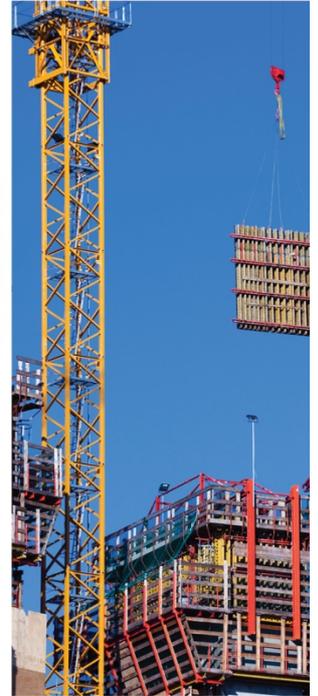The Voice for
Australia's exporters

Export Council
of Australia

Intergovernmental Agreement on Biosecurity Review

July 2016

Submission by the Export Council of Australia

1.0 Introduction

The Export Council of Australia (ECA) welcomes the opportunity to provide input into the Intergovernmental Agreement on Biosecurity Review (IGAB). While the ECA's name suggests the organisation only represents exporters, it does in fact represent importers as well and understands that many exporters are also importers.

Maintaining a robust biosecurity regime has multiple benefits for Australia from a domestic consumption, export and environmental perspective. Australia's strong biosecurity system has helped the government improve market access for the agricultural sector in key export markets. Indeed, a report published by the Australian Bureau of Agricultural and Resource Economics and Sciences found that Australia's biosecurity regime saves up to $17,500 a year for the average farmer by preventing direct production and export market losses.

While the benefits are evident, the compliance and regulatory costs incurred by exporters and importers can be burdensome, particularly for SMEs.

In this submission, the ECA will only respond to some of the questions posed in the Discussion Paper. These questions are considered the most relevant to our Members and within the ECA's scope of knowledge and experience. The responses are based on information gathered through the Australia's International Business Survey (AIBS), ECA research, case studies and anecdotal evidence.

2.0 Response to the Discussion Paper

6. *Are the components and functions of Australia's national biosecurity system consistently understood by all stakeholders? If not, what could be done to improve this?*

While most companies have an understanding of the biosecurity system as it applies directly to their business, some businesses, particularly SMEs and those new to export or import, can find the system challenging to understand and navigate.

The ECA appreciates that the Department of Agriculture and Water Resources (DAWR) already consults directly with businesses and key industry associations. However, the ECA suggests that DAWR, and the relevant state and territory government departments, explore additional communication channels to reach a broader audience. They should also investigate introducing regular education and training (online and/or face-to-face) for exporters and importers to educate them on the components and functions of the biosecurity system and provide information on who to approach for assistance.

7. *What benefits (or impediments) are there in realising a more integrated national approach to biosecurity, agreed to by key partners in Australia's national biosecurity system?*

The ECA would welcome a more integrated, national approach to biosecurity. While most state and territory governments have, or have previously had, a biosecurity strategy or policy, a national policy or strategy for the biosecurity system could help to improve consistency and reduce duplication of effort. The harmonisation of biosecurity policies across states and territories—where possible—would help simplify the system and assist the exporters and importers that have to navigate multiple layers of government regulation and incur the fees associated with compliance.

For example, while the export opportunities for the agricultural sector has been well documented, a multi-layered network of complex regulatory barriers continue to impose costs on agricultural exporters, detracting from their international competitiveness. According to the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), at the federal level Australian farmers are governed by approximately **90 Acts** administered by the Department of Agriculture and Water Resources.[1] As highlighted in the National Farmers' Federation's (NFF) recent submission to the Productivity Commission inquiry into the regulatory burden on farm businesses, "this figure does not include regulation that is common across all business types and industries. Farm businesses are also impacted upon by regulation administered at a jurisdictional level." In Queensland, for example, farm businesses are regulated through over **55 Acts and Regulations covering over 9,000 pages**, which is in addition to local government by-laws, associated codes and Federal legislation.[2] While clearly not all of these regulations are biosecurity related, the figures still demonstrate the need for harmonisation wherever practicable.

