



## DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT CARGO CONSULTATIVE COMMITTEE

### FINAL MINUTES

87<sup>th</sup> DCCC Meeting

Friday 6 November 2020

DAWE – Sydney Office/ Microsoft Teams 10am-2pm

#### Attendees

##### Present

Jagtej Singh A/g chair	Department of Agriculture, Water and the Environment
Peter Creaser	Department of Agriculture, Water and the Environment
Richard Chadwick	Department of Agriculture, Water and the Environment
Peter Cook	Department of Agriculture, Water and the Environment
Jessica May	Department of Agriculture, Water and the Environment
Linda Jennings	Department of Agriculture, Water and the Environment
Lee Cale	Department of Agriculture, Water and the Environment
Ben Wilson	Department of Agriculture, Water and the Environment
Barb Cooper	Department of Agriculture, Water and the Environment
Rick Hawe	Department of Agriculture, Water and the Environment
Paul Pak Poy	Department of Agriculture, Water and the Environment
Pranay Sagar	Department of Agriculture, Water and the Environment
Josephine Laduzko	Department of Agriculture, Water and the Environment
Mark Sobey	Department of Agriculture, Water and the Environment
Paul Damkjaer	International Forwarders and Customs Brokers Association of Australia
Zoran Kostadinovski	International Forwarders and Customs Brokers Association of Australia
Paul Zalai	Freight and Trade Alliance
Sal Milici	Freight and Trade Alliance
Dianne Tipping	Export Council of Australia
Tony McDonald	Federal Chamber of Automotive Industries
Craig Birchall	Board of Airline Representatives Australia
Carolyn Macgill	Food and Beverage Importers Association
Rod Nairn	Shipping Australia Limited
Peter Van Duyn	International Cargo Handling Coordination Association

##### Secretariat

Dale Jeffery	Department of Agriculture, Water and the Environment
Megan Dohnt	Department of Agriculture, Water and the Environment

##### Apologies

Peta Lane	Department of Agriculture, Water and the Environment
Cath Geiger	Department of Agriculture, Water and the Environment
Chris Dulgerov	Department of Agriculture, Water and the Environment

##### Absent

Ineke Redmond	Australian Border Force, Department of Home Affairs
Stuart McFarlane	International Forwarders and Customs Brokers Association of Australia
Paul Bagnall	Conference of Asia Pacific Express Carriers



### **Agenda item 1. Chair's introduction and welcome**

Jagtej Singh opened the meeting on behalf on Peta Lane and welcomed members to the 87<sup>th</sup> DCCC meeting.

Mr Singh called for items to be considered under other business.

Mr Zalai requested an update on China. The chair advised that Ms Laduzko will provide an update as part of her agenda item.

Mr Birchall queried outcome of action item 3.3 – Biosecurity Officer Inspection workforce proposal. The Secretariat will follow up outcomes from teleconference held on 6 August 2020.

Mr Nairn queried whether the BIIIS presentation as noted in previous minutes had been distributed to members. The Secretariat will distribute BIIIS presentation to all members.

### **Agenda item 3. 2020-21 Budget update**

Ms Laduzko provided an update on the 2021 budget portfolio.

The department received key investments of \$328m over four years, for water, environmental assessment, waste and recycling. Other investment includes reform of the Australian exports system, with a number of specific measures to protect the export industry through better certification processes.

The department and ABF are involved in a whole of government agenda for a simplified trade agenda system, noting no funding being provided to DAWE. ABF and Biosecurity are working on combining border services, such as Intervention models i.e., screening technology pilots, with some ABF funding to support this, and noting that biosecurity risk is different to other agencies.

Mr Kostadinovski noted that it was good the department is working with ABF. With funding, the department can create better interface systems for licenced brokers in the supply chain, on a daily basis.

Ms Tipping queried whether the budget of \$328M will be used to progressively get a system in place to align with ABF - is it assumed the department's documentation digitisation will be progressive over four years, with nothing delivered in the short term. Ms Laduzko advised the aim is maximise systems, to re-use each other's systems, and to address current problems, i.e., systems currently can't speak to each other. Improvements will be done incrementally over four years, noting it is complex and we need to consider what we can sensibly implement. There will be a period of discovery and industry consultation. However, this will not replace ICS.

Mr Birchall queried the scenario of whether the department could be spending \$328M without necessarily knowing. Ms Laduzko advised that there will be close monitoring and engagement with these systems. Mr Zalai commented that the department is not looking at a rebuild of a single system.

