Australian Government

Department of Agriculture, Fisheries and Forestry

Export assurance reform: options paper

Cataloguing data

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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1 Introduction

The purpose of this paper is to inform industry why reform is required within the non-prescribed goods (NPGs) export sector of Australia. It also provides options for reform and outlines how you can provide feedback and share your views. Within this paper, the Department of Agriculture, Fisheries and Forestry (the department) provides an overview of the current NPG export environment, the areas needing reform, 3 options for industry to consider and the consequences of not undertaking these actions.

Under the *Export Control Act 2020* (the Act) the Australian Government can provide assurances to foreign government that the goods being exported from Australia meet importing country requirements. The department is the “competent authority” responsible for regulating the export of agricultural goods from Australia.

We are seeking to inform stakeholders about the current issues facing the NPG sector and gather your feedback on how to reform the export assurance process in Australia. This paper proposes 3 options for reform to help maintain and safeguard market access for Australian exporters of NPGs. As a stakeholder in Australia’s NPG export industry, we invite you to provide your feedback on this options paper and answer the Have Your Say survey and/or make a submission.

The reforms will affect the wool, rendered products, skins and hides, pet food, stock feed, feed additives, processed foods, honey, pharmaceuticals, blood products industries and more. These industries have grown significantly and were worth $9.4 billion in 2023. Under our export legislation, the goods exported by these industries are referred to as NPGs.

The key reasons for the reform are:

1) **Importing countries require more assurances** – Australian exporters operate within a landscape of ever-changing importing country requirements, which are increasing in number and complexity. For certain NPGs, importing countries now expect a higher level of government oversight than our export legislation requires. This trend is expected to continue.
2) **Cost recovery is not appropriately attributed to where the costs originate** – The current legislative framework creates a single charge point with an export certificate. It does not reflect the time and cost to the department of undertaking administrative activities and providing services to assure trading partners. This single charge point also imposes the full cost of the assurance system onto the applicant for a certificate, rather than charging at points throughout the supply chain for services provided.
3) **Unsustainable administrative processes** – The process used for exporting NPG products has become complicated and unsustainable alongside the growth of NPG industries. Reform is needed to put a new system in place that can handle the size of NPG industries and the importing country requirements now and in the future.

2 Background

Overview

In 2021-22, the then Australian Government committed $8.50 million over 4 years to expand the use of Australia's existing export regulation (Commonwealth of Australia 2021). This was to provide export certification for non-traditional agricultural products, starting with Australian cosmetics. The initial aim of the funding was to meet key export market requirements, including China, and open trade. This required establishing regulatory arrangements to issue export certification for Australian cosmetics exports to China. These goods had traditionally not required government assurance before export.

The secondary aim was to respond to growing demand of importing countries that require more sophisticated government assurances before allowing importation. These assurances from the exporting government cover an increasing range of goods and product credentials that have historically not been regulated by the Australian Government. A key area of focus for the Government for export reform within this body of work is the NPG export sector. This will give industries the government certification they need to secure and expand access to overseas markets.

The department is internationally recognised as the Australian Competent Authority for the export of agricultural goods and is the responsible entity to provide assurances to foreign governments. The department, as the competent authority, works to ensure market access is maintained for Australian goods and other agricultural products with our trading partners by assuring them that industry and exporters have fulfilled the obligations of importation as required by foreign Governments.

The legislative basis for export activities is provided by the Act. The Act provides authority for the Secretary to create export control rules, which are administered by the department. The Act and export control rules provide the legislative framework to regulate goods exported from Australia. This framework supports and facilitates access to international trading markets for Australian goods and protects Australia's global trading reputation as a reliable source of safe and high-quality goods.

The objects of the Act include ensuring goods that are exported:

i. meet relevant importing country requirements to enable and maintain overseas market access for goods exported from Australia; and
ii. comply with government or industry standards or requirements relating to the goods; and
iii. are traceable and, if necessary, can be recalled (subsection 3(a) of the Act).

The Secretary of the department can, via the export control rules, prescribe goods for the purposes of the Act which can be subject to regulatory controls under the legislation. Goods that are not prescribed are referred to as non-prescribed goods (NPGs). The legislation was written so goods needing regulatory oversight for export were prescribed, and those that did not were non-prescribed, although they remain subject to domestic production laws. Importing countries are increasingly requiring more government oversight for certain NPGs, including audits, approval of production facilities, supply chains and additional documentation requirements beyond a traditional health certificate.