A more integrated national approach to biosecurity should be developed in close consultation with governments, industry and the broader community, including exporters, importers and others directly affected by changes to the biosecurity system. This approach would promote greater efficiency in export and import process of goods covered under the Biosecurity Act 2015 and help streamline the current complex regulatory scheme, leading to improved compliance with biosecurity measures.

In addition, re-invigorating the operation of the National Biosecurity Committee (NBC) to focus its work plan, improve leadership of sectorial committees and improve decision-making effectiveness could improve the operation of the biosecurity system. The NBC should review the range of Committees and sub Committees currently in place. DAWR should also consider alignment of responsibilities to collate similar capabilities and functions and maximise consistency of outcomes. This could lead to a realignment of functions across the different divisions of DAWR, including the Trade and Market Access Division, the Biosecurity Animal Division, the Biosecurity Plant Division, the Compliance Division, Export Division and others.

8. *What form would this best take (for example, a national statement of intent or national strategy)? What are the key elements that must be included? What specific roles do you see industry and the broader community playing in such an initiative?*

The ECA believes a national strategy for the biosecurity system is necessary to formulate a more integrated approach. While the ECA has no firm position on which organisation should be responsible for developing the national strategy for biosecurity, it seems logical for the NBC to take on this role. Ideally, however, it should be a body that includes both government and industry representatives (similar to the DAWR Cargo Consultative Committee). Exporters, importers and the peak industry bodies that represent them should also be fully engaged during the consultation process.

It would beneficial to ensure that, during the development of the national strategy for biosecurity, the Department of Foreign Affairs and Trade (DFAT), Austrade and the Department of Immigration and Border Protection (DIBP) are actively involved. This would help improve communication and clarity around how the national strategy for biosecurity would align with the export promotion and facilitation work being undertaken by these

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[1] ABARES (2013), Review of Selected Regulatory Burdens on Agriculture and Forestry Businesses.
[2] National Farmers' Federation (2013), Issues Paper – Red Tape in Australian Agriculture.

agencies. This would create greater consistency in approach and a more coordinated strategic effort. For example, it will be important that all elements of the national strategy for biosecurity are consistent with the work required by the Regulatory Performance Framework carried out under the National Committee on Trade Facilitation.

Finally, information technology should be invested in and harnessed where possible in the development and implementation of the national strategy for biosecurity. Internal capabilities among staff to use the technology should also be a focus.

9. *Are the roles and responsibilities of stakeholders in Australia's national biosecurity system clearly and consistently understood? How might this be improved?*

The ECA is of the view that the roles and responsibilities of stakeholders in Australia's national biosecurity system could be better clarified. This could be achieved in a number of ways, such as through education and training or improved communication of the roles and responsibilities of stakeholders though simple, clear graphics and/or audiovisual tools.

To more accurately identify the knowledge gaps, it could be worthwhile to undertake an independent investigation into the level of understanding of various stakeholders (including exporters and importers) regarding how the biosecurity system operates, their responsibilities and where to go to for information on key issues. This data would be useful in identifying which stakeholder groups are lacking knowledge and how communication and engagement can be improved to enhance the operation of the biosecurity system.

10. *What practical actions do you think governments and industry organisations can undertake to strengthen the involvement of industry and community stakeholders in Australia's national biosecurity system? Would increased involvement in decision making on and implementation of biosecurity activities help the adoption of shared responsibility?*

Raising awareness will be vital if the aim is to strengthen the involvement of external stakeholders and encourage the adoption of shared responsibility. A joint campaign lead by government with industry and community stakeholders might help businesses and civil society better understand the biosecurity system and how they play a part. Leveraging the networks of industry associations, and perhaps other more mainstream channels, will be crucial to ensuring the information reaches its target audience. Given the amount of 'information overload' experienced today, it is important to work in partnership to disseminate this information through new and existing channels.

