

Rijk Zwaan Submission
Joint Grain and Seed Industry AQIS Ministerial Taskforce
Export Certification Reforms Issues Paper April 2010

Introduction

Rijk Zwaan Australia is a wholly owned subsidiary of Rijk Zwaan Zaadteelt en Zaadhandel a Netherlands based company involved in the sale of vegetable seeds, production of seeds, and research and development. Rijk Zwaan Australia sells seed, developed by its group companies, in Australia, New Zealand and the Pacific Islands. Rijk Zwaan Australia has a policy of selling directly to the end user. In Australia Rijk Zwaan employs 36 permanent employees.

Government regulation both with regard to seed import as well as seed export has the potential to affect our business in a very substantial way. The international seed industry relies on smooth international trade in seeds amongst others for the following reasons:

- Exploiting commercial sales opportunities
- Risk spreading
- Utilising local comparative advantages in cost and quality
- Improving seed availability (eg using counter season)
- Facilitating worldwide networking in plant breeding.

As manager of Rijk Zwaan Australia I take a very keen interest in seed related legislation and regulation in Australia. We welcome the opportunity to provide feedback for the Joint Grain and Seed Industry Australian Quarantine Inspection Service Ministerial Taskforce on the Export Certification Reforms Issues Paper April 2010. In our 23 years of operation in Australia we have appreciated the ability to engage with public agencies on issues that affect our operations.

Our position on reform of Australia's seed export legislation, plant health management and inspection and certification practices is based on our long term strategic goals of pursuing free trade in vegetable seed worldwide, backed by science based management of local and regional bio-security issues. It is our view that legislation should be internationally harmonised where possible and that the sowing seed industry needs to have a seat at the table at all relevant national and international forums where legislation relevant to our industry is discussed.

LEGISLATION AND INSPECTION MODELS
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1. What outcomes are you seeking from grain and seed export legislation?

- Internationally harmonised legislation that recognises the principle of free trade in seeds and seed related services backed by scientifically based quarantine protocols
- Legislation that provides clarity for seed exporters
- Legislation that recognises the substantial capabilities in private companies in the supply chain for vegetable seeds for sowing.

2. Does the existing legislation benefit industry in terms of access to markets? Does it support requirements for both short term market access opportunities and longer term market access arrangements? If not, what changes are required?

We do not have sufficient expertise to comment on current legislation and recommend that the task force assesses the adequacy of the current legislation in the context of desired outcomes under 1

3. What concerns, if any, do you have with the existing legislation? Where concerns exist, are these related to the scope or application of the legislation in practice? (Please provide examples)

Inspection officers advise us that they can only provide endorsements on phytosanitary certificates if these are specifically listed as a requirement by the importing country. However often seed is eventually destined for re-export and phytosanitary declaration from the country of origin should include all declarations that maybe relevant for the eventual country of destination post re-export. The legislation should allow the certifier to provide all the relevant phytosanitary endorsements.

4. Are there elements of legislation that should be deleted, added to or reviewed while still enabling export product to meet legislative requirements? (For example, outdated legislation - Please specify the relevant part of the legislation)

As per 2.

5. How can legislation and work practices be altered to more effectively link with existing industry supply chain requirements? (For example, is there legislation and subsequent inspection by AQIS that duplicates industry functions such as QA sampling and testing or vessel inspection?)

Rijk Zwaan Australia supports implementation of “delegation to private industry under official supervision” for official phytosanitary tasks such as export certification, official inspection, sampling and laboratory testing.

This position is also being espoused by the International Seed Federation, European Seed Association and Plantum, the Dutch seed trade association. Accredited private providers could be seed companies or 3d party providers.

An audit system supervised by a government appointed agency would be necessary to provide a creditable system for safeguarding compliance with national and international legislative requirements. Rijk Zwaan suggests that the Australian Seeds Authority or a specially constituted organisation could provide the required auditing and supervision on behalf of Government.

6. Is there sufficient information, rigour, consistency and transparency of AQIS work practices and decision making? What changes could you suggest to make them more accessible and understood by both industry and AQIS? (For example, are the reasons and frequency of decisions by AQIS to reject export product made known or adequately understood by your industry?)

There is some lack of consistency in approach by officers signing off on phytosanitary certificates. Main problems arise when the usual officer is absent and his or her replacement is not aware of the sometimes very specific country arrangements.

As a general rule communication can be improved; changes in approach or legislation are sometimes not provided until they affect a specific consignment.

We also propose for the BSG to more actively engage with NPPO's in importing countries on clarification of existing rules and harmonisation of legislation and procedures.

