



DEPARTMENT OF AGRICULTURE CARGO CONSULTATIVE COMMITTEE

FINAL MINUTES

83rd DCCC Meeting

Tuesday, 30 July 2019

Department of Agriculture, Sydney

Agenda Item 1 – Chair’s Introduction

Present

Peta Lane	Department of Agriculture (Chair)
Dean Merrilees	Department of Agriculture
Richard Chadwick	Department of Agriculture
Andrew Patterson	Department of Agriculture
Lee Cale	Department of Agriculture
Mark Sobey	Department of Agriculture (Observer)
Anita Tapper	Department of Agriculture
Chris Dulgerov	Department of Agriculture
Vanessa Berry	Department of Agriculture
Paul Pak Poy	Department of Agriculture
Hannah Wellman	Department of Agriculture (Observer)
Jenny Ulrich	Department of Agriculture (Observer)
Laura McGrath	Department of Agriculture (Observer)
Barbara Cooper	Department of Agriculture (Observer)
Rich Hawe	Department of Agriculture (Observer)
Carolyn Macgill	Food and Beverage Industry Australia
Dianne Tipping	Export Council of Australia
Craig Birchall	Board of Airline Representatives
Paul Damkjaer	Customs Brokers and Forwarders Council of Australia
Andrew Crawford	Freight and Trade Alliance
Rod Nairn	Shipping Australia Limited
Stuart McFarlane	Australian Federation of International Forwarders (Observer)

Apologies

Jagtej Singh	Department of Agriculture
Linda Jennings	Department of Agriculture
Scott Brown	Department of Agriculture
Peter van Duyn	International Cargo Handling Coordination Association
Brian Lovell	Australian Federation of International Forwarders
Paul Bagnall	Conference of Asia Pacific Express Carriers

Secretariat

Dale Loughton	Department of Agriculture
Amy Mason	Department of Agriculture

Agenda Item 1 - Chair's introductions

The chair welcomed members and observers to the 83rd DCCC meeting.

Members noted:

- 1) Richard Chadwick, Assistant Secretary, Enforcement and Sanctions, Compliance Division has joined the DCCC replacing Wayne Terpstra.
- 2) The Department of Agriculture (department) has formed a new Civil Sanctions Taskforce, led by Andrew Patterson.
- 3) The Import Industry Finance Consultative Committee (IIFCC) has recently been disbanded with cost recovery updates to be provided at the DCCC.
- 4) Proceedings of the DCCC are confidential. Any information discussed beyond what is publicly recorded on the meeting minutes is not to be shared.

Members identified other items to be discussed under Other Business, including inspection booking times, update on the offshore treatment providers to be published, and the Biosecurity Import Levy.

1.1 Minutes from previous meeting

The previous meeting minutes (DCCC 82) are published on the department's website, with no further comments from members.

1.2 Action items

Members noted the action items completed or flagged for discussion during the meeting.

Members agreed to close item 6.1a regarding scheduling a teleconference to discuss the Brown Marmorated Stink Bug (BMSB) cargo clearance delays, noting regular fortnightly teleconferences are now held between the department and DCCC members.

A report was distributed to members at the DCCC with a response to members' recommendations to improve cargo clearance delays.

Action: Members to notify the Secretariat of any recommendations to improve cargo clearance delays that have not been addressed, or not adequately addressed in the report.

Agenda Item 2 – New National Biosecurity Website

Ms McGrath provided an update on and a demonstration of the new national biosecurity website (biosecurity.gov.au). The website will act as a central hub, linking government, industry and environmental biosecurity websites, and provide advice and information for reporting and managing biosecurity risks. Members noted that the new biosecurity website does not change the department's website and will not affect saved links, industry systems or processes.

On Wednesday, 31 July 2019 the department will launch the beta stage of the website and a further walkthrough with the website's digital design team. Public promotion of the website will commence from Monday, 19 August 2019. Ms McGrath encouraged members to inform their industry members and clients to promote and use the website.

Action: Secretariat to send invitation to members for the walkthrough of the beta stage of the website.

The website is set up as a persona structure with 31 individual personas ranging from gardeners to freight forwarders, importers/exporters and primary producers, and has tailored information for each of those sectors. A number of industry stakeholders have provided a range of links to sites that are used regularly and that hold biosecurity information.

The website collects feedback in several forms, including a yes/no question at the bottom of the webpages to confirm the usefulness of the page, pop up boxes and imbedded surveys on certain screens, and an exit survey with several questions as you exit the website. There is also a dedicated email address through the site under 'Contact Us'. The department is using Google analytics and heat mapping to identify where users interact to target improvements to the website.

Members noted that the website is in a 'beta' stage, an early release version, to allow users to explore the site and provide feedback to inform the development of the live site. Changes may be expected from stakeholder feedback in the beta stage, with all other information via links to other websites for the department, state/territory and industry.