As mentioned previously, education and training also plays an important role, as does meaningful consultation. In this respect, the ECA is of the view that the more people feel they have a voice that will be listened to, the more likely they are to increase their involvement and adopt the concept of shared responsibility. However, it can be frustrating when busy businessmen and women take time out of their schedule to participate in consultations sessions only to find their input has been ignored. For that reason, expectation management will continue to be important if stakeholder involvement in decision-making and implementation is to be increased.

Continuing to work closely with ABARES and investing in R&D to continually improve the management of biosecurity in Australia is vital.

16. *Are market access considerations given appropriate weight in Australia's national biosecurity system? What other considerations also need to be taken into account?*

The ECA agrees that strict biosecurity measures are imperative to ensuring Australia remains largely free from pests and diseases thereby giving Australia's primary producers a competitive advantage over nations. Farm exports are a significant contributor to Australia's economy and have the potential to increase significantly based on growing international demand and improved market access conditions following the signing of major FTAs.

However, the ECA is concerned that elements of Australia's biosecurity scheme remain overly complex, thereby restricting the capacity of Australian businesses, particularly SMEs, to take full advantage of the market access opportunities available. The duplication that exists at the Commonwealth and state and territory levels needs to be reduced and certain aspects of the cost recovery regime should be addressed. The ECA generally supports the concept of "Cost Recovery" but has reservations about its implementation, which are set out in its submission in response to the draft Cost Recovery Implementation Statement by the Department of Agriculture (sent along with this submission for your reference).

Consideration should be given to non-tariff measures in international markets, which exporters of agricultural goods have suggested can sometimes be far more significant than tariff barriers. For example, the Joint Standing Committee on Treaties' report on ChAFTA noted that non-tariff barriers (NTBs) will continue to present the biggest impediment for many sectors wishing to take advantage of the trade agreement.

In the agrifood sector, for example, the AFGC's International Trade Report on NTBs facing Australia's agri-food exports identifies that NTBs have been increasing over the past decade in the following ways:

- Growth markets, particularly in Asia, have been increasing the range, level, sophistication and coordination of NTBs.
- For established markets, particularly in Europe and North America, there has been an observed push to entrench their domestic approaches to food regulation and standards into international trade.

The 2015 B20 Trade Taskforce Policy Paper also called for G20 countries to reaffirm the standstill commitment and roll back existing protectionist measures, especially NTBs. As noted in the 2014 B20 Australia Trade Taskforce, NTBs can have a much greater negative impact on GDP growth than tariff barriers.

The ECA believes there should be a focus on addressing NTBs to trade, is supportive of initiatives that aim to harmonise standards across countries and agrees that the government should build stronger frameworks for developing mutual recognition agreements. To enable effective progress to be made on removing these barriers, however, the government needs to invest in adequately resourcing DFAT and DAWR. Prioritising this will help break down NTBs and ensure the desired benefits of trade are delivered.

From an importers perspective, sanitary and phytosanitary measures need to be balanced to achieve the desired biosecurity outcomes but not so restrictive as to operate as a protectionist device. All changes to our biosecurity regime must also be consistent with the rules contained in the WTO Trade Facilitation Agreement.

As recommended by the 2015 B20 Trade Taskforce, the ECA believes that consideration and support should be given to the creation a single window for trade in Australia. This is defined by the United Nations Economic Commission for Europe as, "a facility that allows

parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements." Many countries already have a single window for trade including the United States, New Zealand, Mexico, Singapore and South Korea. Implementing such a facility could serve to improve trade facilitation by simplifying procedures and formalities for document submission and data collection saving government and business time and money. Indeed, the South Korean Customs Services estimates that introducing its single window generated roughly $USD 18 million in benefits in 2010. Singapore's single window was created in1989 and brings together more than 35 border agencies providing significant productivity and monetary gains.