7. The current system largely relies on “end-point inspection” (inspection by AQIS during loading of product for export). Are there other inspection systems or processes that would produce the same or an improved outcome? (For example, could exports of

highly processed commodities such as seed sachets and trade samples be managed by industry and audited by AQIS?)

The seed industry is more and more integrated from breeding, to production to commercial sales. Extensive systems are in place for monitoring plant health and weed contamination issues in this whole chain. It is in the interest of private operators to comply with international law to safeguard their long term commercial interest. Advanced knowledge and capabilities such as seed identification, crop health surveying, sampling and disease testing exist within private seed companies that are impossible to provide through the public service in an economically viable and timely fashion due to sparse distribution of commercial activities in Australia.

Rijk Zwaan is of the view that it is time for government to harness these skills and capabilities to the benefit of consumers of sowing seed by providing the regulatory framework as suggested under 5

8. *How can the AQIS inspection process and modern industry practices be better aligned? (For example, quality assurance arrangements, third party service providers, AQIS Approved Arrangements). What barriers exist to the adoption of these alternative inspection practices? (For example can industry provide sampling and testing certification of the pest and disease status of a commodity?)*

Rijk Zwaan contends that the professional seed for sowing industry for vegetables is ready for arrangements suggested under 5. As an example we would like to highlight the work being carried out by the International Seed Health Initiative for vegetables.

http://www.worldseed.org/isf/ishi_vegetable.html

Australia is furthermore well serviced by 3d party providers (such as Assure Quality, Seed services, etc) with capabilities in the areas mentioned above so that companies that lack either some or all of the required capabilities will be able to use these third party service providers.

We imagine that AQIS will continue to provide some of its current services in a transition period and that these can then be wound back as experience with the delegated system grows.

MARKET ACCESS AND SYSTEMS INTERFACES AND CAPABILITY
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1. *How can Government and industry work better together to achieve market access? Please provide examples*

Government should formalise the consultation process with industry to deal with issues arising from the “delegation under official supervision” process. These issues will be mainly of a technical nature and as such a technical advisory committee could be established with representation from the relevant stakeholders. This advisory committee could be employed both on the import and export side and would therefore be constituted either to AQIS or the organisation providing the required auditing and supervision on behalf of Government.

From an organisational point of view we would recommend that BSG should be organised by commodity group, eg bulk grain, seed for sowing, nursery stock etc. A strict organisational separation of import and export activities is not desirable as the same knowledge and networks are often required for both areas.

2. Are there market access opportunities that would provide new opportunities for your business/sector? How should these be prioritised (For example value, volume, strategic value to the industry, etc?)

BSG could develop a more active role in clarifying seed import legislation with importing countries through active engagement with the relevant NPPO's. It can further assess this legislation against international agreements such as WTO and IPPC. Such representation can be supported by a technical committee as suggested under 1.

3. Can you provide examples where a successful market access outcome has been achieved? Can you provide examples of other countries' success in market access that Australia could consider adopting?

Given the trade sensitive nature of this information we are happy to provide examples on request for consideration by the task force.

4. What gaps are there in the availability of data and capability of the supply chain to support market access in the longer term? (For example, knowledge of the pest and disease status of grain) What new technology and/or service providers are available to support this capability?

It is unrealistic to expect BSG employees especially in regional areas to have the required knowledge across a wide range of commodities.

The delegation model would more effectively harness the data and capability within the supply chain. The technical committee suggested under 1. would be able to provide back-up should any gaps become apparent. Access for 3d party service providers will see them specialise on an area or commodity basis resulting in more in-depth knowledge.

5. How can information capture between Government and industry be improved to support market access? (For example, knowledge of the level of weed seed contamination in grain or freedom from weed seeds to be exported)

As per 4. In the delegated model a broadly constituted technical committee will assist BSG and industry resolve problems. The specific technical knowledge will reside mostly with private industry.

6. It can be difficult for Industry to obtain Import Permits from foreign governments. The information on an Import Permit can vary and be difficult to understand. Inaccurate interpretation on those conditions can affect market access. What is a more effective way to deal with these issues?

Productive information exchange between private industry and a designated person within the BSG will provide the best formula for resolving market access issues including clarification of import permits. For issues other than biosecurity this should be supported by the Trade Market Access Division in Daff.

BSG will also need to be pro-active in directly engaging with NPPO's in importing countries.

7. Have you used the PHYTO database? (http://www.aqis.gov.au/phyto/asp/ex_home.asp) Does it meet your needs? How can it be improved to assist your industry?

We regularly use the PHYTO database. Generally it is helpful but it is not always updated.

Finding the right information is not always easy. Much information is provided through alerts and searches and the overall structure of the database is not very clear.

