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The Secretary  
Joint Committee of Public Accounts and Audit  
Parliament House,  
CANBERRA ACT 2600

## **REVIEW OF AUSTRALIA'S QUARANTINE FUNCTION**

### **Submission to Joint Committee of Public Accounts and Audit Review of Australia's Quarantine Function**

On behalf of the Australian dairy industry, I would like to thank the Joint Committee of Public Accounts and Audit for its invitation to provide a submission to its review of Australia's quarantine function.

The Australian dairy industry is Australia's largest exporter of processed foods – exporting in excess of three billion dollars worth of product each year. A key element of this success is that it is based on a dairy farming industry relying on a clean green image. The industry is, therefore, keen to ensure that all appropriate measures are taken to ensure that exotic diseases and pests are kept out of Australia. However, as more than half of Australia's dairy production is exported we need also to ensure that inappropriate quarantine policies do not tarnish Australia's image as a free and fair trader.

In responding to the terms of reference for this inquiry, the attached submission focuses on:

- . the need to ensure that Australia's quarantine barriers are adequate to protect our industry (and other agricultural industries) from pests and diseases not found in this country
- . the need to ensure that Australia's quarantine policy does not inhibit our access to important markets.

I recognise that balancing these two conflicting priorities is a difficult task. It is, however vital that the Australian Government achieves an appropriate equilibrium. With this objective in mind, I request that the Joint Committee take full account of the positions set out in the attached response to the Review's terms of reference.

The appropriate person in the Australian Dairy Coporation for future liaison on this issue is Mr Phillip Goode, Manager of International Policy. He can be contacted on telephone (03) 9694 3817, fax (03) 9694 3858 or e-mail [philg@adc.aust.com](mailto:philg@adc.aust.com) .

As requested, a copy of this submission has been e-mailed to [jcpa@aph.gov.au](mailto:jcpa@aph.gov.au).

Yours sincerely,

Sandy Murdoch  
Managing Director.

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#### AUSTRALIAN DAIRY CORPORATION RESPONSE TO TERMS OF REFERENCE

The Australian Dairy Corporation provides the following comments in respect of each of the terms of reference of the Review.

1. The coordination of AQIS with other border control agencies

The ADC has no comment on this aspect of the Review.

2. The identification of potential risks to Australia and the application of resources to meet those risks

The Australian dairy industry recognises that the Australian Government has a formal early alert mechanism for identification of threats as reported through its network of overseas diplomatic missions and international bodies such as the WTO and OIE. We are concerned, however, that this system places a heavy reliance on official notifications and public statements. This could lead, for example, to an acceptance of China as being foot and mouth disease free when it is clear to industry people visiting farms in China's north that this is not the case. It would seem, therefore, that there is a need to ensure that the mechanisms for identification of risk include a greater element of informal advice from industry sources and other sources of on-the-ground information.

3. The impact of international agreements on quarantine activities, including any proposed free trade negotiations

The Australian dairy industry recognises that in negotiating free trade agreements with countries such as Thailand and USA, the rigidity of Australia's quarantine and import risk assessment procedures can be an impediment to negotiating agricultural market access to those countries. We also recognise that Australia can not unduly compromise its quarantine arrangements in one sector for the benefit of market access in another. However, in negotiating preferential trade agreements there would seem to be some opportunity to discuss options for agreeing to fast track import risk assessments for those countries in return for better market access for Australia's agricultural products. This is surely more constructive than a strictly rigid approach based on the principle that quarantine is not negotiable.

4. The operations of AQIS that are beyond Australia's borders

The ADC has no comment on this aspect of the Review.

5. AQIS border operations

Although border surveillance has been substantially improved in recent years, we are still aware of considerable anecdotal evidence that travellers have opportunity to bring disease and pests into the country. In particular, there have been a number of incidences in the past year when people from the dairy industry have declared to AQIS that they have visited foot and mouth disease areas and yet been waved through the airport by AQIS officers. This is the exception as in most cases appropriate action is taken. However, in some cases it would seem that the onus is still on individuals to request action such as inspection and disinfection of shoes. People operating in the dairy industry who know what is at stake will ensure that they are not carrying infected clothing and may request such action. Tourists who are not aware or interested in the implications of quarantine breeches are unlikely to do so. The controls at airports must be tightened even more, or at least applied more consistently, so that any declared danger is taken seriously by the inspectors on the spot.