Agenda item 3 – New Export Documentation System (NEXDOC)

Ms Cooper provided an update on the development of the new NEXDOC system, replacing the Export Documentation System (EXDOC). Certificates currently issued manually for non-prescribed goods and other goods including honey, and live animals will also transition onto the new system.

The department is also replacing the system for export registration application form, and the need to be registered in order to transport stored goods for export. The same third party software provider model will continue to be used, however the department will also have a portal directly to the departmental website, expected to be used mainly by low volume exporters.

The department will be automating product description and certificate descriptions, currently as free text, to view the certificates more quickly. Exporters will have the option to use the manual description, but this will need to be checked by the department before it is agreed to.

The department is providing online services for replacement certificates, or amendments to certificates or to the permit, with industry able to apply for those online through the Request for Export Documentation (REX). Exporters will also be able to attach import permits or supporting manufacturing declarations directly in to REX.

Blue paper will be phased out, reverting back to white bonded paper, which will include a QR scan code. An application has been built for iPhones to scan the QR code to confirm whether the certificate is the most current version, or a genuine certificate from the department's perspective.

Dairy will be the first commodity implemented to NEXDOC, scheduled to go live 2 September 2019. Honey and other goods will become available on 1 November 2019, with fish and eggs expected to be implemented towards the end of the year. Meat and plant commodities will be available towards the end of 2020 or beginning of 2021. EXDOC will work concurrently with NEXDOC on a commodity basis with EXDOC turned off for new requests for dairy from 1 September 2019, maintained as a read only. The department will still run EXDOC for other commodities, expected to be decommissioned in approximately three years.

At this stage, there will be no fee to join the portal, with costs recovered on certificates, permits or request for exports, depending on the commodity. The decision to use the portal will be made by individual businesses.

Agenda item 4 – Biosecurity 2025 and Beyond - update

Ms Wellman noted that the initiative's first theme for change was approved arrangements (import and export). Progress has been made in implementing ideas for change generated in an April 2018 workshop with industry representatives and departmental staff. The client manager pilot ran from September to December 2018 to identify strategic issues that Freight Forwarders and Cargo Terminal Operators were

experiencing. An independent review was completed, identifying that the focus was on transactional issues, and not meeting the initial scope of the pilot. The pilot was put on hold in February 2019.

The One-Audit pilot aims to harmonise approved arrangements requirements across both imports and exports. This work has resulted in an audit tool that has been successfully piloted with selected industry participants from February to April 2019. The tool is helping find efficiencies in the audit process. Challenges remain with the audit process sitting across three separate pieces of legislation (import, export and food). The Biosecurity 2025 and Beyond team is currently liaising with the department's Office of the General Council to work through how any legal risks can be managed. An internal workshop is proposed for late August 2019 to consider the possible next steps for this pilot before engaging with industry on the best way forward.

The department is also looking at optimising risk-based intervention; document assessment, in particular moving away from manual work and how to digitalise and find efficiencies; and safeguarding arrangements. Members expressed interest in being involved in discussions and future expansions, and the opportunity to participate in any trials or pilots.

Mr Birchall reported that Qantas or other airlines can assist in meeting the department's drivers. The independent review found the client manager pilot was used to address transactional rather than strategic issues, noting that there are some ideas that Board of Airlines Representatives Australia can offer in the strategic space.

Mr McFarlane reported that the client manager program could be linked in to a safeguarding/trusted trader arrangement. The client manager pilot was put on hold as the timing was not ideal, being in the peak season, hoping for the program to be revived with guidelines around what the department wants to get out of the trial to be able to contribute effectively.

Mr Crawford reported that Freight and Trade Alliance is keen to assist in the safeguarding space, noting that this is the start of the process, as opposed to auditing.

Agenda item 5 – Biosecurity Operations Update

Ms Cale reported that work has been largely focused on BMSB, with Biosecurity Operations experiencing increased volumes right through to July 2019 with cargo arriving from BMSB countries. A significant amount of overtime was performed in the processing space to manage the continuing volumes. Since the last DCCC through to June 2019, there has been approximately a 14 percent increase in calls presented year on year. Inspection bookings were up by around 12 percent in April 2019, and 22 percent in May 2019 with increasing workload.

At the last DCCC it was noted that there was a decline in the number of Lodgement Reference Numbers (LRNs) submitted, trending down to around 1,700 entries per day. This decline lasted about one week before spiking back up to 1,900 entries per day. LRNs surged again in May 2019, to around 2,200 entries per day, based on year on year results.

Wait times for booking an inspection in Melbourne were four to seven business days in April 2019 and four to five business days in May and June 2019. In Sydney, wait times were eight to 17 business days in April and May 2019, and three to ten business days in June 2019

Service Standards:

- Assessment Services continued to maintain Service Standards throughout April to June 2019, but did so through overtime hours.
- All areas, except for the North, met Assessment Service Standards for April and June 2019.