### **Agenda item 4. Biosecurity Cost Recovery Update**

#### **4.1 Biosecurity Cost Recovery Review**

Mr Pak Poy advised members to 'watch this space'. Planning and scoping of the review has started, while conscious of potential obstructions. He is anticipating a targeted review of areas needing attention, based on current cost recovery arrangements in place, and that will remain suitable over the next couple of years. It's not intended to limit opportunities for consultation on the implementation strategy.

Mr Nairn expressed his concern with limiting the scope of the review and suggested the need to target areas from last year.



Ms Laduzko clarified the funding for the export measure being a separate process.

#### **4.2 Biosecurity – 4th quarter financial report**

Mr Pak Poy provided an overview of the Biosecurity Cost Recovery Arrangement Financial Performance Report for the 2019-20 financial year.

The full year position results show a deficit of \$10.8m, including \$1.7m of remissions, which is a decline against the budgeted surplus position of \$10.9m. The decline is mainly due to lower than anticipated revenue, where anticipated increases in assessment and inspection volumes for BMSB didn't eventuate, FIDs - increased volumes didn't eventuate, and increased imports of cats and dogs didn't eventuate. In reviewing the reduced revenue, volumes dropped off around COVID restrictions, and including less international travel (dogs and cats).

Mr Nairn requested some explanation to the remissions for vessels greater than 25 metres (refer table 3 of the financial report). Mr Pak Poy noted the information is not well presented in the report and will be amended in future reports - This relates to changes to the Accounting Standards where we have to record the revenue and show the revenue as an expense.

Mr Damkjaer queried the \$0.094M bad debts in the debt report (point 4) and what constitutes a bad debt.

Mr Sagar advised that the department has debt management guideline to determine bad debts and the associated actions to address the debt. This includes consideration of a range of issues, including the age of the debt, chance of recovery, and the cost to recover the debt outweighs the actual debt. For example: for a debt \$500, the cost to recover outweighs the actual debt. This needs to be measured on a case-to-case basis. However, in most cases a bad debt is a debt that goes beyond six years.

Mr Singh advised that there are stringent rules with debt write off, with the Chief Finance Officer as the delegate to write off debts.

Mr Kostadinovski queried whether the cost recovery reserve of \$25.5M can be allocated for use in the imports program, given the lower revenue due to COVID. Mr Pak Poy advised the reserve is there to offset any deficit. He noted there was a deficit last financial year, and where the reserve was used to reduce the deficit. The reserve will be further reduced if there is a deficit at the end of this financial year. The reserve can only be used for the purposes stated in the CRIS.

Mr Kostadinovski noted that while exports is receiving funding, imports also require financial investment in systems etc. Mr Nairn commented that the intent of the reserve was to smooth out changes in trade over three years. He indicated some reticence in using the reserve and then not having it available to address any future deficit.

Mr Zalai queried fee for service shortfall and whether this was this due to process or lesser volume than anticipated. Mr Pak Poy advised there were some changes in how we regulate, however the shortfall was mostly due to anticipated increased activity that didn't eventuate and decreased volumes, BMSB - less chargeable activity.

#### **4.3 Biosecurity – 4th Quarter Debt Report**

Members noted the results reported in the Debt Report presented by Mr Sagar.



Mr Sagar advised on enhancements for payments to be made via an online portal, which will look to reduce manual intervention. This is being tested soon and anticipated to roll out in November/December 2020. An update will be provided on progress at the next DCCC meeting.

Mr Nairn noted that the department is heading in the right direction in terms of debt management.

Mr Kostadinovski noted that he continues to receive queries and provide explanation to member regarding invoices.

### **Agenda item 5. Biosecurity Operations Update**

Mr Ben Wilson, acting Assistant Secretary, Assessment and Client Contact Group provided the following update:

- Call volumes in October 2020 comparable to October 2019
- April - May saw a drop in volumes
- May - September assessed at 100%
- IT outages in September and early October affected production
- Given the COVID office restrictions, staff worked from home. There were initial connectivity and IT issues
- Staff across all locations, except Victoria, are in the process of returning to the office
- Inspections Group staff were re-allocated functions to the Client Contact Group to address key areas of need to minimise waiting times.

#### **Calls**

- The volume of calls is on par with same time in 2019 and 2018
- Service standards were met
- There has been a recent slight increase in volumes

#### **Bookings**

##### **In relation to COVID-19**

- The number of bookings has reduced over last couple of months,
- Staff unable to attend some sites, but now on track
- Staff have been moved around to manage workloads

#### **Inspections Group**

- Steady increase in volumes.
- October saw 9711 booked inspections
- Volumes dropped in May with a spike in July
- 6-month service standard met 97% nationally. An improvement on previous years
- Work currently being done on data forecasting

#### **Assessments in Exports**

- Down in 2020 compared to 2019, due to COVID-19
- Plant export assessments down in October due to completion of citrus system
- Document processing for air freight still within service standard
- Airfreight within service standards
- Sea freight slight drop
- Food 20% decrease in volumes in October 2020.



