Mr Drew**—All fertiliser cargoes are inspected on arrival in Australia. The quality assurance system that we have in place does not give any quarantine clearance at all; it merely changes the inspection regime when it arrives. There is a higher inspection regime where there is a high risk and a lower inspection regime where there is a low risk from those audited ports. All cargoes are still inspected on arrival in Australia.

**CHAIRMAN**—How can you be so sure? You say it was two grains?

**Capt. Pritchard**—There were several grains.

**CHAIRMAN**—A couple of sackfuls?

**Capt. Pritchard**—Not quite as much as that.

**CHAIRMAN**—Five bushels?

**Mr Drew**—Five grains is more likely.

**CHAIRMAN**—How can you be so confident that a preinspection in Tampa would have found it?

**Mr Drew**—It is exactly the same confidence that you have in inspecting it here in Australia, so it just makes sense to do it there rather than here. Quarantine is not a zero risk.

**CHAIRMAN**—But you said unequivocally, ‘We would have found it if we had inspected it in Tampa.’ You cannot really say that.

**Mr GRIFFIN**—Isn’t this what you are saying: you actually found it by doing your normal inspection in Australia and therefore, if you transferred that inspection regime offshore, by defi-

nitition you would have found what you found in Australia at that time then? Is that effectively what you are saying?

**Mr Drew**—It is, but there is no guarantee. I am sure Quarantine would agree that they do not find 100 per cent of any contamination, because of the size of the vessel and so on. That happens anyway now. We would much rather it happened offshore where there is far more opportunity to make remedial action before it becomes a bigger issue.

**Mr Lewis**—An offshore inspection is for what we call low risk supply systems and ships. Anything that is high risk or that comes through a system that is not goes through the normal inspection regime. Obviously, we try to use the same ships all the time, and we have had ships that have come through two or three times and then been picked up, having already been through the systems—both ours and AQIS's—two or three times. We actually mirror AQIS's inspection systems at the port of loading so that they are already done. There is a certain amount of comfort by the time the ship arrives here. Fertilisers are not a point of contamination; it is what they are transported in. At the moment the real point of any risk is the ship itself; that is what we basically come down to. Most of the fertiliser is now being loaded in what we call 'closed systems': plants that are on the water that use external systems to transport it from the warehouse onto the ship. They are dedicated to load only fertilisers. It becomes a real ship problem. You could inspect those but you could miss something.

**Ms KING**—You are saying you are estimating as \$8 million the cost of that particular incident to whoever it is going to be at the end who loses out on this. Now you have AQIS saying that a presale quarantine system is too costly to do. Given that, would the industry look at funding a presale quarantine system, also given that the potentials are pretty high?

**Mr Drew**—Absolutely. Quarantine is already done on a cost recovery basis; whether it is full or not is open to question. We would be very interested in pursuing how it is done and how it is paid for, no question.

**Capt. Pritchard**—We could have a very cost-effective system by accrediting overseas organisations along a NATA principle or something like that or even getting people trained by AQIS here and stationing them in the areas from which we actually import a high volume of product.

**Mr Lewis**—In 1979 when we had the first major incident, both the suppliers and the industry here took the view that they would sit down with AQIS and work hand in hand. All of the QA procedures have been developed, worked and run through with AQIS. It is a situation where we know exactly what we both want and how we are going to get there. We just have this issue with the low risk shipments where you have product coming from a plant that has no possible contamination, going into a brand-new ship—which we try very hard to get—and then we have to go through the whole quarantine sequence at the other end.

**Capt. Pritchard**—This will also eliminate a lot of the issues at the local level. We tend to discharge product around the coast of Australia as the majority of ports handle grain. Quarantine does not give us a clearance until the ship is cleared and they also inspect the product inside the shed. The product moves from the ship to the shed through areas which have had high grain importation or exportation. Often you get grain which is actually transmitted into

the shed by truck tyres and, if they find grain inside the storage facility, the product is quarantined. We are talking about the practical sense here whereby, when you have product quarantined in storage facilities, you end up with 10,000 to 20,000 tonnes of products sitting there. These are unable to be delivered until we can actually propose a solution or come up with an idea of where the actual contamination emanated from.

**Mr Lewis**—Most of the two per cent is actually due to instances that have happened after the ship is discharged and is even, in these instances, in the shed.

**Ms KING**—It would seem, with regard to my initial question about your certification system, that there are still some concerns in that whole process about potential contamination, whether it is serious or not. There would still seem to be some concerns in that system.

**Mr Drew**—Yes, and that is what we would like to address by moving to offshore clearance so that we can get the full benefit of the work that has been done in making those offshore ports low risk. The contamination from then on is either stuff that is in the ship, which would be dealt with by AQIS inspecting the ship prior to loading, or local contamination, in which case, once you sort it out, it is not actually a quarantine concern.

**Ms KING**—Where the contamination occurs is not really the issue for AQIS; it is whether it is contaminated or not contaminated. Obviously, some incidents are of lower risk than others. The issue for you, pre-sale, is that it reduces your risks in terms of the shipment being knocked back, and that is a significant advantage to you, given the costs that are involved if it does get knocked back. AQIS's concerns are the issue of contamination per se. I would just make that point.

**Capt. Pritchard**—It is not only the direct cost to us but also the direct costs to the customer and the agricultural industry.

**Ms KING**—Yes.

**Mr JOHN COBB**—I can see the advantages to you in your system but I am not sure that I can see the advantages to the rest of us. The advantages to you, I assume, are that you know your load is going to be accepted before it gets here. The issue for us is whether or not it is clean. I am a little nervous about doing it that way. It seems to me that it also has to be checked on the way off.

**Senator SCULLION**—Captain Pritchard, I would like to touch on comments that you made—not actually something you said but the way you were putting it—that it potentially should be a qualitative approach rather than a quantitative approach. Let us face it: AQIS should get a badge for finding five grains in 36,000 tonnes. You used the word 'practical' in relation to the practicality of having to find half a dozen seeds out of 36 tonnes, which is a very big ask. How many seeds do you reckon we should allow in? What is the level?

**Capt. Pritchard**—I am not talking about allowing any seeds in. It is a question of where you find these seeds and the degree of what people consider to be contaminated cargo. As Nick pointed out, the cargo we were allowed to discharge is a finished product, but it goes through a manufacturing process to make other fertilisers. They did a double process on it whereby they



actually sieved it and they did not find anything in that 10,000 tonnes, but they also put it through a manufacturing process, so if anything got through it would be destroyed and make the grains non-viable.

**Mr Lewis**—I would point out that we have not had an incident where grain, or a contaminant, has been found in the cargo. Any incident we have had has actually been on the ship.

**Mr Drew**—From a low risk port.

**Mr Lewis**—From a low risk port. If it is a ship from a high risk port then they deserve everything they get. But, with low risk ships, we have not had contamination actually in the cargo; the only contamination like this was grain that was compacted in a previous cargo—which I think was cement—behind piping, so when you opened up the previous residue you found something underneath it. That is a hell of a record when you think we have had 36 million tonnes coming in in five years.