The corollary to this is the inconsistent way in which processed food is treated at airports. Many processed foods are allowed entry while some are not. The rationale for this is not always clear. If there is a threat to Australia's biosecurity by the import of these products then they should not be allowed entry. On the other hand, so long as the decision on what is and is not allowed in appears to be at the discretion of the quarantine officer rather than based on any clear regulation, there is a danger that people will conclude that the regulations are merely an irritant rather than an important protection to Australian industry. Such an attitude must be an impediment to effective implementation. This could be overcome by more consistent application of clear and defensible regulations.

We are also concerned that it is very difficult for legitimate importers of food to get information on Australia's quarantine requirements. If an importer needs to know, for example, which countries are allowed to export dairy products to Australia, the AQIS system makes it very difficult to get an answer. A verbal inquiry to AQIS leads to the answer that the inquirer should look on the AQIS web site. The web site only provides limited information so that the only way that one can effectively get a complete answer to the question is to either know someone inside the system or to put in a number of applications to import and see which ones are accepted.

We need to be a lot more transparent. Exporters of dairy products to Australia should be able to consult a comprehensive list which explains what the quarantine requirements for each product in respect of each country actually are. It is acknowledged that it would be difficult to keep such a list up to date. On the other hand someone in AQIS must have such a list as the basis for decisions to accept or reject applications to import. It should not, therefore, be too difficult to make this available on the AQIS web site in an up to date, user friendly form. Although the Australian dairy industry does not particularly want to face competition from overseas manufacturers in its own market, we must recognise that the real threat to our long term viability is when overseas countries put such impediments to our exports. The lack of transparency in Australia is a fertile area for retaliation from the Governments of our export markets.

#### 6. Monitoring and surveillance within Australia for breaches of the quarantine barrier

The ADC has no comment on this aspect of the Review.

#### 7. The development of import risk analyses

The ADC notes from Plant Biosecurity Policy Memorandum 2002/24 of 21 May 2002 that Biosecurity Australia is currently conducting 22 IRAs on plant products. This means (when this Memorandum is read in conjunction with PBPM 2001/05) that there are 103 plant applications outstanding for which Biosecurity Australia has received an application but is not currently undertaking the requested IRA. While Biosecurity Australia advise that they are also processing 29 Animal IRAs, it is not clear how many applications are still in the queue. If the number of pending applications for Animal IRAs is comparable to the number pending for Plant IRAs, then it would appear that of the 250 or so applications before it Biosecurity Australia is working on just 51. It would seem that every major market for Australian dairy products has been waiting for some time for an IRA to be processed. According to the Auditor General's report 47 of 2000/01, the average time taken to process an IRA is 30 months. This means that even when these requests get to the top of the queue, there may still be a three year wait for resolution of the problem.

Already, access to major dairy markets in ASEAN (particularly the Philippines, Thailand, Malaysia and Indonesia) are under regular threat as Governments become impatient over slow IRA processes. If access to these and other markets on the IRA pending list were halted in retaliation for what appears to them to be little more than a non tariff barrier, Australia's three billion dollar dairy export industry would be decimated.

There is an urgent need to clear the backlog and speed up the IRA process. This does not require that our biosecurity be compromised. It requires the Government to provide Biosecurity Australia with sufficient resources to do its job. Until this is done, all of the work which has been done in recent years to bring greater transparency and science to the process could be wasted as trading opportunities continue to be under threat by a perception that Australia uses quarantine as a non tariff barrier.

8. Opportunities to increase public awareness of, and involvement in quarantine issues  
The ADC has no comment on this aspect of the Review.

9. Any other issues raised by *Audit Report 47, 2001-01, Managing for Quarantine Effectiveness*  
The ADC has no other issues that it wishes to raise in response to the Auditor General's report.