Mr Kostadinovski queried the 20% outside of service standard. This is causing pressure and delays for brokers. Further issues occur when something goes wrong, and they are unable to get hold of someone to assist. While noting these issues, Mr Kostadinovski passed on his appreciation on what has been done.

Ms Cale has had discussions on this matter and is aware of the 80% service standard. System outages have impacted timeframes. The department continues to work to get the balance right, and utilises overtime to keep work progressing, noting that we can't guarantee service standards will be met all the time.

Ms Macgill noted that sometimes there can be delays with notices going out to industry on the circumstances causing the delays. This causes further frustration for members.

Mr Zalai agreed with Mr Kostadinovski's frustration that while overall it is a low percentage, it does have an impact. Mr Zalai noted that the biggest issues affecting members is the workload dealing with biosecurity enquiries. He appreciates the opportunities to engage with Mr Wilson, Ms Cale and Ms Zarik to discuss these issues and the subsequent delays.

Ms Cale will discuss these matters with Mr Kostadinovski, Mr Zalai and Ms Macgill about this going forward.

Ms Tipping commented that systems are largely digitised, and the need to plan for IT outages. Mr Zalai agreed, and noted that this is happening now, with cyber-attacks. Ms Cale noted that we have contingency plans in place to manage issues with systems, while noting the importance of having stable systems.

## **5.1 BMSB Update**

Ms Cooper provided an update on the current situation on BMSB.

The 2020 season has commenced and is similar to previous season. There have been three incidents of live BMSB in air freight and three incidents of dead detections on vessels. The department is currently working through 15 safeguarding applications, including two renewals, and the remainder new applications. Preparations are underway for the December / January period when there is an increase of BMSB.

Mr Birchall advised that he had heard about the three incidents in air cargo environment, noting this was on par with numbers from previous seasons. Ms Cooper agreed that there is nothing to suggest increased risk.

Mr Kostadinovski queried whether there was a changed intervention on BMSB consignments, in particular target goods inspections, and will provide entry numbers as examples to Ms Cale. Ms Cooper took this query on notice and advised is not aware of changed measures.

Mr Nairn commented that there has been inconsistency with inspections on machinery in Melbourne. For example, an inspector advised that a tractor was to be cleaned in a certain way, then directed by another inspector to clean in different way. Mr Nairn will provide specific details to Mr Hawe and Ms Cale.

### **Action:**

Secretariat to distribute BMSB briefing paper to members

Ms Cooper to advise Mr Kostadinovski if any changes in BMSB intervention. Secretariat note: this item has been addressed offline post DCCC meeting.

Mr Nairn to provide consignment details to regarding vessel cleaning inspections to Mr Hawe.

## **5.2 African swine fever (ASF) update**



Ms Cooper provided a verbal update on the spread of ASF and the department's ongoing response.

The department is currently rolling out activities from the ASF funding package. A 3D x-ray unit is being installed in Sydney, due to be completed in November, and another unit being installed in Melbourne due for commissioning in October/November 2020. Six additional detector dogs have been deployed to Melbourne, Sydney and Perth to meet operational demand.

The Mobile Passport Reader application, a precursor to the traveller Intervention and Infringement capability, is in production, with rollout completed in September 2020.

The business design for the full mobile capability (including intervention outcomes and non-compliance actions) is significantly progressed, with testing to commence in November 2020.

Germany reported its first ASF detection on 10 September 2020.

The decline in arriving international passenger numbers due to COVID-19 travel restrictions has commensurately reduced the level of screening and inspection undertaken at airports. Screening for ASF continues on remaining international flights, including charter and repatriation flights from ASF risk countries.

The department has strengthened border screening and inspection of mail from Germany. Increased screening (100%) commenced 21 September 2020.

Australian Border Force can cancel visas and refuse entry to Australia for serious biosecurity breaches given recent legislative changes. Of the 14 visa cancellations to date, 10 (70%) involve passengers failing to declare pork products.

### **5.3 COVID-19 update**

Ms Cooper advised that we are starting to see some movement of travellers into Australia, including repatriation flights, with most changes occurring in the traveller space. There have been significant increases in the mail pathway, and not much change to cargo.