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- The Assessment Services Group met the Service Standards right throughout the 2018-19 BMSB season, except in September 2018. However, a total of 14,000 overtime hours was performed between September 2018 and the end of June 2019 to keep up with the high volumes. This is not sustainable going forward.
 - Client Contact Group (CCG) - Targets (answered calls within 5 minutes) were not met between September 2018 and February 2019 inclusive and targets (confirmed booking request within 1 business day) were not met for booking responses from October 2018 to January 2019 inclusive due to increased BMSB volumes. Subsequently not met in April 2019 for appointment responses and online form correspondence but met for the other months and activities.
 - Assessment Services Group was within Service Standards across all months for exports.
 - Inspections Group - Out of service for inspections in Melbourne and Sydney all year. Marginally out of service for some months in Darwin and Brisbane.
 - The department will accommodate where ever possible to bring forward booking dates, noting that calls are constantly received from clients seeking to 'jump the queue'.

Members discussed publication of service standards statistics for transparency, noting the department is looking at the timing and frequency for publishing updates.

Action: Ms Cale to circulate the current Service Standard statistics to members once frequency is determined.

Biosecurity Operations conducted recruitment in December 2018 for Assessment Services and Inspections Group in Sydney and Melbourne. Inspections Group have also been looking at temporary reallocation of resources through their integrated business model, where possible, similar to the cut flower season to manage the workload pressures.

Ms Cale reported that Assessment and Client Contact (ACC) Group continues to look at how it may automate in the assessment space, noting there is a lot of manual work involved. As an example, four documents are required for the minimum document requirements for cut flowers where officers are receiving up to 30 documents to find the information required. ACC and a third party vendor has successfully tested automation in a test environment, using a suite of cutting edge technological tools including cognitive automation using Artificial Intelligence (AI) machine learning, robotic processing, natural language processing, optical character recognition (OCR) and IQ Bot. Pending funding, the body of work involved with assessing the minimum documents policy will be automated, allowing officers to better focus their efforts on risk assessment. Funding for the work is currently being sought, and if approved the department will look to implement by the end of September 2019.

Mr Hawe is looking at the integrated workforce model to get the best utilisation. Inspections Group is also continuing to recruit additional resources to manage the volumes, with new staff allocated to less prioritised areas of the business and more experienced staff in higher end work.

Inspections Group is doing a range of activities to address delays, and also looking to members to advise why there is a delay. To assist with reducing inspection times, Mr Hawe suggested that members send communication out to their clients to ensure that documentation/goods are ready when inspections staff arrive, noting the department and industry will benefit from sharing experiences.

The department is developing a dashboard that will provide a more refined view on inspection outcomes, and overtime will provide capacity to adjust the actual verification levels to inspect different classes. The dashboard will assist Inspections Group in making those adjustments for highly compliant brokers.

Members noted that there were no changes to the inspection booking systems for the next BMSB season, however the department is developing a new tool that will significantly help with bookings and scheduling, not likely to be ready until the end of 2019/early 2020. Members discussed some of the issues faced from

both industry and the department with inspection bookings, noting the benefit of a factsheet to circulate more broadly. The factsheet should contain advice to assist with inspection bookings including AEPCOMM, the treatment provider's scheme, early lodgement and initiatives current underway by the department.

Action: Ms Cale to develop an inspection booking factsheet for members to circulate more broadly.

Ms Cale provided an update on Compensation for Detriment Caused by Defective Administration (CDDA) claims noting Biosecurity Operations Division has received up to 23 BMSB related claims. Members noted that department does not want to discourage claims being submitted, but encourage industry to understand what CDDA means. The same resources that assess documentation are taken offline to investigate individual claims, which can take a couple of months to complete and therefore exacerbate delays to other clients. The value of the latest claim was \$30.

In the exports space, horticultural certificates issued increased by about 5,000 certificates from 2017-18 to 2018-19 financial year. There was a decrease in grains certificates issued, dropping from about 64,000 to 53,000, due to the drought. Assessment Services experienced high workloads due to the peak table grape fruit season which put pressure on service standards. The season extended from May 2019 to early June 2019 due to high crop fields. Exports to the Korean market were about four times the volume compared to the 2018 table grape season.

The new version of Plant Export Management System (PEMS) is now implemented and available for use by external authorised officers and clients. PEMS provides industry the ability to streamline the plant exports processes as it reduces the need for manual documentation. Information on PEMS is available on the department's website.

Agenda item 6 – Compliance Updates

6.1 Compliance Division Quarterly Report

Ms Lane sought feedback from members on the revised draft Compliance Division Quarterly Report, in particular the format and items for inclusion.

