

*Submission to Senate Rural and Regional Affairs and Transport Legislation Committee***Import Risk Analyses – BioSecurity Australia****About Murray Goulburn**

Murray Goulburn Cooperative is Australia's largest processor of milk and Australia's largest dairy exporter, accounting for over \$1 billion in export sales -- half of Australia's dairy exports last year.

**Our interest in this IRA**

As a company that is dedicated to trade – MG won the Victorian Exporter of the Year award for 2003 – we are very conscious of the two-way nature of trade. If we wish to hold on to valuable export markets for products in which Australia has an economic advantage, we must be ready to accept imports from our trading partners of products in which they have an economic advantage.

Of course, it's strongly in our interest to import such products because imports under these conditions help keep Australian costs low and increase our national wealth as a result.

The Philippines clearly has a world-leading position in the production and export of bananas. It is the world's fourth largest producer of bananas with a leading international trade reputation in the fruit.

We have taken a close interest in the review of quarantine barriers to imports of bananas from the Philippines because the Philippines is one of our largest export markets, accounting for total sales by Australia worth almost \$400 million in recent years.

Murray-Goulburn, in conjunction with other Australian dairy exporters, made a submission on the first draft IRA on bananas.

**Views on the Revised Draft IRA**

1. We endorse the recommendation of this Revised Draft IRA on Bananas to permit imports (for the first time).
2. We urge the Government to adopt the recommendations and to implement them in a manner that will minimize compliance costs for importers.

**Recommendations for further action**

But we remain very concerned by the continuing lack of specific provision in Australian law of a standard of acceptable quarantine risk (the "Appropriate Level of Protection") that takes account of the economic impacts of quarantine decisions. In fact, there is no explicit ALOP in our quarantine laws; the only guidance that exists is the established

practice of the Department<sup>1</sup>. In our view, this is neither a sufficient standard, because it omits any reference to costs or benefits of 'appropriate' protection, nor is it a transparent standard, because 'past practice' is open to subjective interpretation.

3. We call on the Government to propose to Parliament an explicit ALOP that clearly sets out the relationship of 'acceptable' quarantine risk to the costs and benefits of protection.
4. We urge the Parliament to follow-up on its own past recommendations for such an explicit ALOP.<sup>2</sup>

We note that the Minister, on this occasion, has called for a separate investigation of the economic impact of the quarantine barriers. We have written to the Minister (copy attached) urging him to ensure that the enquiry takes into account the full impact of the quarantine barriers. It is essential that any such review take account of the significant benefits to the Australian economy of maintaining open borders to competitive imports; in the same way that we insist our trading partners maintain open borders to our competitive exports.

Of course, **we recognize the need for a responsible quarantine policy** to secure the best production conditions for economically competitive Australian agricultural industries. But Murray Goulburn believes that a quarantine standard (ALOP) such as Australia has now, that takes no account of the costs as well as the benefits of quarantine barriers – including their trade impacts -- is not a responsible policy.

13 April 2004

Murray Goulburn Cooperative Co Ltd.

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<sup>1</sup> "Australia's ALOP, which reflects community expectations through government policy, is currently expressed as providing a high level of sanitary or phytosanitary protection aimed at reducing risk to a very low level, but not to zero". (p. 24 of the Revised Draft IRA on Bananas)

<sup>2</sup> The Senate Committee on Rural and Regional Affairs, in its inquiry in May 2000 described the ALOP as "**inherently vague and unsubstantiated**" (paragraph 4.55 of its report on 'An Appropriate Level of Protection', Feb 2000), and a standard whose "**precise nature .. is elusive**" (paragraph 4.23) and "**a recipe for inviting confusion and criticism.**"