### **5.4 Khapra beetle update**

Ms Cooper provided an update on the department's investigation and management of Khapra beetle interceptions between June and September 2020, as individually listed in the Agenda paper.

Members noted that in addition to the incidents outlined in the agenda paper, there has been a recent incident with Khapra detections in highchairs supplied to Baby Bunting. The department is currently working closely with Baby Bunting to manage this via tracing, treatment and surveillance. A number of staff have been involved in this latest detection.

Mr Creaser advised of the risk to production in Australia, particularly of khapra hitchhiking in containers. While we note the risk to consignment commodities, the department is turning its attention to the container pathway, with additional resources provided to focus on this issue to identify actions - short, medium and long term.

Mr Creaser advised that a number of actions are being finalised internally and will be provided to DCCC for comment. The department is keen to hold workshops with industry more broadly and will be seeking members to provide appropriate representative's details to participate.

#### **Action:**



Mr Nairn acknowledged that containers are a problem and queried whether this is due to changes in the insecticides, noting there needs to be a solution other than fumigating. Mr Nairn advised of the need to find insecticides that don't contaminate cargo. He queried if there was any data on the age of a container.

Ms Cooper advised that a five-year trace on containers following detections, however, is unsure if we use the information on the CSC plate on the container. Mr Creaser advised that this information may be useful and suggested further exploration to help find a solution on this issues.

Mr Zalai noted the Khapra detections in white goods and queried how DAWE tracked the history of the container, and if that information is readily available. Ms Bruce advised that data is held by the shipping lines and is not readily available. It can be a complicated process to obtain and extract this information.

Mr Creaser advised the proposed workshop will address this. We want to have a reasonable portrayal of the problem and solutions to address it.

Ms Macgill suggested that for the FBAI conference a survey be developed around processes, behaviours and what they look for in containers. Ms Macgill to work with Ms Bruce offline.

**Action:**

1. Secretariat and Ms Bruce to arrange a DCCC khapra workshop
2. Ms Bruce and Ms Magill to work on the FBAI survey (offline)

**Agenda item 6. Compliance updates**

**6.1 Enforcement/fit and proper persons**

Dr Chadwick provided information on recent cases in Perth, Sydney and Brisbane.

No update was provided on fit and proper persons, noting that work is underway in streamlining and integration at the border.

**6.2 AEPCOMM update**

Mr Singh provide an update on the recent Automatic Entry Processing (AEPCOMM) expansion and industry Continued Biosecurity Competency (CBC).

Class 19.2 approved arrangement: Automatic Entry Processing for Commodities (AEPCOMM) underwent a second major expansion on 4 August 2020, with a number of new commodities added. The department will continue to work with other programs to have them included on AEPCOMM.

There has been some concern with getting accreditation persons for AEPCOMM to complete their mandatory continued biosecurity competency (CBC) training on AEPCOMM. Mr Singh requested members to remind brokers of the requirement to complete this training. Mr Singh will provide an industry advice notice to further support this message.

Mr Zalai expressed his thanks to Mr Singh's team for the administration of the training, noting it has run better than ever, with minimal issues. Mr Zalai advised that some members (a start-up and sole trader changing to corporate) have been frustrated with how long the process takes, with numerous steps along the way, e.g., having to wait for brokers' license. He asked if there could be an integrated process that would reduce the current six-month timeframe.



Mr Milici advised of the cost implications where a sanction is issued for documentation not uploaded to COLS. There is a risk of being sanctioned if any errors in AEPCOMM. Mr Milici to send specific details of this issue to Mr Singh.

Mr Kostadinovski commented that the high level of AEP compliance should be considered a good outcome. While there is the need to ensure accuracy, the AEP fee can be a disincentive, and suggested this could be considered as part of the cost recovery model. The program is complex, with the need for training and retraining, with training material that is also complex. Mr Kostadinovski suggested that the department target high end companies through one-on-one engagement to promote uptake and work there any issues.

Mr Singh advised that the team has been considering ways to engage with industry more broadly on this. He indicated that they are finding compliance issues on using mandatory fields for treatments, which can impact on the safety of inspections and requested members to report back any issues.

Mr Singh advised that Mr (Angus) Martin will liaise with Mr Kostadinovski on the engagement matters raised.

**Actions:**

1. Mr Singh to review processes to streamline the time taken to complete AEPCOMM accreditation and training.
2. Mr Milici to provide Mr Singh with details of sanctions issued for documentation not uploaded to COLS.
3. Mr Singh to prepare an industry advice notice on AEPCOMM accreditation requirements.

**6.3 Highly Compliant Importer project**

Mr Singh provided an update on the progress of the Highly Compliant Importer (HCI) Project.