Mr Crawford suggested including quarterly statistics for inspection bookings; AEPCOMM underutilisation to target high end commodity and users not using AEPCOMM to allow for education programs; and safeguarding initiatives. Mr Crawford also suggested including information on both onshore and offshore treatment providers when suspended, to assist in the compliance space. Mr Merrilees noted that suspended offshore providers are identified on the department's website. Onshore treatment providers are managed via an Approved Arrangement.

Mr Nairn questioned why seaports compliance was not included in the draft report. Graphs were provided in previous reports for analysis.

Action: Linda Jennings consider the inclusion of seaports compliance data in the Compliance Division Quarterly Report with Rod Nairn

Action: Members to provide further comments and suggestions for inclusion in the Compliance Division Quarterly Report to the Secretariat.

Mr McFarlane asked whether there was any progress on the Fit and Proper Person (FPP) with other departments for a more standardised approach. Ms Lane reported that work is occurring in this space, particularly with Home Affairs and through Trusted Trader avenues, to try and harmonise the processes. There are some legislative issues which impact this, however work is in progress.

Action: Fit and Proper Person to be included as an agenda item for the next meeting.

6.2 Imported Food

Mr Sobey reported of changes to commodity profile (CP) questions, based on feedback from industry, for paprika, dried pepper, dried capsicum and dried chilli, seeking feedback from members on whether the changes are improving the process for importers.

Some changes have been made to importer declarations for ready-to-eat cooked crustaceans to remove the crustaceans that do not support the growth of *Listeria monocytogenes*. There has also been a temporary cease of carbon monoxide testing of fish to look at the testing regime to ensure the regime is scientifically robust.

The department hosted the annual Imported Food Industry Roundtable event in June 2019 in Sydney with approximately 50 industry representatives attending. As a result, departmental staff from the Imported Food Section will return to Sydney to talk to companies about Food Import Compliance Arrangements (FICA) and to also talk to industry about issues with the system.

The Imported Food Section has developed postcards that will be distributed to food importers at food inspections, including information on FICAs and another on allergens to better align with the food standards code. Members were encouraged to promote uptake of FICAs, noting FICAs are more cost effective and will free up inspectors for other work. The department is happy to send representatives to talk to industry that are interested in applying for a FICA.

A review of the Imported Food pages on the department's website has commenced, to provide a more user friendly and intuitive system. Work is also continuing to include imported food in BICON, with some test cases proving successful.

There has been a delay on the work undertaken to implement the use of AQIS Commodity Code field in the Integrated Cargo System (ICS) for goods not subject to the *Imported Food Control Act 1992*, due to IT system issues. The department is committed and intends to implement this capability later in the year.

The Imported Food Control Regulations 2019 were tabled in Parliament on 29 July 2019, and will come into effect subject to a 15 sitting day disallowance period on 1 October 2019. The Imported Food Control Regulations 2019 cover more administrative changes to the *Imported Food Control Amendment Act 2018* and regulatory requirements are needed to enable those provisions. Another significant change is the reduction of food imported for personal consumption will decrease from the current 10kg to 1kg.

The Imported Food Control Order, due to expire 1 October 2019, will be remade in the next few months. An update will be provided to members once this has been tabled in Parliament.

6.3 Enforcement Update

Mr Chadwick sought feedback from members for useful enforcement updates for future DCCC meetings, noting there would be sensitivities around ongoing investigations that cannot be discussed.

Enforcement work within the department has traditionally focused on preparing evidence for the Commonwealth Director of Public Prosecutions (CDPP) and criminal prosecutions. Within the last 12 months, 16 prosecutions were finalised as a result of departmental investigations across a whole range of biosecurity activities. In the cargo space offences are usually around importing goods without a permit or not following directions, with responses generally just warnings or conversations with the non-compliant parties.

Mr Chadwick reported that consistent non-compliant behaviour can have a reputational effect on industry, and encouraged DCCC members to talk to the department in confidence to protect industry from that type of behaviour. An example was provided of a case that was in court in December 2018 involving a large amount of uncooked pig meat. The individual involved was sentenced to 12 months prison, suspended on a

three month good behaviour bond, with financial penalties of \$20,000 for the individual and \$100,000 for the company.

Members suggested an update for inclusion in the enforcement update around sanctions, with some examples and the department's response. This would be useful to see the department's stance on dealing with non-compliance, but also recognising where cases may be reckless behaviour versus criminal behaviour.

Mr Crawford noted the benefit of information provided to industry in understanding a theme of what warning letters and infringements are issued for. Mr Chadwick reported that in the last 12 months the department has issued seven letters of advice and some warning letters mostly around importing without a permit, failing to follow up, and failing to follow a direction. Currently, no infringements have been issued in the cargo space, however infringement amounts are set out in legislation.

Action: DCCC Enforcement update to include statistics on warning letters and infringement notices.

Mr Nain noted of a recent case in Port Kembla where a ship was required to make all crew available for interviews for an investigation, noting that no warrants were issued and there were no charges applied. The investigation affected crew rest time and cost impacts were significant. Mr Nain reported that no information was provided before and following the investigation.

Ms Lane responded that in some cases an offence is not able to be established, but the department must investigate if the information provided is serious enough. It is not always appropriate for the department to provide advance notice, as was the situation for this particular case in order to maintain the integrity of the investigation. Ms Lane added that the department will take into consideration providing information back to the company in closing the loop following an investigation, and how this might be managed by the department.

Ms Lane advised that information will be reported back to Mr Nain on what the department did or did not find with that particular case, however there are some details that the department cannot provide as to why an offence was not able to be established.

Action: Mr Chadwick to provide feedback to Mr Nain on the results of the on-board ship investigation.

Members discussed staging containers before treatment inspection, noting an Industry Advice Notice (IAN) was published that spoke in broad detail of the issue, the conduct and that industry need to comply with those directions.

6.3.1 Civil Sanctions Taskforce Update

Mr Patterson reported that there are a wide range of civil sanction tools under the *Biosecurity Act 2015* to be implemented and used, such as enforceable undertakings, injunctions and civil prosecutions. These tools have been used for some time by the Australian Competition and Consumer Commission (ACCC). The department now has the civil sanctions tools available under a number of pieces of legislation, including the *Imported Food Control Amendment Act 2018*, *Water Efficiency Labelling and Standards Scheme*, *Export Control Bill 2017* (in draft form), and the *Illegal Logging Prohibition Act 2012*.

The Taskforce commenced 15 July 2019 and will deliver a wider suite of options to address departmental compliance and funding models (i.e. how the department will allocate funds received from successful civil prosecutions). DCCC will be consulted in the development of products for external guidance.

6.4 Brown Marmorated Stink Bug

Systems

Mr Merrilees reported that the department is making changes for the next BMSB season in four systems:

1. Custom's ICS – the department will have a new seasonal pest (SP) hold. This is going well with testing currently underway

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2. AIMS – changes to the system are well advanced
 3. Maritime Arrivals Reporting System (MARS) - changes are going very well
 4. S-Cargo – changes are currently on track. The department has just engaged two new developers to deliver the changes by 1 September 2019.

Work is also underway to update instructional material and scheduling training for biosecurity officers. High priority has been provided for the IT system changes.

Safeguarding

The department is currently trialling the application assessment process, with 13 entities taking part. To date, ten entities have provided an application response with three entities yet to lodge their applications. The department is making regular contact with these entities.

Offshore treatments

The Treatment Taskforce is currently in Europe running workshops with European offshore treatment providers. The re-registration process for the existing treatment providers from the Offshore Treatment Providers Scheme commenced approximately one month ago. To date the department has received approximately 60 applications for registration or re-registration. The department is in the process of providing an updated IAN which will include treatment rates agreed between the department and New Zealand Ministry for Primary Industries (NZ MPI). The IAN will also be used as a reminder for treatment providers to re-register.

The list of treatment providers for the 2018-19 BMSB season is still on the department's website, including those that need to re-register. There were just under 200 offshore treatment providers on the 2018-19 season list, covering 24 countries. The department will be publishing the treatment providers list for the 2019-20 season shortly, while also leaving the list of treatment providers for the 2018-19 season on the department's website for an extended period of time. The Treatment Taskforce has also recently visited the US, noting very few treatment providers are intending not to re-register. Those treatment providers not re-registering do very few treatments. Treatment providers are required to provide an updated calibration certificate.

Members noted that the department is very close to finalising mobile heat treatment. The department's Approved Arrangement section is committed to complete the work, providing an added onshore option.

Action: Mr Merrilees to provide an update to members on the mobile heat treatment.

The department is working on the process to manage mixed less than container load (LCL) containers. An IAN was published on 26 July 2019 for the registration process for Master Consolidators, and two workshops will be held on 5 August in Melbourne, and 6 August in Sydney for those involved with importing or handling LCL consignments. Master Consolidators are encouraged to attend.

The department is also working through a list of fact sheets, with some to be published shortly.

Vessels

The department has had five companies express interest in the alternative pathway for the vessel seasonal pest scheme. To date only two have lodged applications. The entities are required to come up with a contingency plan if BMSB is detected, noting the department has made an offer for a contingency plan for Fremantle and Brisbane as the first port of entry for over 80 percent of roll-on roll-off (RORO) vessels. For commercial reasons, the entities wish to develop their own.

Early July 2019, the department notified the final measures for the 2019-20 BMSB season to the Sanitary and Phytosanitary Measures (SPS) Committee and the World Trade Organisation (WTO), which evoked an

unfavourable response from the Canada High Commission. The department will run workshops with Canada's treatment providers and industry more broadly towards the end of August 2019.

The department is working hard to ensure it is ready for the next season with a management team looking at the higher level system work, and subject matter experts from across the department.

Mr Nairn reported that ships leaving the US to Australia are still getting SP inspections on arrival outside of the BMSB season, noting significant costs. BMSB exhibits are provided to NZ MPI before arriving in Australia, asking if NZ MPI share information and provide scans of the findings to the department. Mr Merrilees responded that the departmental is currently looking at what should trigger a mandatory SP inspection during the offseason, as opposed to a routine inspection. Mr Merrilees also noted that the department does share information with NZ MPI, however bugs are well hidden and can come out at different times during the voyage.

Members noted there is one company that is seeking recognition under an Approved Arrangement for on-vessel fumigation as part of the voluntary vessel scheme.

Action: Mr Merrilees to provide an update to members on the status of the application for on-vessel fumigation.

Members discussed Master Consolidators noting the requirements, and that most Master Consolidators will not accept goods unless a declaration certificate is provided. Mr Crawford noted one of the complexities for the department to manage is around hubbing of goods from target countries as treated at LCL level and then brought in and hubbed to another container, or containers that have been part treated. Mr Crawford suggested the department provide a hotline for Master Consolidators. Mr Merrilees reported that the department will share smart form mock-ups at the scheduled workshops next week, noting the smart forms are not the problem but rather how they are processed in the systems.

Mr McFarlane suggested the department emphasise the criteria, benefits and consequences of engaging a master consolidator at the workshops scheduled next week.

Mr Crawford reported that FAK coming direct to Australia from the US and Europe should have no reason why the transit time of five days cannot be met. The potential issues are with goods that come to Australia as the second port. Mr Merrilees responded that the department has completed some modelling and have made some assumptions of a higher level of compliance on the five day transit rule, with internal effort put in to system changes to make sure there are tools available, such as the dashboard to identify the consignments more clearly.

Members noted that the department is progressing work for AAs to be more actively involved in the post treatment verification process, but this will not be available for the 2019-20 season as the department does not currently have supporting systems or training materials.

In the travellers' space, the department is working to provide capacity for officers to have mobile capability that allows the use of a smart phone or tablet for post treatment verification. The department is currently dealing with ICS security rules that need to be complied with. Once IT security requirements are met, it is anticipated that the department will move quickly for mobile apps in other areas, such as unmanned depots and tailgate inspections.

6.4.1 AEP

Mr Sobey reported that the department is committed to working with industry to expand the uptake of AEPCOMM, noting the next release of AEPCOMM will be out shortly. The release of the AEPCOMM expansion has been delayed by a couple of weeks to allow the department to add commodities for honey, finfish for human consumption (for biosecurity of all countries), manufactured articles with animal derived material, unaccompanied personal effects (UPE), and prefabricated buildings and caravans. Feedback

received from industry conferences indicated for pleasure boats to also be included in the expansion, which is approximately 1,500 lodgements per year.

In preparation for the 2019-20 BMSB season, the department is looking to address identified issues and limitations for AEPCOMM. The main issue to address is including relevant AEPCOMM pathways into the BICON hitchhiker case as a reference for accredited person to confirm in scope AEPCOMM pathways and correct codes. During the 2018-19 season there was non-compliance around LCL consignments that were out of scope due to complexities with managing the LCL pathway. The department has received high compliance overall with all cases verifying that the biosecurity risk was managed, however the department needs to ensure that a high level of compliance is maintained.

Due to changes in the import requirements of fresh garlic effective as of 1 September 2019, fresh garlic will be removed from AEPCOMM in conjunction with the AEPCOMM expansion, noting fresh garlic was a relatively low used group with approximately 100 lodgements last year.

The department completed some ad-hoc compliance activities for AEPCOMM, noting 98.7 percent compliance. The non-compliance was not related to AEPCOMM, but to reasons such as not following BICON.

Mr Sobey will be reaching out to industry in the next couple of months to understand what is stopping uptake.

Mr Crawford asked where UPEs fit across targeted high risk goods and target high risk classification. Mr Merrilees responded that one of the priority areas the department is looking at internally in the Biosecurity 2025 and Beyond work is the level of intervention for UPEs. The last formal study completed in relation to compliance levels was in 2014 in Brisbane showing 23 percent non-compliance from approximately 670 UPEs. The department will conduct a trial and will involve industry in the case study.

6.5 Inspector-General of Biosecurity Review – BMSB and Incursions

Mr Merrilees reported that Helen Scott-Orr's three year term as Inspector-General of Biosecurity (IGB) has ended, with Rob Delane appointed as the new IGB. Mr Delane was a former Deputy Secretary in the department looking after biosecurity.

There were three recent reports from the IGB relevant in this space:

1. Effectiveness of biosecurity measures to manage the risk of BMSB entering Australia
2. Pests and disease interceptions and incursions in Australia
3. Hitchhiker pest and contaminant biosecurity risk management in Australia. BMSB was a case study in this report.