8. Do you use the Exdoc system? (available at <http://www.daff.gov.au/agis/export/exdoc>) If not, what needs to change in order for you to use it? How could Exdoc be improved?

We have used the manual system to date. As volume increases we will assess the benefits of using Exdoc.

9. How could IT systems better support AQIS and / or industry activities?

No specific concerns

10. What opportunities exist to improve the interface between AQIS and industry IT systems?

11. Do you use electronic certification? If not, why not? What barriers exist to its use for document exchange with importing country governments and customers?

12. In what areas should the Taskforce focus on to increase innovation? (For example the concept of export seed passports, electronic certification)

We raised the issue of phytosanitary endorsements for re-export purposes in this submission under "legislation", item 3. We support the concept of a "plant health passport" as proposed by the International Seed Federation (ISF).

Electronic documentation sharing will increase processing speed and improve availability of data across geographical locations and time zones.

FINANCIAL IMPACTS OF INSPECTION ARRANGEMENTS

1. What are the cost areas that have the greatest impact on your business and/or the industry?

At present we find the cost for obtaining phytosanitary certificates acceptable. We are however very concerned about the sustainability of the current model in our regional area particularly in a full cost recovery environment.

Lack of timeliness in inspection and resolution of problems have the greatest potential for a negative financial impact.

The delegated model will allow BSG more time to spend on problem resolution rather than on running the day to day practical aspects of an inspection and certification service.

2. What alternative charging mechanisms should be explored?

When investigating invoicing practices the focus should be on reducing administration requirements for officers. Rather than time based, pricing should be based on simple to select units. At present manual documentation produced on site includes hand written line items less than \$10. A more modular approach with fewer item codes should be investigated as well as a fully electronic service advice system.

3. What areas do you see where there could be potential savings as a result of changed practices?

The greatest potential saving will be achieved through accreditation of third part providers of sampling, inspection and clearance procedures. This will allow cheaper coverage of these functions particularly in rural areas that are currently not well serviced by AQIS officers.

4. Are the current charges equitable across all industry sectors? If not, what is an alternative charging arrangement across all industry sectors? (For example, charges related to export of samples versus bulk shipments)

We do not have sufficient information on this.

5. How can the monitoring and collection of charges by AQIS be improved?

The delegated model will reduce the need for AQIS to manage this area of their operations.

COMMUNICATION PATHWAYS

1. What information from AQIS or other areas of Government would assist industry in the export process?

It is not clear to industry what information is held within Biosecurity Australia and Plant Health Australia that is relevant for private industry. Technical representatives within these organisations should be required to be part of an industry consultative committee and make available their internal knowledge and considerations where relevant.

2. Are you aware of the AQIS Grains Industry Consultative Committee (AGICC) and do you receive feedback or provide input into its operation? If you are aware of AGICC, please provide comment on the effectiveness of AGICC and any suggested improvements.

We receive information about AGICC through the Australian Seed Federation.

It has taken us a long time to understand the structure of seed and grain legislation in Australia with the different levels of government. It is very hard to keep up with all the acronyms.

Any reform in the area of seed related legislation will require clarification of the role of the states and the commonwealth. We see a lack of harmonisation (especially with regard to seed import) between states resulting in confusion for industry. We do not see the role of the states in seed legislation as sustainable.

3. Are you satisfied with the current level of communication from AQIS? What do you consider of value? What could be improved? (For example, Industry Advice Notices <http://www.daff.gov.au/aqis/export/plants-grains-hort/ian>)

The delegated model will allow AQIS to devote more time on effective communication with industry.

More industry specific communication would be appreciated eg separation of bulk grain from seed for sowing.

4. How do you receive information from AQIS? Is this effective? Are there alternative methods of communication that could be used?

We receive information from AQIS directly from AQIS officers, via the ASF and through Phyto.

5. Are you satisfied with the AQIS decision making process that affects you/your business and the communication of those decisions during the export inspection process? What improvements could be made?

In our submission we have referred to a lack of consistency in how the rules are applied between officers. This is a major concern as it results in an unpredictable regulatory environment. Generally we do however find AQIS staff responsive.

6. What type of training would further assist AQIS to meet its legislative requirements and the expectations of industry?

The delegated model will require AQIS to focus on implementing legislation and communicating with industry and NPPO's in source and export countries rather than on running an inspection service.

Appropriate training will need to be provided relating to international legislation, various relevant conventions etc.

7. What training would benefit your company in relation to AQIS export inspection and certification?

Use of the Exdoc system.

8. How would you like to be kept informed and have input into the reform agenda?

We would prefer communication by email and are happy to contribute directly to any further consultation regarding the delegated model. I would welcome any opportunity to discuss our submission. Contact details: