

Dissenting Report by Government Senators

Export Certification Reform Program

Government Senators note the strong support across all industry sectors for the Export Certification Reform Program (ECRP) announced by the Government in June 2009.

This \$40 million reform program for export certification will cut red tape, improve market access, update outdated information technology systems and deliver efficiencies to exporters. It is the largest reform to export certification in a generation. These reforms were developed by industry task forces set up by the Minister for Agriculture, Fisheries and Forestry, The Hon. Tony Burke and have strong industry support.

The Committee heard from the Department of Agriculture, Fisheries and Forestry and industry that detailed work plans are advancing. The horticulture work plan has been finalised and further work is to be completed soon on timelines and priorities. The meat work plan has been finalised and provided to the Minister. A review of costs and charging models is being completed in accordance with the work plan. The grains work plan has been completed. The live animal exports work plan has been completed. The work plans for dairy and fish are well underway and close to finalisation

Industry Support

In evidence to the Committee, and through submissions, industry expressed their strong support for the reform package. Each of the six sectors supported the ECRP and recognised the removal of the rebate. Industry also recognised the consultation opportunities that the Minister and the Department of Agriculture, Fisheries and Forestry had extended to industry. Six specialist Ministerial Task Forces were established to develop the work reform plans and, along with AQIS Industry

Consultative Committees, helped to develop fair and equitable fee charging models for the future.

In a media release dated 17 June 2009, the Australian Meat Industry Council ‘announced’ its ‘agreement’ to ‘a return to full cost recovery for AQIS Export Certification Charges based upon a commitment by the Federal Government to implement a ground-breaking suite of reforms to the meat inspection system in Australia.’

The Australian Livestock Exporters Council says in their submission that the ‘industry grass roots are fully engaged and supportive of this reform process’ and they believe ‘the benefits arising from the reform agenda far outweigh any costs to industry’.

The Australian Dairy Industry Council submission says the dairy industry ‘has accepted the removal of the 40 percent subsidy’ and ‘believes that the Senate should allow the new AQIS charges’.

The GrainCorp submission says there was industry support for the removal of the 40 per cent rebate and ‘the removal of the rebate will allow for funding and development of reforms to AQIS operations and that this will bring net benefits to the Australian grains industry’.

ABB Grain Ltd says in their submission, ‘ABB Grain welcome and support the Government’s reform agenda and firmly believe that industry will have the choice of cheaper alternative service options.’ Further, ‘The Government ... worked extremely hard to ensure there is good consultation with the grains industry in the development of work plans into the reform of AQIS’s export services’. And, ‘We do not have any concerns in respect to the level of funding that the government has provided to allow reform items to be identified and implemented’.

The Horticulture Australia Council (HAC) submission argued that ‘proceeding with the proposed reforms apace is the best, lasting solution’. They believe ‘the reforms should lead to significant efficiencies and cost-savings in the Horticulture Exports Program, and thus improve the service delivery to end-users.’ On 24 June 2009, HAC

wrote to Senators noting that ‘industry as a whole has accepted the model of the proposed fees and charges structure’ and urged ‘support in assisting the passage of the Export Fees and Charges regulations currently before the Parliament.’ Government Senators recognise the alternative view put by some in the horticulture sector, but does not believe this is a majority view.

The AQIS Seafood Export Consultative Committee has acknowledged its support for reforming ‘export certification systems’ and the return to full cost recovery, subject to a review of the fees and charges and the funding of the ECRP.

Further, Government Senators note the ‘consortium’ of groups who wrote to Senators on 24 June 2009, comprising the Red Meat Advisory Council, Australian Dairy Farmers, Grain Traders Australia, Horticulture Australia Council, Biological Farmers of Australia, National Herd Improvement Association of Australia, National Aquaculture Council and Australia Tuna. They argued that ‘they do not want the Regulation(s) disallowed by the Senate’. Moreover, they argued that the proposed reforms were ‘overdue’ and accepted ‘full cost recovery for export certification services’.

40 per cent Export Certification Subsidy

Related to the reforms is the lapsing of the 40 per cent export certification fee subsidy, as scheduled by the previous government in 2005.

In evidence to the Committee, the Department of Agriculture, Fisheries and Forestry advised that the subsidy was a program terminating on 30 June 2009 as recorded in the central budget system maintained by the Department of Finance and Deregulation. As a terminating program, it did not have funds provided in the provisional forward estimates. The Coalition had not announced its intention to fund the subsidy beyond 30 June 2009. Indeed, when the subsidy was extended in 2005, the then Minister noted in a media release that it was a program for only four years.

The Government has maintained the Coalition's decision not to continue to fund the 40 per cent export certification subsidy beyond 30 June 2009. This was supported by the Beale Review of Australia's quarantine and biosecurity.

As a result, new fee schedules have been negotiated with all industry sectors and began on 1 July 2009. Fee increases have been kept to the minimum necessary to deliver the certification services that underpin market access for exported products. The fee increases were negotiated in close cooperation with industry to make charges more simple, equitable and streamlined, with like activities being aligned across programs. This has been acknowledged by industry sectors.

Government Senators note the evidence presented by some to the Committee that, as a result of the subsidy, there will be fee increases for some export certification services, particularly in light of the subsidy being in place for eight years and there being no reform to the efficiency these services. However, Government Senators also acknowledge the longer term reform efficiencies which will accrue to exporters.

In evidence to the Committee, the Department of Agriculture, Fisheries and Forestry, stated that if the new fee schedules are disallowed by the Senate, this will cost the Government \$103 million to the Budget, through to 2010-11. A hole in the biosecurity and quarantine budget of this magnitude is significant. It will also jeopardise the reform process, as it is expected that any cost recovery shortfall will have to be funded. The Minister for Agriculture, Fisheries and Forestry has said that if the subsidy is maintained – by disallowing the new fee schedules – the once in a generation opportunity for reform which industry supports, will be lost.

Government Senators do not support the committee report and therefore believe the Disallowance Motion should be opposed.

Senator Glenn Sterle

Senator for Western Australia

Senator Kerry O'Brien

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