**Senator SCULLION**—Indeed, though I would have to say that a number of weeds have been introduced into this country and we are not sure where they have come from. We would be highly suspicious of a couple of points of entry—fertiliser and other bulk carriers would have to be amongst them. You can perhaps throw some light on what is actually happening in other parts of the world. As you said, fertiliser goes into Europe, and it is obviously a major commodity. What sort of processes are in place in Europe for the Europeans to import fertiliser, if they do at all?

**Mr Lewis**—To our knowledge, there is not anywhere the regime of inspection or the parameters of control that Australia has. As a matter of fact, coming from the other side of the business, being a supplier, we are perceived as the benchmark worldwide. So if your plant has the stamp of approval to export to Australia then you are perceived to have the top standard for a QA program in the delivery of any product.

**Senator SCULLION**—I took evidence from Environment Australia yesterday, and I asked them a couple of questions about their role. They have just developed a draft memorandum of understanding with AQIS, and they will be associated with the development of IRAs in the future. I took them fairly painfully into how far they would go to ensure that environmental outcomes were reached, particularly with imports and making some parity between import and export. They said they would have a view, whether or not that was fully taken into consideration. It has been put to me on many occasions by Environment Australia that that four million tonnes a year, in terms of phosphate to nitrates, has one of the most critical and uncontrollable damaging impacts on our rivers and general marine environmental systems. Do you have any concerns that Environment Australia will now have an input into the IRA and it may not be particularly positive for your industry?

**Mr Drew**—I cannot comment on what Environment Australia might have as their input. What I can say is that we are actually working with Environment Australia at the moment to introduce a national product stewardship program for fertilisers. Also, the state of the environment report summaries say right at the start—whilst not in any way diminishing the problems with nitrification—that the issue of nutrient depletion is probably more serious for Australia.

When you look at a country that produces farm products, like we do, and exports them, if the nitrogen, phosphorous, potassium and sulfur that is going out is not replaced then the soil eventually becomes a dustbowl.

We would like to think that the fertiliser industry is basically making a very positive contribution to the Australian environment, but we do not argue against the fact that there are some areas where we are contributing to some problems. There are some particular issues at the moment with nitrate fertilisers from sugarcane farming ending up on the Barrier Reef. One of my jobs next month is to head up there and start talking. We are trying to bring the sugarcane industry and the fertiliser industry together with Environment Australia in an eco-efficiency agreement that will help mitigate those risks. From our point of view, our advice to customers is always couched in terms of trying to get the best possible use-efficiency out of the fertiliser, which means that it does not go where it is not supposed to go.

**Senator SCULLION**—Thanks for that, Mr Drew.

**Mr JOHN COBB**—Am I to understand that, if we have these pre-sale quarantine clearances, that would mean: ‘Okay, you’re right to dock without further ado’? What happens if you have to dock somewhere on the way to Australia? What happens if you rescue a ship on the way to Australia?

**Mr Drew**—That would clearly have to be part of the procedures. We would envisage this happening only where there is a single voyage from the port of loading to Australia.

**Mr JOHN COBB**—Have you spoken to Grain Council of Australia about this?

**Mr Drew**—No, we have not.

**Mr JOHN COBB**—I would suggest you do.

**CHAIRMAN**—In your submission, you said:

FIFA recommends that AFFA act to clearly document policies and procedures for AQIS operations—

You have a lot of acronyms here!

and make these available to stakeholders through a consistent and robust delivery mechanism.

Are you telling me that you do not know what AQIS policies and procedures are?

**Mr Drew**—The record until recently has been that perhaps some of the AQIS officers do not know either. There has been inconsistent application of what we would have thought would have been much more tightly described procedures and rules.

**CHAIRMAN**—Can you give me examples.

**Capt. Pritchard**—We have had a couple of instances lately. We had a ship which was coming from a reduced risk load port, a reduced risk vessel. We had actually had that vessel

about three months earlier carrying a similar cargo from the same region, but she had not carried any previous cargoes which were organic; she carried cement, coal and that type of thing. She arrived in Portland and we went through various rigorous occupational health and safety issues concerning gas testing et cetera—which needs further discussion. However, it came down to the initial processes of walkover of the product before we could allow discharge et cetera. Once we can discharge, the product is still quarantined until we get quarantine approval. It goes into an approved quarantine facility. Unfortunately, we had a fair amount of cargo inside the shed, so that product also got quarantined as we dropped a product on top of it, so the whole heap became quarantined.

It got to a stage whereby the AQIS officer said that he could not pass the holds and therefore could not pass the cargo which had been discharged in Portland. We suggested that we change the discharge plan so he could inspect the actual holds down to the level underneath the combing, but he said that his interpretation was that the whole ship had to be cleared by an AQIS officer before he would release the cargo. We intimated that it was not our understanding and that we needed to discuss it further with Canberra. In the meantime that product was quarantined. The ship went to Geelong. It was three days later whereby they were able to complete their walkover inspection of the cargo and it was therefore cleared for delivery to our customers. That is one instance. In fact, the interpretation is—and we got clarification from Canberra a few days later—that in fact that is not the case.

I will mention one other instance, which happened just a week later. We have a special permit for the discharge of rock phosphate, because it is considered to be reduced risk because it goes into a manufacturing process. The whole logistics chain into the discharge has been certified as being of a low risk-reduced risk nature. One Saturday morning, a week Saturday, AQIS officers came down to the ship to inspect the vessel—this was the second port of discharge—and held us up for an hour; the ship was not able to discharge for an hour while they inspected. We do not have any objection to them inspecting or auditing the system as long as we know, so we can plan accordingly, but the cranes had to stop while they inspected the holds on a safety issue—which is fair enough—and in the meantime everything stopped. That ship waited there for an hour while the inspection was carried out. In fact, they did not need to do the inspection, because it did not come under the inspection regime under the work procedures. That is the type of issue.

**Mr Lewis**—We are working with AQIS to get a set of procedures and a handbook that is common so that we both understand the exact role and the definitions.

**Mr Drew**—AQIS agree that has been a problem and, as I said in my opening comments, they are actually working on it and it seems that we are making some real progress at the moment on that.

**CHAIRMAN**—You also stated:

The collection and management of information on detected quarantine incidents, the treatment options considered and the eventual outcome need to be improved.

Doesn't AFFA's monthly newsletter highlight those things and disseminate the information?

**Mr Drew**—I cannot answer that.

**Mr Lewis**—Not to our knowledge.

**CHAIRMAN**—Would you like to get back to us on that, please?

**Mr Lewis**—Certainly.

**Mr Drew**—In the *Alkimos* incident, we actually asked AQIS for details of a previous incident where grain was found on a steel cargo. They could not find the incident in their database or the details of what had happened. That cargo was allowed to unload after cleaning. That sort of raised the issue. As with the other things, we have raised this at an operational level and we are working to do it. It is an important issue and we learn from what happens each time it happens.

**CHAIRMAN**—Some people have proposed a dedicated border agency that covers all the functions that all the many agencies now look at—Environment Australia, AQIS, Immigration and so on. In your submission, you say that you are working very closely and very well with AQIS. What would you think about a single agency to do all these functions?

**Mr Drew**—I do not think FIFA has a particular view on that. We effectively deal with one agency; we primarily deal with AQIS.

**CHAIRMAN**—Thank you very much.

**Proceedings suspended from 12.12 p.m. to 2.06 p.m.**

**BENNETT, Mr Peter Philip (Private capacity)**

**CHAIRMAN**—Welcome. We have received and read your submission. Do you have a brief opening statement?

**Mr Bennett**—Yes, Mr Chairman. I am appearing in an individual capacity, but I am also President of the Customs Officers Association of Australia. I noted your comments yesterday and I will try to be as brief as possible. My submission is that the government should create a new single border protection agency with the emphasis on ‘new protection agency’. We are proposing a restructuring of the current border arrangements so as to distinguish between trade services functions and border control functions, with border control functions being consolidated into a new border protection agency. The agency would be built by stripping the enforcement, control and protection functions from existing border agencies and reconstructing those resources as a new agency. The stripping process would be cost neutral and the benefit would be a dramatic increase in the overall efficiency and effectiveness of border controls. The cost benefit of a consolidated border protection agency and the overall increase in effectiveness would far outweigh any difficulties of that project.

The new agency would consolidate the existing fragmented and disparate border protection resources and eliminate the weaknesses, duplications and bottlenecks in our current system. The remaining trade, permit, revenue, policy and service functions of the current agencies could remain as is or, for greater economy and effectiveness, they could be consolidated into a couple of trade service agencies.

To fix their border control arrangements the USA are about to create a new single border protection agency by lumping together every agency that has anything to do with border control. I think that is a bit clunky and unwieldy. I would not recommend that approach. However, they have identified the problem, and that is fragmented border controls. The best solution, in my view, is to create a system that does not have a fragmented border control but which leaves the existing and effective trade services functions alone.

AQIS and Customs officers yesterday described queues of border officers with various badges on their shoulders applying border control functions with the same equipment, in the same place and at the same time. Noticeably, everybody shied away from highlighting structural, operational, intelligence, resource or legislative problems. I have other comments about some matters that were raised yesterday. I will address those later, if you like.

**CHAIRMAN**—Sure. Thank you, Mr Bennett. In your submission, and as you have just demonstrated, you have given us a whole series of propositions but have not given us any evidence. Have you any evidence whatsoever that it is possible for a single border agency to deal with remote, difficult and discrete tasks, such as environmental, quarantine and immigration risks and Customs and postal responsibilities to responsibilities relating to farming agencies—the list goes on—including fisheries, I might add. If you strip those agencies of their responsibilities, how on earth do you expect them to be able to function and carry out the tasks for which they have been authorised by governments of all political persuasions?

**Mr Bennett**—I cannot go through each one, one at a time, but the principle is fairly basic. Customs has a series of officers whose specific job it is to look at black-collar crime or grey-collar crime—those crimes where there is the intention to do some harm to the country. There is white-collar crime where people are simply bending the rules and taking advantage of them but that is another kettle of fish. Those officers who are specifically tasked with looking at those issues of black-collar crime can readily be identified within structures. Usually, they have powers of officers under the legislation and those officers exercising those powers of officers to try and stop black-collar crime offences are the ones that you would simply identify as being officers who should be carved out of the existing system because that is what they do. It does not matter whether the issue is a quarantine matter, a customs matter, a revenue matter or an immigration matter; their function is to try and stop breaches of the border. It does not matter what the goods or commodities are, the principles, functions, legislation, arrangements, structures, training, recruitment and selection are standard, or should be standard. The problem is that they are not. We have people currently standing alongside one another and every single one of those things I have mentioned is totally different. Their standards are different, their recruitment is different and the legislation they work under is different.

Yesterday, Customs and Quarantine were talking about the fact that they stand alongside one another. We have got a ridiculous situation whereby a Customs officer really is not empowered to use the Quarantine Act and the quarantine officer is not empowered to use the Customs Act. If a Customs officer is walking along a wharf and spots something, he cannot really do anything about it under the Quarantine Act. He has to put his hand up and say, ‘Please come and look at this and you do something about it,’ or if it is an immigration matter, he has to get in touch with an Immigration officer, or all those others that you mentioned. He has to get somebody else to do it.

If, in fact, he was a border officer who was empowered to carry out border policing and he saw something, he could act on it there and then because he would be empowered to do so. So it is a case of stripping out those people who already have the power under the specific legislation, who already carry out the function, and for them to be identified and simply weaned out of the existing structure and consolidated, and then standardising the legislation so they can all do the job, and do the job properly.

**CHAIRMAN**—Just before lunch we interviewed the Fertilizer Industry Federation of Australia. They told us of a circumstance in very recent times where a vessel came into port in Australia with a full load of fertiliser and the responsible AQIS officer—not a border protection officer—who was highly trained in import risk assessment and highly trained in procedures, surveyed the vessel, even though it was a vessel which was designated as having minimal risk, and found five grains of wheat on the top of a ledge or behind a pipe, and that stopped the unloading of the ship. How on earth do we train an individual—man or woman; I could not care less—to be able to know which vessels, potentially out of Indonesia, contain legal fishermen in our waters versus those that contain illegal fishermen, and also train them to be able to have a reasonable understanding of which countries might pose more risk through an airport border versus the same person on the docks? How do we do that?

**Mr Bennett**—Let us start off with recruitment. Currently, practically all of these departments do not have a standard of recruitment that would be consistent with an officer being capable of doing all those things. In fact we need a purpose-built system that says: ‘Your job is border

protection. You will have enforcement and you will not be pulled off this tomorrow and have a personnel officer put in charge of you. This is a genuine, serious effort to create a border protection agency; we are going to recruit people into it and we will select them on their ability to do the job properly.' Currently you have people just walking in off the street into many of these enforcement jobs with no qualifications other than the fact that they want to be a public servant. So we will select the people and then we can train them properly.

With the greatest respect, the attitude and aptitude is already there in the officer and, once you are trained, you do not have to be an expert and be able to deal with every little issue. What you have to do is grab the concept. Once you have the concept, if you run into a problem there should be—and there would be under the proposal I am suggesting—specialist officers, as far away as a radio call, where you could say, 'I have just found five grains of wheat up on top of a ship; do you want me to pick them up and bring them back myself, do you want to send somebody down here or do you want to stop the ship from moving?' Before you made an idiot decision, you would actually ask somebody who is an expert in the matter and who is one chain up the ladder—the same as on board the fishing vessels. You would have people who would develop expertise in the area of fishing vessels. You would have a person who was actually trained as a fishing vessel expert, and he would be in the area; but all other officers in the area would have the general concept and, if they needed the additional advice, they would get in touch with the expert.

Police do this all the time. A police officer does not know every single piece of legislation that he is obliged to enforce, but he has the idea—the concept—in his mind about what the scope and limits of the legislation are and the expectations of government in relation to enforcing that. The second he bumps into something that does not look right, as far away as a phone call or radio message he has an expert who can point him in the right direction. That is all we want. The bottom line is that Customs officers from the early fifties up until the mid-1980s did all these functions. I was empowered as a Customs officer to do things under what are now the Quarantine Act, the immigration act, the Environment Australia act and the Attorney-General's act. I had all those powers and was empowered to stop and detain the goods long enough to call in an expert so that expert could make a final administrative decision on what to do. Since the mid-1980s we have been slowly stripped of those functions and we have created single-purpose agencies where I cannot do that anymore.

**CHAIRMAN**—In the start of that answer you said something to the effect, I believe, that we needed to start over and hire people who had the capacity to learn and do a better job. Are you telling me that your union members are not competent?

**Mr Bennett**—I am saying that now—

**CHAIRMAN**—That is what you implied.

**Mr Bennett**—No, it is not exactly what I implied. What I am saying is the recruitment standard now is not aimed at the functions that I am talking about—border protection. The recruitment system now is aimed at Public Service generalists, not enforcement specialists. We have to be an officer capable of manning the registry, looking at the front counter and carrying out general 'meet and greet' type arrangements, right through to law enforcement. It is too broad.

**CHAIRMAN**—So Customs officers driving Bay class patrol vessels in the Torres Strait are not competent? Is that what you are telling me?

**Mr Bennett**—No. They were the few people who were specifically recruited—and I mean few people—for a specific function, but the rest of the people in Customs are not recruited for a specific function. Some quarantine officers are; their recruitment is more pointed than ours. But, across the rest of the agencies that are dealing with border protection issues, the recruitment is just general Public Service. Police do not simply ask, ‘Do you want to join the Public Service?’ They say, ‘We are after a specific person to do a specific job, with these attributes and capacities.’ Then they select from those who apply. We are just putting ads in the paper and saying, ‘Do you want to join Customs? It is a good job.’

**CHAIRMAN**—The last time I came through the border on an aircraft from overseas I went through the red line and observed in front of me—at more than one station various things were found—a Customs officer who found a huge number of packets of seeds and food. He just kept pulling them out of this bloke’s suitcase; it was incredible. I saw him calling another officer, who in fact was an AQIS officer, to tell him what to do with that and what they should do with this individual. You cannot tell me that you are going to hire somebody and train them to be able to both look through the bloke’s bags—and have the sniffer dogs work and all the rest of it—and decide what risk the packets of food, seed or whatever might pose to Australia? Are you saying that we are going to have one single-purpose person who can do all this?

**Mr Bennett**—I did from 1970 to 1988.

**CHAIRMAN**—Maybe that is why we have thistles and cane toads.

**Mr Bennett**—No, I don’t think thistles and cane toads got through Customs or quarantine at the time. The problem that you have just described is incredible, isn’t it? We actually have to get two people to be able to say, ‘That piece of meat is approved at import,’ because the Customs officer cannot say it is improved at import. It is not that hard. But if you find something in there that is simply beyond your capacity—a lump that you cannot describe and do not have experience with—then there should be a specialist who is quarantined trained so you can simply put on the red light and the quarantine officer comes down and says whether or not it is a quarantine matter, and acts on it. You do not need to have a specialist. A quarantine officer is going to recognise white powder in a bag and say, ‘Gee, that is a bit suspicious. I am not going to touch that; I am going to call a Customs officer.’ But he is suspicious about it, and thinks it is heroin. The only problem is that he might make the mistake of saying to somebody, ‘What’s that?’ and the bloke says, ‘It is heroin; I got it from my grandmother,’ and we have bugged the case—he has not asked the right questions and the whole thing may get thrown out of court because the quarantine officer was not trained to do the Customs function.

**CHAIRMAN**—You said in your submission:

Customs, which has a modestly good intelligence data system (NIS) has issued a directive that information about quarantine matters is not to be recorded on the Customs system. A known Quarantine offender or offence is, or should be, of interest to Customs. The information may assist Customs to detect another quarantine offence or the information may suggest a modus operandi that may relate to a Customs offender or offence.

I asked Customs about that yesterday, and they said that is false.

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**Mr Bennett**—In the financial year 2000-01 alone there were 8,486 quarantine infringement notices. Customs only has 4,000 quarantine records, which was quoted to you yesterday. Customs does not record quarantine-only matters. If it did then, for last year alone, there would be 8,486 records, and there is not. Customs has directed staff not to enter quarantine offences into our intelligence system. Of those 4,000 that are on our system, most were recorded before May 2002. Since May 2002, there has only been a slow trickle of information going in there because, when we put in an information report for smuggled goods, drugs, firearms or what have you, there is an option down the bottom to include quarantine—simply a tick—so if the person happens to have quarantine goods in their bag, they tick that as well. So there have been some additional records that have gone on our system, referring to quarantine, but they are incidental to the primary purpose of why the person is on the system. As a matter of course, quarantine goods that are quarantine seizures only are not put on the Customs system.

**CHAIRMAN**—Your member's department and you have a very divergent view of this issue, and we will investigate it further.

**Mr Bennett**—If you have a look in there, you will see that has the 8,486 quarantine infringement notices recorded. Every one of those is a suspect. The next time they travel, a Customs officer needs to know whether in fact they have breached the customs or quarantine law before. If we have not recorded them, then we do not get the opportunity of saying to ourselves, 'We want to have a better look at this person.'

**CHAIRMAN**—I think you missed the point. You said that Customs 'has issued a directive that information about quarantine matters is not to be recorded on the Customs system.'

**Mr Bennett**—I am sorry, you are after the specific directive. I rang the two officers and they told me last night that they had the directive and will try to get the specific instruction for me.

**CHAIRMAN**—We would appreciate it if you could supply that to us because, in the absence of your being able to do that, the evidence would not be very compelling.

**Mr Bennett**—With great respect, sir, if there are 8,000-odd infringement notices by Quarantine in one year but the total of Customs records is only 4,000, it shows that we are not recording quarantine records. It is as simple as that.

**Senator SCULLION**—Mr Bennett, I would like to explore a similar area so I can get a clear picture of your vision for future jurisdictions. I recognise very clearly from some of the things that you have said the very legitimate frustrations of Customs officers with organisations that they are part of and how they must feel about things. Having worked with Customs officers and known many of them personally over a number of years, I would have to say that they are one of the most professional organisations I have had the pleasure of working with. Equally, I have also worked alongside officers from Quarantine, Fisheries and the Australian Navy in similar sorts of areas, and the nature of their work is a bit of challenge. As you would know yourself, an experienced Customs officer has a knowledge you almost cannot train them for, in that there are some things that only experience will give you over time. There are a whole range of things that fit into the character of their work. That is very much the same situation with Fisheries officers, Immigration officers and quarantine officers.

If this model is simply about picking up that expertise—all that corporate history and knowledge—putting it in a different uniform and delivering some efficiencies, I will not make a comment on that, but I would understand why that is happening. But you seem to be saying: ‘Let’s start again,’ not with the expertise but with a whole new border control area and take away—you use the word ‘strip’—the expertise in border control and all those sorts of things from Customs, Quarantine and Fisheries. In a number of areas, particularly quarantine and fisheries, it is about critical mass. You can imagine in the foreign fishing liaison section that if, out of the total of six, you took, say, three of them, there would not be enough people left to have a critical mass.

The issue with quarantine expertise—you would no doubt understand the nature of the expertise: you have to help some of these individuals put their shoes on every day, and I say that with the greatest respect—is that no-one in the world knows more than these people do about their three or four areas of expertise. They spend all their working lives talking about diseases and understanding how they spread. Without the nature of that expertise none of this is going to operate. That expertise is essential to border control but it is also needed in a number of other areas to make determinations on issues. What I am saying is that it may be only one person. If you take that person from their area of expertise and put them somewhere else—say, border control—the nature of their need is not only border control, even though they are essential to that. Can you share with me how you would try to resolve some of those things?

**Mr Bennett**—For example, if 30 officers turn up at 9 Darling Harbour to be allocated functions during the day, obviously the people who are competent, well trained, the full bottle and have an interest in quarantine functions would be allocated to quarantine functions. Those that are good at diving, surveillance, collecting intelligence and revenue matters would be allocated respectively to the jobs that they have to do. The last thing in the world I would like to do is to take away or diminish or remove from officers the opportunity to specialise within a border control area. But it means that, when they go back to the office that night, there are no false partitions created between them. Whatever they learned that day is shared amongst every other officer who is there—Immigration, Quarantine, Customs, dog handler, diver—you name them. The information is shared that afternoon. Those officers are as far away from you as the bloke sitting at the desk next to you.

Our problem is that at the moment that does not happen. They are sitting in another place, four blocks away. Their computer system does not talk to my computer system. What they learned today I will never know about, no matter how long I am in the job. Whatever advantages there are in their being able to keep their expertise is wonderful, but it does not help me in my job as a border protection officer and it will not close the gap that is created between us. Something is going to move through that gap, because they are not telling us, for instance, that they just saw a black truck parked on the end of the wharf with meat being loaded into it, while a diver who happened to be at the end of the other wharf the other day saw a similar black truck.

That will never be passed on under the current arrangements. But if they were all part of the one organisation and all the information went into the same intelligence bucket, every time you turned your computer on you could ask: what happened at 9 Darling Harbour over the last fortnight? And all of the information would turn up, so you could do an assessment. That is good; that creates good law enforcement. You can continue having all those people in their own expert

areas of work. You must do that because, as you say, you cannot strip everyone down to being generalists. There are people in there that have specialist functions. In Customs at the moment there are people who can do gem assessments. There are others that are firearms specialists. Within the organisation at the moment there already are those people. But they have got to have that core capacity to understand what the border protection function is and what is necessary to make it gel and work and do not feel that the bloke sitting at the table next to them is an alien; they are prepared to talk to him and share the advantages, and promote the bloke who is the best person out of all these border protection people to help them and lead them. At the moment we are working alongside people but we have no idea of their capacity and their competence and we have no idea whether they actually understand what they are doing. If we standardised it and brought it all together we would remove all those problems. Does that answer your question?

**Senator SCULLION**—It does. I think perhaps the strongest part of your answer reflected the need to have a pool of intelligence with information coming from a great number of sources rather than have several pools—and I accept that. Perhaps you have been asked this question before, but I will get you to put your answer on the record. The opportunity for Customs officers, for example, to be empowered under the Quarantine Act as quarantine officers, under the Fisheries Act as Fisheries officers and under section 12 of the Migration Act as Immigration officers is already there. As you know yourself, Customs officers are empowered and blessed from a great distance as fisheries officers when required.

**Mr Bennett**—Yes.

**Senator SCULLION**—Wouldn't automatically going through that process go some way towards being able to act on something you see happening on the wharf?

**Mr Bennett**—You have to go through this perpetual rigmarole of authorising and unauthorising. A person is put on the books as being empowered to do a particular function and then, when they leave, they have to be taken off the books and another person put on. We have got the same situation with memorandums of understanding about how each agency is prepared to talk to another one: what information we are prepared to give them, when we can give it to them and who we have to give it to. This is so laboriously slow and stupid, given that we are all supposed to be doing exactly the same job; that is, stopping something moving across the border. Get rid of all the MOUs; we do not need them. We would not need them if there were a single border protection agency. To do the function should be a case of getting on the phone, ringing Fred and saying, 'Fred, you're the bloke who deals with quarantine functions down around 9 Darling Harbour. Have you seen a black truck lately?' That is as far away as it is at the moment. Somebody has got to go to somebody's supervisor, who in turn has to authorise a communication to somebody else on the other side, who says, 'Yes, we'll pass that information on,' or somebody says, 'No, for a reason, we don't want them to know about it.' It is clunky, it is ridiculous. As I said in my statement, it is informal: it is ad hoc and usually not lawful to do it the best way, so we cut corners and we do things that we probably should not have to do or we have to go through a formal system that is so laborious, slow and time wasting that people throw the towel in; they walk away from it and say, 'It's not worth the effort.'

**Senator SCULLION**—The chairman of this committee has led a number of the people giving evidence to answer questions in regard to whether or not jurisdictions have considered amalgamation, and that includes asking Customs whether or not they need to absorb AQIS and

AQIS whether or not they need to absorb Customs. Those questions have been put and all the answers, as I recall—I will be corrected if I am wrong—have been that they do not believe that would bring efficiencies. Your position is clearly at odds with that. Why do you think they have that position? Can you help me with that?

**Mr Bennett**—There is a lot of prestige, power, influence, money and resources from having a vertical structure cut in two parts. You have got an enforcement control area and you have got a service and policy area and, if you combine the two, you can wax and wane between the two and put arguments up for additional resources and money. They love that sort of structure. But if you cut it off and take those columns of enforcement out of there, that prestige, that power and that ability to influence drop off very quickly. Those things then go to another agency that they cannot influence—and they would not like that.

I put up a very strong submission back in 1996 that they carve 450 positions out of Customs and send them to Trade and Taxation. I said that we were doing jobs in Customs that were not appropriate for Customs: we were doing excise matters and trade functions that were in fact more properly attuned to, and rightly belonged to, Trade and Tax respectively. Two years after I put the suggestion in, they actually carved off 460 positions and sent some of them to Trade and some of them to Tax. You should have heard them come at me. They went at me like a rat up a drainpipe: I was attacked and, over a period of time, I have been charged with making public comment, I have been fined \$26,000, I have had to go to the High Court to get it dropped and I am still being dumped on. The long answer is that they do not want to give up one tiny vestige of power, and enforcement is a vestige of power that they will fight like crazy to hold.

**Senator SCULLION**—Who do you think would make up this new body and where would it lie? Clearly, the other bodies are still there doing other functions. Would this new body come under the minister for immigration, AQIS, Fisheries or Customs?

**Mr Bennett**—I think the Attorney-General's Department would be the appropriate place.

**Senator SCULLION**—What sort of relationship would this new border control agency have with our principal border control agency—the Department of Defence? What would the relationship be there?

**Mr Bennett**—One is military and one is civil. I spoke to Australia Post yesterday and, without pointing at who said it, a person said they would love to see a single border agency for civil matters and that they were sick and tired of dealing with half-a-dozen agencies to try and sort out which rules apply and which do not. If there were a single border agency to deal with defence, then Defence would only have to talk to one place. Currently they have to talk to 12 or 14, and every time they do they have to come up with another memorandum of understanding, they have to find out who is responsible for a particular function and they have to figure out who is going to pay for the next job that goes on. We spend half our time just going through the administrative process of trying to get the job done, without even thinking about what the job is. I am trying to get rid of the administrative clunkiness that we currently have. It is unnecessary.

Honestly, if parliamentarians were to say tomorrow: 'Look, we don't have Customs, Immigration, Quarantine or Environment Australia but tomorrow we are going to create one system and we want a border control agency,' do you think for one second we would arrange the system

we have at the moment? Somebody would say: 'We will set up an army to do the military part and we will set up a border control area to control the border, and we will have half a dozen service agencies looking after these other issues.' It would just happen. Nobody would set out to say: 'We are going to have a little bit of a law enforcement officer there, another one there and another one somewhere else and they won't talk to one another. If they were to, this will be the way they will have to do it, and the administrative process is going to be so clunky that they will never get around to actually dealing with one another.' Nobody would set that up.

**Senator SCULLION**—We have also questioned a number of jurisdictions on the relationship they have with other jurisdictions, and we have gone to quite pointed areas of communication such as how well they get on and their roles and responsibilities. Again—and perhaps this is the same answer that you have just given to me in a similar question—they claim that they have a good relationship, good communications and the system works. I have to say that it is certainly my view that Australia enjoys one of the best border control systems in the world. That is just my view and it is a reasonably educated view, although some others may have different views. I put it to you that there is a risk in saying we should throw all that up in the air and hope something comes down differently. What you are proposing is a huge and manifest administrative challenge in terms of roles and responsibilities and restructuring.

**Mr Bennett**—The system works at the moment because of the people's commitment to actually make it work: we bend it, we move it a little, we find holes in the system and we make it work. If we actually did everything that we were supposed to do in the way we were supposed to do it, it would not work. We have to make the system work, and it does because of the commitment of people who are at it. The reason we are as good as we are is that most of the people have a public service attitude. They actually want to do the job. They would like to do the job in a better and more efficient way, without their having to deal with such a laborious, slow, tedious and regimented system that makes it harder for them to do the job.

I am one of the people who has been in it for 30 years. I know how it works. I have worked with the AFP, NCA, Interpol, every state police force and every agency that has been mentioned here today. We make the system work; the system does not work by itself. If I were to go back to work tomorrow and make the system work better, I would go to my friends in the other agencies and say: 'Listen, we can get rid of all of this. You're as far away as a telephone call, mate, and we can make it work,' and they would all jump at the opportunity. We have made the system harder than it need be. The only way you are going to fix it up is by creating something new. Our system needs none of those bottlenecks; we need to facilitate easy liaison. That is what we need to have now. You cannot do it if somebody over here is in charge of this agency, somebody over there is in charge of that agency and somebody else is in charge of another agency, because they want to be in control of each part of that, and they will set the criteria for how they all talk to one another.

**Mr JOHN COBB**—I am sorry that I was not here earlier, so I hope I am not repeating anything. Mr Bennett, I am all for cutting out waste and inefficiencies. My first question is: whatever your area of concern—whether it be Customs or Quarantine—is there any truth in the thought that, while you have separate agencies, that particular issue will be more efficiently looked after when a body of people have only one job? My particular concern here is quarantine. If you are only concerned about quarantine—forget about bringing in banned substances—do you think that particular issue might be better handled by separate agencies?

**Mr Bennett**—No. If there were 1,000 quarantine officers available here today and 1,500 Customs officers were available as well, then tomorrow there would effectively be 2,500 quarantine officers—and 2,500 quarantine officers will do better than 1,000 simply by having those sorts of numbers. If there were 100 quarantine officers and 100 Customs officers at the airport tomorrow, I cannot do the quarantine function. I have to call somebody else and stand with my mind in neutral waiting for a quarantine officer to turn up so that I can hand over these goods to that bloke so that he can do his job in relation to that or, if he has found Customs: ‘I’ve got it.’ Immediately you remove that, if I find the goods, I can handle it. If I am not expert enough to handle it down to the nth degree, I would just whack on a red light and say, ‘Hey, send up an expert; one of the Quarantine blokes, one of our quarantine-border protection officers,’ and let him make a decision on it.

**Mr JOHN COBB**—Senator Scullion mentioned a minute ago that the issue of combining agencies has come up a few times. While none of the agencies actually said, ‘No, it shouldn’t happen,’ most of them could not see a good reason for it to happen. I think that is pretty much the way it went. I cannot believe that you thought of this only just in the last week or two. You must have spoken to senior people in those departments about this in the past.

**Mr Bennett**—I alluded to the fact that I was talking about pushing this issue in 1996. The Sturgess report back in 1996 talked about splitting Customs. I was involved in talking at length to Mr Sturgess and to Max Moore-Wilton about creating this. I have been pushing this since 1990. It is as clear as crystal to all those people who have been involved in this process for years that we do not have an efficient and effective system. We have a very costly, very slow and very laborious system that is made to work by the commitment of officers. We can have a better system. In answer to your question, they do not want it because it is, as I described before, the break-up of that power.

**Mr JOHN COBB**—I am familiar with how those things work probably more at a state level than a federal one; and they quite often do not work, as you say. All the agencies have been at pains to say how well they get on—probably better than I imagine they actually do because, as I said, I have had a bit of experience with that—and I am surprised when I read this that every comment says how well they get on.

**Mr Bennett**—We do, we get along great; we are just not efficient and effective—or as efficient and effective as we could be. You people are paying for us.

**Mr JOHN COBB**—True.

**Mr Bennett**—I think we are doing a marvellous job—an absolutely great job. We could do a better job if you were to give us the arrangements that allowed us to utilise our resources better.

**Mr JOHN COBB**—I suppose it does not matter which minister it goes under really if it is structured properly; that is probably not the biggest issue. Certainly, there are some very diverse issues as to—

**Mr Bennett**—Functions.

**Mr JOHN COBB**—Functions, yes. That is a better way of putting it. But I guess you can get over that sort of thing.

**Mr Bennett**—The issue really is that it does not matter what is crossing the border—it is an item. It does not matter whether the item coming through is a quarantine item, a firearm, a drug or what have you; once a hole is in the system anything can come through it—it does not matter what it is. A question was asked yesterday—and I think you were the one who asked it—about what the greatest risk is. The greatest risk is the thing that we do not know is being imported—we do not know by whom—at a place and time that we have no idea about. That is the greatest risk.

**Mr JOHN COBB**—I was not so much asking where the greatest risk is, but I take your point. You have mentioned about 10 different agencies here. I assume you are not putting all of them together. Are you throwing Australia Post in with them?

**Mr Bennett**—Australia Post has an enforcement arm and a small portion of those people are involved in that part dealing with border issues. Those few people who are in that enforcement arm—those who make the decisions about border control in Australia Post—should be part of it.

**Mr JOHN COBB**—I see; okay.

**CHAIRMAN**—Mr Bennett, thank you very much for your submission and we look forward to receiving that information from you.

**Mr Bennett**—Thank you kindly.

[2.49 p.m.]

**HOLLOWAY, Mrs Jane Louise, Manager, Trade Relations Program, Australian Wool Innovation Ltd**

**WILLIAMS, Dr Scott Henry, External Project Manager, Animal Health and Exotic Disease, Australian Wool Innovation Ltd**

**CHAIRMAN**—I welcome witnesses from Australian Wool Innovation Ltd. Thank you for appearing at today's hearing and for your submission. It came in late but is not very long; but at least I have read it. Would you like to make a brief opening statement before we start asking you questions?

**Mrs Holloway**—Yes. Firstly, I would like to apologise for our late submission. AWI is a young company, and we basically wanted to make sure that we made an accurate submission. We thank the committee for holding the inquiry, and we are very happy to make a submission. AWI are certainly aligned to quarantine issues. As you said, our submission is quite short so I do not propose to go through all of it. I would just underline that AWI's shareholders are wool producers and have an interest primarily in exports but also in imports, so quarantine and trade relations are very important to us and to our shareholders. Thank you for this opportunity.

**CHAIRMAN**—In Monday's *Australian Financial Review*, an article by Lenore Taylor quoted European trade minister Pascal Lamy. The article states:

Mr Lamy repeated the European belief that Australia used quarantine rules and procedures as a form of non-tariff barrier, rejecting Mr Howard's claim in Brussels last week that this was more of a negotiating point than a concern deeply held by Europeans.

"It is no secret to anyone on this planet that Australia has strong and constant non-tariff market access barriers in this area, so I can understand why the Prime Minister would not want to overplay it," he said when asked about Mr Howard's remarks.

"We clearly have concerns that the quarantine measures are not proportionate with the sort of risk you have to cover, and don't have a significant scientific base ...

"It is a question of transparency of the process and the length of the assessment processes. If it was a developing country like Botswana that took that long with its procedure, then perhaps we could understand it."

If Mr Lamy were sitting across the desk from you now, how would you respond to that statement?

**Mrs Holloway**—I think that there are definitely quarantine issues. I do not agree that Australia per se uses quarantine as a trade barrier. There are some issues relating to the import risk analysis and to the length of the process, and that is an issue for a lot of countries—not merely Australia. Clearly, we as an island nation do have a significant interest in very strong quarantine measures because we do not have diseases that most of the world has, and that is a trade advantage for us. But I also agree with Mr Howard that, in the context of the World Trade Organisation negotiations, it is clearly a trade negotiating ploy by the Europeans. As far as I



know, the only developed country that has been involved in significant quarantine trade disputes with Australia is North America. If Europe really believe that that is the case, why aren't they discussing it further or taking us to WTO dispute settlement? Where is the evidence to back up Mr Lamy's claim?

**CHAIRMAN**—A good response. Thank you for that.

**Mr GRIFFIN**—They are too busy justifying their own situation in relation to North American trade. I think that is probably part of it.

**Mrs Holloway**—That is right.

**CHAIRMAN**—That is fascinating. Why don't they indeed? Good question. It is clear, isn't it, as we proceed to negotiate free trade agreement with the United States and as we continue efforts in the WTO round of negotiations on tariff and trade, that this will be thrown up at us time and time again?

**Mrs Holloway**—Certainly, with the reduction in tariffs and quotas, other trade issues which may have been trade issues for a long time or which may be emerging will become more significant—and clearly quarantine will be one of those. I think it is also important to remember that, under the old GATT, issues like quarantine were not addressed in a significant way, so the agreement on agriculture and the agreement on the application of sanitary and phytosanitary measures are only seven years old. A lot of countries are still working their way through what all the issues are, and I think there are very likely to be a lot of sleeping issues for both Australia and other WTO members. I agree that it is going to be more and more of an issue.

**CHAIRMAN**—While the wool industry does have imports—and I was fascinated with the amount of carpet wool we import; thank you for putting that in, it was quite interesting and informative—your biggest brief, of course, is for exports. So you would be looking for as few trade restrictions as possible: low quotas and tariffs or anything else that you have to deal with in trying to sell our wool to other countries, seeing as how we do not keep very much of it.

**Mrs Holloway**—That is right.

**CHAIRMAN**—Are you convinced that our risk assessment procedures are properly scientifically based?

**Mrs Holloway**—It has been pointed out that there are some weaknesses with the import risk analyses—certainly some of them have taken a very long time—and there are some improvements that can be made. But the key really is that whatever measures we have are necessary and are based on sound science, because I do not think we can defend them any other way.

**CHAIRMAN**—There are some who have said rather strongly in their submissions to this committee—and I think they have backed off a bit from it as they underwent questioning—that we should take into account the economic effects of our applied risk assessment procedures.

**Mrs Holloway**—I think economic considerations, and a number of other considerations, do have a place in a risk assessment. Once the science and the risk have been established, you can bring in a number of other considerations in terms of the policy response to the assessed risk. If you have a risk assessment that says the risk of getting disease X is very high but the economic impact of actually having that disease is quite low, then I would suggest that the policy response or the import measure would be different to one where the risk assessment was that the risk of getting disease X was very low but, if it got in, the impact—economic and otherwise—on the industry and the Australian environment would be very significant, then your policy response to that assessed risk would be different.

**CHAIRMAN**—That sounds very logical but, if I were Mr Lamy, I suspect I would say to you that the minute you introduce economics into the equation you have destroyed the scientific basis of your contention in the first place.

**Mrs Holloway**—No, because I think the economics and other issues like biodiversity impact come in after the risk has been established, and then how you deal with the risk depends on what the likely impact of the disease is going to be in Australia. But you would have to look at the economic impact on the industry or the environment—whatever is affected—and also the costs of eliminating, controlling or avoiding the risk. So I think there is a place for economic and other considerations, but after you have the science.

**CHAIRMAN**—If I am Mr Lamy and I am negotiating with you and you want to get a higher quota of tariff free wool into Italy and I say to you, ‘You have compromised your scientific base because you have now made import decisions for your country, on things that we might sell you, based on the economics of the risk rather than just the science. So I will trade off with you: I will trade you this one for a higher quota of wool into Italy.’ Wouldn’t that be legitimate?

**Mrs Holloway**—No, because I do not agree we have compromised the science. Once you have established your science, it is what you then do with the results of that when you can bring in economics. When you are doing your risk analysis, your risk analysis has to be based on sound science and rigorous research. Once you have the results you obviously make quarantine measures, and how strict or not you make them depends on the risk that is assessed from the science. So the economics come much later. And naturally, if you are assessing a risk and what to do about it, you take into account other issues like the impact on the Australian environment, on your own industry and on other industries. Surely that would be logical.

**CHAIRMAN**—You should have been here to listen to the fertiliser industry tell us about five grains of wheat in hundreds of thousands of tonnes of fertiliser. Good grief! It was not even in the fertiliser. You were critical in three areas. You said that there was ‘inadequate definition of the ALOP’. Would you like to tell us what you are referring to?

**Dr Williams**—Perhaps that comes back to the issue of economics coming into the risk analysis process: rather than tightening the quarantine requirements it is more about how you allocate quarantine resources across the relative routes of entry and different commodities and so on to make sure that that ALOP is reached. The point has been made by other groups that it is very hard to articulate what Australia’s appropriate level of protection is, except in very vague, semi-qualitative terms, and sometimes it is hard to then interpret the import risk analyses against that benchmark.

**CHAIRMAN**—The second criticism you make in your submission is that there is ‘inconsistent application of sanitary and phytosanitary import measures’. Can you tell us what you mean by that? Would you like to get back to us on that?

**Mrs Holloway**—I suppose there are some anecdotal stories about that. Inconsistent application is where import measures are applied differently, depending on what the import is for. For instance, if you import certain types of fish, there are quite strict controls if they are going for human consumption. If they are going into the aquarium trade, the controls are different. That is the only example I have at the moment, but we can provide further information if you like.

**CHAIRMAN**—That would be good, if you could. The third criticism was ‘slow development and inconsistent format of import risk analyses’.