Briefing provided to the department's Executive for several recent reports by the IGB highlighted Australia's risk being overwhelmed by biosecurity threats posed by increasing trade volumes and changes to global pest and disease threats. The IGB review of BMSB found that current biosecurity staffing was almost overwhelmed by BMSB while industry incurred substantial costs due to cargo clearance delays. These recent IGB reports have called for urgent upgrades of major departmental biosecurity systems. Expansion of the detector dog program has begun to add long term funding to biosecurity risk management and cost recovery. The key point from the recommendation in the BMSB report calls for increased funding. The departmental response highlighted that this was a matter for government.

Ms Lane also updated the committee on Dr Scott-Orr's report on the effectiveness of AAs in managing biosecurity risks in Australia. The finding from the review indicated that AAs are fundamentally important to the operation of the system. A number of suggestions revolved generally around the department providing greater clarity of the risks AA will be managing, and how they will be managed, and a move to

more unannounced audits. The report also proposed a more harmonised approach to treatments, not only in the way treatments are conducted but also for our management of treatment providers. The department is doing work around accredited persons working in the AA and strengthening integrity checks, improved IT (including mobile apps that can be used in an AA), and building capacity for onshore treatment providers and how the department responds when they don't comply.

Mr Delane completed some work for NZ MPI on some passenger pathway processes, which the department may look at harmonising some of the processes with NZ MPI.

Members noted that the new IGB will reach out to a range of stakeholders, including DCCC members, to put forward what the key risk areas are and hot spots useful for developing work programs.

Agenda Item 7 – Biosecurity Cost Recovery Arrangements

7.1 Biosecurity Arrangement

Mr Pak Poy advised that the decision to close the IIFCC was based on a review of committee arrangements, noting cost recovery and financial matters are more efficiently handled through the DCCC. Should the need arise a similar committee to the IIFCC can reconvene.

Ms Tapper provided an overview of the March YTD financial position, referring to the 2018-19 March YTD report for biosecurity cost recovery arrangements. The March YTD report shows a surplus in the arrangement of \$21.8M, which was \$6.1M improvement against the budget. The March YTD expense was under budget by approximately \$1.4M primarily due to lower employee and operating expenses. Ms Tapper reported of an adjustment processed for expenses towards the end of the quarter to realign the allocation of inspection costs. At the start of the 2018-19 financial year the department set estimated expenses based on budgeted volumes with a review on actual level of activity across the year. The review resulted in an increase in expenses from the December 2018 reporting.

The revenue is higher than budget in the import clearance space, primarily driven by higher volumes of document assessments (\$1.6M) and inspection activity (just over \$1M) in relation to the BMSB season. In the seaports space, the 2018-19 March YTD is in line with budget, noting the inspection activity is higher for seaports.

The Cost Recovery Reserve for the March forecast numbers was showing a surplus of \$21.4M, resulting in a forecast closing balance of just under \$45M. Whilst the end of year results have not been finalised, the forecast at March 2018 was optimistic, with the department not expected to achieve that level of surplus.

Members noted employee expenses increased primarily due to an adjustment that the department was required to make for standards in regards to long service leave (LSL) expense. There will be another adjustment expected to be closer to expenses to reflect the cost of actual work versus what the budget was set at the start of the year. This will also result in an increase of employee expenses.

Action: Secretariat to distribute the end of financial year position results to members once finalised.

Mr Crawford asked why industry is paying an increased fee for inspections to occur over the weekend, when the inspections should have taken place during business hours, and why is the department not absorbing the cost for inspections to get back in the service charter. As an example, Freight and Trade Alliance were approached by one of their members who were told they could not get an inspection for 17 days, however an inspection could be done in five days on the weekend, resulting in a higher fee.

Ms Lane responded this is relevant to the work that the department is doing more broadly in the context of making its regulatory practice. Some of that is around communication and how the department articulates activities, including the actual work and how the department is charging. The department understands that industry want clarity on undertaking activities and charging.

7.2 Biosecurity Debt Report

Mr Dulgerov provided a presentation on the Biosecurity Debt Report to members with an overview of the 2018-19 financial year. Members noted the department had a substantial peak in overdue debt throughout the financial year, with challenges for the accounts receivable and debt management team due to the implementation of the department's new Financial Management Compliance System in July 2018.

Significant effort focused on overdue debt recovery, noting a debt peak in February 2018 of over \$2M for invoices overdue 90 days plus from the date the invoice was raised. From January 2019 the department has implemented some strategies to limit the growth of overdue invoices over 90 days, reducing the \$2M down to \$833,000 by the end of June 2019. The total overdue debt has increased slightly from July 2018, up by 1.5 percent. In May 2019, the department had \$8M as total revenue with only \$2.8M overdue. Currently the department has \$11.165M in revenue with \$6.9M currently overdue, with majority from overdue invoices up to 60 days.

Members noted that the department has overdue invoices for AAs for the current financial year. In recovering the overdue debt for previous years, a total of ten notice of intention to suspend the AA were issued to clients, with four of those issued a notice to suspend or revoke the AA. The department is working with the FPP team, noting the department will not approve the client as a FPP if payments are not up to date. Five clients are on active payment plans.

The new finance system now has the capability to automatically issue reminder letters. This has triggered a lot of work with clients calling CCG in regards to the reminder notices. The reminder letters come in stages of the overdue debt, with the first being a gentle reminder and the potential implications for invoices only slightly overdue by 30 days. With growing debt, the clients are provided a more firm letter in regards to the implications. Members noted that the finance system has the capability to flag an invoice that is under dispute and will not trigger reminders for those particular invoices.

The department has made enhancements to invoices based on feedback received from industry, with enhancements also made to the online payment portal providing clients with external reference numbers.

7.3 Cost Recovery Review

Mr Pak Poy reported that the departmental reviews of the export cost recovery implementation statement for 2018-19 financial year are still ongoing, but is a priority for the department. The department is currently in discussions with Minister McKenzie about a consultation phase for statements, expecting to take another six to 12 months to finalise the cost recovery implementation statements for exports. At this stage the department will not be able to plan for a biosecurity cost recovery implementation statement review for the 2019-20 financial year as it is unlikely the department will have enough resources due to progressing the exports cost recovery arrangements.

Mr Pak Poy provided an update on the Biosecurity Imports Levy, noting that an industry steering committee was established by former Agriculture Minister Littleproud. A report on the outcomes from the steering committee has been provided to Minister McKenzie. Members noted that the implementation date for the levy was pushed back to 1 September 2019 to allow for the work of the steering committee and is expected to be pushed back further due to only one sitting week between now and September 2019.

The outcomes from the steering committee, including the mechanisms of collection, are not yet published noting this is a matter for the Minister to decide once the review of the report has been completed.

Agenda Item 8 – Other Business

Ms Lane welcomed other items to be discussed, or taken back to the department for consideration.

Ms Tipping expressed interest in the EX188 certificates and how that work will progress versus the NEXDOC system.

Action: EX188 certificates to be included in discussions at the next DCCC meeting, or out of session.

Action: Discussion on Trusted Trader to be included on the agenda for the next meeting.

Members noted that as part of the approval process for advising safeguarded pathways, people have to agree to be publically listed as a safeguarded supplier. A lot of work has been put into how the department will identify their transactions with the system. This is effectively using the supplier, importer and tariff code to develop a specific profile for each safeguarded pathway, providing the department with the capacity to identify verification activity. Each supplier will have a unique identification code, separately identified within the system.

Ms Lane provide an update on the Regulatory Practice Framework (RPF). The RPF will provide clear articulation on the how, why and who the department regulates, and provide some consistency where possible across the different regulatory systems.

Work on a Regulatory Statement has begun, to capture at a very high level how the department functions as a regulator; what are the principles or the decisions as a regulator; how industry can help in making good regulatory decisions; and how the department manages compliance.

There will be internal consultation on the framework before consulting externally.

Mr Merrilees reported that the department participated in the second round of the Department of Industry, Innovation and Science's Business Research and Innovation Initiative (BRII). The department put out a challenge to interested commercial parties with cutting edge technology to put forward a proposal to apply a new innovative technology for the scanning of containers either internally or externally to help find biosecurity risk material. Successful parties receive \$100,000 to further assist in developing the proposal. If selected beyond that they are provided with an additional \$1M to take that proposal further. The department had a number of parties apply which four have been selected to proceed to the next phase. Their technical solutions will move to the stage of being further developed.

In the first phase the department also had a challenge that focused on how better to assess the effectiveness of aircraft disinsection. This led to a solution, that is now moving to trial, involving a portable device that will test a swab of the relevant surface of the inside of the aircraft to have instant results assessed about whether there is an appropriate level of chemical residue for disinsection.

Members noted an update on the Work Health and Safety issues with Sulphuryl Fluoride (SF) inspections. The department has selected a preferred supplier with an order placed for detection devices, but unsure how many of the devices (60 to 70) will be available by 1 September 2019. Existing arrangements are to remain in place until the devices are received and rolled out. Biosecurity officers have been trained to use the device, with eight devices currently available.

Ms Lane expressed appreciation to members' for the all work contributing to the BMSB measures and implementation.

Agenda Item 9 – Next Meeting

The next meeting of the DCCC will be held at Food and Beverage Importers Association's office in Melbourne.

Action: Secretariat to coordinate the next meeting date in line with the 2019 Home Affairs Portfolio Industry Summit held on Tuesday, 19 November 2019.

Meeting closed at 3:35pm.