The ECA believes that, among others, these examples provide an indication that there is value in developing a single window for trade in Australia to reduce complexity for businesses and improve efficiency. The ECA has been a strong supporter of the need to develop a standardised approach to streamline import and export procedures. The implementation of a single window for trade would help promote imports and exports by simplifying complex processes, reducing time delays and facilitating freer trade.

17. *Are there ways governments could better partner with industry and/or the broader community to reduce costs (without increasing risk), such as industry certification schemes?*

The ECA would encourage the DAWR to continue with its programs to partner with industry to reduce both costs and complexity without increasing risks. For those purposes, the ECA would endorse the following concepts:

- Further development of the "approved arrangements" concepts to allow more parties to enter into such arrangements.

- Engagement in the development of the "single window" concept under development by DFAT, the DIBP and the ATO among other agencies.

- Advancing the DAWR's development of a "trusted trader" program consistent to the "Authorised Economic Operator" program outlined by the World Customs Organisation having similar elements to the Australian Trusted Trader Program conducted by the DIBP and the Known Consignor program being developed by the Office of Transport Security.

- Continued engagement through the DCCC and other consultative bodies established by border agencies such as the NCTF of the DIBP and the CWG of the OTS to assist in the establishment of arrangements to facilitate trade in a manner consistent to the WTO Trade Facilitation Agreement.

- Working with other border agencies such as the DIBP and the OTS and with industry to develop documentation and reporting arrangements, which are consistent for all importers, exporters and their service providers.

About the Export Council of Australia

A not-for-profit, membership based organisation, the ECA is the peak industry body representing Australia's exporters and importers, particularly SMEs. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industry sectors, including services exporters. The ECA's core activities include research, advocacy, skills development and events. Some details on the ECA's work are provided below.

The ECA works collaboratively with a number of Federal and State Government Departments to advance the interests of its members and the broader business community. These include Efic, the Department of Foreign Affairs and Trade (DFAT), Austrade, the Department of Immigration and Border Protection (DIBP), the Department of Industry, Innovation and Science, the Office of Transport Security, and DAWR. The ECA is represented on many of the advisory groups administered by the above listed agencies, including the National Committee on Trade Facilitation and the Department of Agriculture, and Water Resources Cargo Consultative Committee.

The ECA regularly provides submissions to government and its agencies on various reviews, as well as to parliamentary inquiries. These have included submissions relating to:

- the Korea-Australia Free Trade Agreement (KAFTA) and the KAFTA Customs Bills
- the Japan-Australia Economic Partnership Agreement (JAEPA) and the JAPEA Customs Bills
- the China-Australia Free Trade Agreement (ChAFTA) and the ChAFTA Customs Bills
- the EMDG Review
- the Inquiry into Australia's Treaty Making Process
- the Inquiry into the Business Experience in Utilising Australia's Free Trade Agreements
- the Productivity Commission review into barriers to growth in Australian services exports
- The Inquiry into Australia's Future in Research and Innovation
- the Joint Standing Committee on Treaties on the Trans-Pacific Partnership Agreement (TPP)

The ECA also releases annual Trade Policy Recommendations (TPR), and the latest document, TPR 2015/16, includes commentary and recommendations regarding the Government's Free Trade Agreement (FTA) agenda and ways in which Government should work with industry to raise the level of understanding of FTAs.

In 2014 the ECA launched a longitudinal survey, Australia's International Business Survey (AIBS), with Austrade, Efic and the University of Sydney, designed to capture data on the international business activity of Australian companies. The 2014 survey captured data from over 1,600 Australian exporters, making it the most comprehensive investigation into Australia's international business activity in more than 15 years.

AIBS 2015 resulted from the collection of fully completed and validated responses from 1,237 companies involved in international business. The findings of this report are distinctive and significant because they provide key insights into the nature, needs, concerns and future plans of the overall Australian international business community from the company perspective.

The ECA recently also released its Advancing Trade Development report, which examines the trade promotion activities offered by 10 of Australia's key export competitors including the United States, United Kingdom, New Zealand, and Singapore in a bid to encourage government to take a long-term, strategic approach to developing Australia's international trade.