**Dr Williams**—These issues about the average time taken to develop the import risk analyses were raised in the audit report. Several examples cited in the report were of the same good coming in, perhaps by a different route or whatever, but the description of the risk was different.

**Ms KING**—We heard from a couple of people before the committee this morning about the balance of resourcing AQIS’s surveillance and monitoring function. I think the NFF, in particular, expressed some concern that, given the shortages in vets, AQIS should not undertake a strong surveillance and monitoring function but should focus on what they do best, which is border protection. Do you have a comment to make on that in relation to your industry?

**Dr Williams**—There is a comment I would like to make on that, because I am not sure that it has come up so far. I know the issue of rural vets has come up. I am one of those rural vets who has left that kind of career. Another issue is that of the closure of regional veterinary laboratories. That is a major issue. I think the country’s regional infrastructure in those terms has been allowed to dwindle. The introduction of cost-recovery for post-mortems, for example, has meant that post-mortems are not getting done, and there is not the ongoing surveillance that used to be done when post-mortems were free or were very inexpensive. So even vets who are in rural areas—and this is part of the issue—find the job a lot less satisfying: they are not going to get a diagnosis on a dead beast because that would cost \$300. Who is going to pay \$300 for a cow that is already dead? That is a real issue. In Victoria, I think there is one central lab at Attwood. There used to be labs at Hamilton, Bendigo and Bairnsdale. They are all gone. I think that is a bigger issue.

In terms of the relative allocation of resources across pre-border, border and post-border, I do not feel qualified to talk about whether AQIS should be performing that function. The point to make is that there is a problem there: we do not have that surveillance that used to be there. If you couple that with the fact that in the UK, for example, foot-and-mouth disease was in sheep for a long time before it was detected—they were silently harbouring the infection—you can easily see a scenario where a disease sneaks in and is not seen for a long time. That happened with OJD—Johne’s disease.

**Ms KING**—Thank you very much for that contribution.

**Mr JOHN COBB**—I absolutely agree with what you said about a lack of surveillance. Certainly, in my experience, that is exactly what has happened in the states. I think the biggest danger at the moment is the fact that they are not going to be subsidised unless it does prove to be a disease of that nature. Who can make that judgment? No farmer can. One issue related to what happens internally as well as with exports is animal ID. Are you in touch with the industry about that, or discussing animal ID? I think it is a big issue in terms of both an outbreak and traceback to protect our own good name.

**Mrs Holloway**—Yes. I cannot tell you the details off the top of my head but I can provide the information. AWI is investing, I believe jointly with Meat and Livestock Australia, in sheep identification. We are also funding research into bale identification and a traceback system for wool itself so that all the fleeces in one bale can be traced back to the sheep they came from. So, yes, we are tackling that on three fronts and we hope to have some results next year, but I can provide further information on that.

**Mr JOHN COBB**—You mentioned earlier, and I noticed in your submission, references to scientific data et cetera being the basis of protocols regarding imports. I noticed you were also talking about problems during the European outbreak of foot-and-mouth. Can you tell us about any particular problems, apart from that time when I think we all had huge concerns, where it has worked badly for the wool industry in terms of imports into Australia?

**Mrs Holloway**—Anecdotally, there were some concerns a few years ago about quarantine import measures relating to live camelids, particularly alpacas, because they have some diseases that are transferable to sheep. But I think that was quite quickly resolved; the issue basically was that no-one realised that alpacas had diseases that were transferable to sheep.

**Mr JOHN COBB**—No, I was referring to wool.

**Mrs Holloway**—For wool, not that I know of.

**Dr Williams**—We have referred in the submission to that example of the carpet wool that came into Tasmania. My understanding of that issue is a little bit second or third hand—I have spoken to the major people who were involved, but it was certainly all through the press at the time—where a consignment of wool had come in to a Tasmanian carpet wool processor. It was initially rejected by AQIS but, after a process of negotiation, it was accepted. I have spoken to the person who was at the centre of that and he spoke very well of AQIS and said the process was very good; it was difficult to overturn a rejection but it did eventually happen. Then you had the complication of the local wool producers coming in and objecting to the importation of that wool. That is an area where we can see there is not an awful lot of science around the survival of the foot-and-mouth disease virus. There has been some work done, but I understand it may have been a little bit thin in terms of making a rapid and definitive decision on that front.

**Mr JOHN COBB**—Was this Australian wool being returned or was it wool grown in another country?

**Dr Williams**—It was UK wool.

**Mrs Holloway**—This was an import of UK carpet wool. Most of our carpet wool imports are from the UK and New Zealand, with some from South Africa and Uruguay to a much lesser extent, and potentially India. So our import quarantine measures on imported wool—

**Mr JOHN COBB**—This was from the UK during the outbreak?

**Mrs Holloway**—During the foot-and-mouth disease.

**Dr Williams**—I think the original consignment was sent just prior to the outbreak, but it was landed just as the outbreak was occurring.

**Mrs Holloway**—It was scoured wool but it had a high faecal count; it had a lot of sheep faeces in it. I understand that the difficulty from AQIS's point of view was not that they disputed that scouring killed the virus but that they were concerned about the control of the scouring process in the UK. They felt that it had not been adequate. That is my understanding of what the original decision to reject it was based on.

**Ms KING**—On the point that you raised previously, if you wish to provide any further written evidence to the committee, I would personally be most grateful to receive that.

**Dr Williams**—We are happy to do that.

**Mrs Holloway**—Is that on the surveillance?

**Ms KING**—Yes, and what has happened in relation to rural veterinary laboratories and our surveillance capacity.

**CHAIRMAN**—That is internal surveillance?

**Ms KING**—Yes.

**CHAIRMAN**—We would be most interested in that. You said in relation to the business about the carpet wool that much of the debate between the Tasmanian Farmers and Graziers Association and AQIS appeared to take place through the press. Was that appearance or reality?

**Mrs Holloway**—I understand that the Tasmanian Farmers and Graziers Association had difficulty contacting the appropriate people in AQIS. We are not quite sure why, but that was the advice from the Tasmanian Farmers and Graziers Association. That may have been a consultation issue; we are not exactly sure.

**CHAIRMAN**—I have noticed that the Tasmanian press is somewhat different.

**Mrs Holloway**—We would not like to comment on that in a public hearing.

**Dr Williams**—That was coming through a rural press which is Australia-wide—the *Stock and Land* and so on.

**CHAIRMAN**—I will make no comment about them. Thank you very much, and we look forward to receiving that further information. I assume you will not mind if we put to you in writing any other questions?

**Mrs Holloway**—No.

**CHAIRMAN**—That would be most helpful.

**Mrs Holloway**—I would just like to make a final comment. We are in the process of drawing up the terms of reference, which we have referred to but not outlined in our submission, for a major review of the science underpinning quarantine measures relating to wool in Australia. We hope to get that under way in the next month or so. We look forward to working with AQIS and others on that.

**CHAIRMAN**—Not if Mr Bennett gets his way!

**Mrs Holloway**—That is not for us to determine.

**CHAIRMAN**—I thank the witnesses, the observers, my colleagues, the secretariat and last, but definitely not least, Hansard. I declare this public hearing closed.

Resolved (on motion by **Ms King**):

That this committee authorises publication, including publication on the parliamentary database of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 3.14 p.m.**