Mr Singh noted that there had been ongoing system issues with ICS that had impacted on the HCI project. The function has been moved off ICS and into AIMS. With the AIMS system settings in place for HCI the department is now preparing for commodities to be implemented, starting with tariffs that are available under the profiling solution. The department is actively investigating additional commodities that may be suitable for inclusion onto HCI.

Mr Birchall queried if an importer is 100% compliant, do they need to go through the AEPCOMM process that may seem to not serve any purpose. Mr Singh advised that the system addresses the need for assurance and verification.

Ms Tipping noted the concept of trust. Trusted trader is pushing to have better alignment, where if the exporter is accredited for one, it should be reasonable that they are accredited across the others (DAWE and ABF). If there can be a reasonable acceptance across all three could the department consider this in a staged approach?

Mr Singh advised that this point was made at the Trusted Trader symposium, where it was noted that due to the varying nature of risks it's difficult to align the programs, and the different requirements by DAWE and ABF. The risks for DAWE are more commodity based.

Mr Zalai queried the process for HCI on how an importer is determined to be highly compliant as there is little feedback provided to applicants.

Mr Singh advised that while we are moving towards HCI there have been some issues along the way and undertook to advise members on their queries regarding how highly compliant is determined, profiling and





the purpose of HCI versus Compliance Based Intervention Scheme (CBIS). It was noted that was a conscience decision to keep both systems separate.

Mr Sobey advised that HCI as a new system is to enable AEPCOMM commodities to move through the system, while CBIS will remain in place at this stage as it still delivers outcomes. There are variations between the two systems, where importers can benefit from both. Mr Sobey noted observations from FTA and IFCBAA on industry's request for more information sessions, and to address the issue of disincentives for take up.

**Actions:**

1. The Assessment Policy Team to provide further information sessions on AEPCOMM
2. Mr Sobey to advise members the requirement for an importer to use AEPCOMM where the importer is 100% compliant.

**6.4 Strategic Risk and Business Improvement**

Ms May provided an update on the Biosecurity Innovation program and the work of the strategic risk team.

Funding of \$5 million per year is invested into the biosecurity innovation program to support a number of projects. The department is about to implement some new innovations and proof of concepts for a number of projects as outlined in the Agenda paper provided.

The Innovation Program ran an industry innovation challenge, with a \$50K grant on offer to develop a project. Applications are currently being reviewed for selection and funding

Mr Zalai commented that these are exciting developments and queried how these could be collectively showcased. DAWE will arrange an innovation showcase for the next formal DCCC meeting.

Mr Damkjaer and Mr Zalai advised they have been in discussions regarding broadening the use of 3D x-ray technology.

Ms May advised that the RTT 3D x-ray project is jointly funded with the ABF and is developing algorithms to detect biosecurity materials such as meat, fruits, vegetables. Further algorithms are being considered for seeds, which is currently a big problem and wildlife. Scanning is proving to be more efficient, requiring less resources, with trials in Melbourne showing they are four times more likely to identify risk material than previously identified. The eventual plan is to roll out the 3D x-rays to other airports.

Ms May advised that the project received a Public Service Award, with Australia leading the way in this work.

Ms May advised there is a trial about to commence for air cargo, and while it's still early days it could prove to have a significant impact on detections and inspections.

In querying its application to containers, Ms May advised that there is an artificial intelligence (AI) project to view containers externally to identify pests.

Ms Tipping queried the remote audits and inspections technology, noting there are virtual inspections in Canada occurring. Ms May advised on the work of Remote Audits, with the use of smart glasses to simulate the audit process, noting this is currently in the pilot stage. Mr Kostadinovski noted this great work and the potential for its future use to improve the time taken to release goods.

**Action:**

The Innovation Program to present an innovation showcase at the next formal meeting of the DCCC.



## **5. Other Business**

Mr Nairn advised that he is stepping down as CEO of Shipping Australia in December 2020, and subsequently will no longer be the representative on DCCC - Mr Melwyn Noronha formally will take over as CEO and DCCC representative. Mr Nairn thanked the Committee for its valuable contribution during his time as DCCC representative.

Next meeting date proposed for March 2021, in Melbourne.

Ms Macgill offered to hold the next meeting in her office in Melbourne - this will be confirmed.

Ms Tipping requested that DCCC meetings to continue to be conducted both via Teams and face-to-face as this has worked well.

### **Action:**

Secretariat approach Shipping Australia for replacement DCCC member

Secretariat to liaise with Ms Macgill for next DCCC meeting in Melbourne in March 2021.

Meeting concluded at 1.40 pm.