Currently, to enable the trade of NPGs, we manage assurance requirements through administrative actions. These actions are not carried out by performance of functions or duties or exercise of powers under legislation. When an importing country requires assurance for NPGs, exporters apply for a government certificate outlining what conditions have been met. These conditions may include audits, listings and other activities that are not captured under the Act for NPGs. These are all classified as “administrative actions” undertaken by the department.

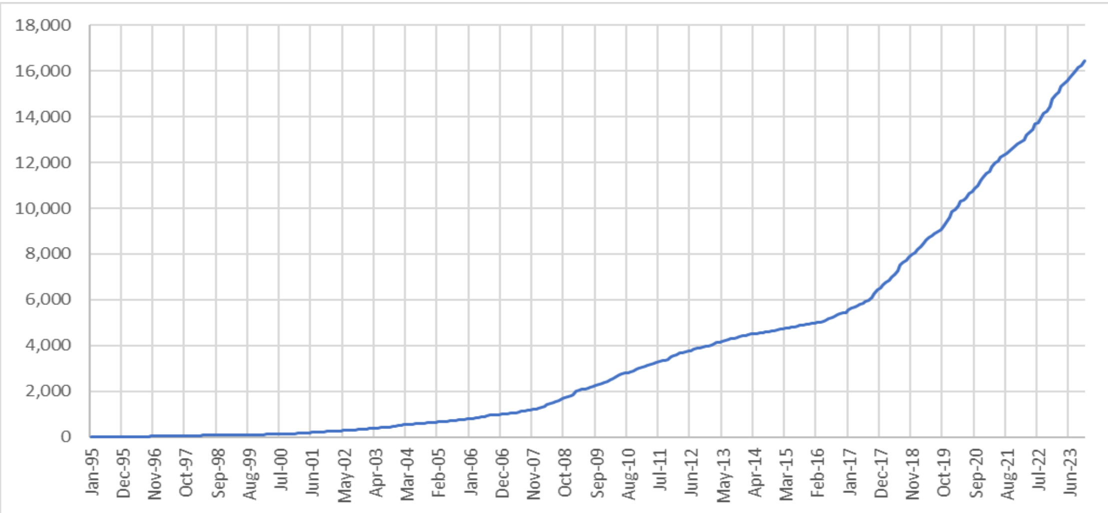
Managing these activities for NPG exports has become increasingly complex due to the size and range of commodities exported and the different markets Australian traders operate within. With the success of NPG industries and the observed changes to importing country requirements, the need for greater regulatory control is, arguably, overdue. A new system is required to handle this.

Importing countries require more assurances

Australian exporters operate within a landscape of ever-changing importing country requirements, which are increasing in number and complexity. The increase in NPG trade is expected to continue and as such, the number of assurance activities provided by the government will need to increase. NPG export reform is required to enable the growth of these export services to facilitate the growth in products being exported.

Analysis of data from the World Trade Organization that shows importing country requirements for agricultural and food goods steadily increasing since 2017 (Figure 1).

Figure 1 Cumulative count of notifications submitted to the WTO



WTO World Trade Organisation. **ICS** International Classification for Standards for ICS codes 65 (agriculture) and 67 (food technology) since 1995.

For some NPGs, importing countries now expect new types of government assurances. Historically, countries have used importing country requirements to protect their population, livestock and crops from pests and disease. Australia’s geographic location along with being an island has led to relative freedom from many plant and animal diseases that are endemic in other parts of the world. This has proved to be a competitive advantage as an exporting nation. However, Australia’s trading partners are now demanding new types of assurances activities, because of an array of factors including:

- a worldwide desire to have full traceability of goods ‘from paddock to plate,’ encouraging sustainable production methods.
- new types of products and manufacturing treatments that have appeared.
- the increased sophistication and science underpinning trading partners’ approach to their import requirements.

To ensure continued access to export markets by providing the required regulatory oversight in an effective and efficient manner, reform is required of the NPG export sector.

Need for government intervention

Importing countries are increasingly demanding specific assurance activities to be conducted by the Australian Government for NPGs. The department, as the competent authority, is the responsible entity to provide such assurance. This is to ensure market access is maintained for Australian goods and other agricultural products with our trading partners. In the case of NPGs, there is currently a regulatory gap.

The department is internationally recognised as the primary Australian competent authority for the export of agricultural goods. We must provide assurances to ensure market access is maintained for Australian goods. The legislative basis for export activities is provided by the *Export Control Act 2020* (the Act). The Act provides legislative authority for the Secretary to create export control rules, which are administered by the department.

To provide a stable and effective export assurance environment, the department must keep pace with industry growth and importing country requirements for the NPGs sector. The Productivity Commission report into the Regulation of Australian Agriculture (Productivity Commission 2016) includes the following submissions from:

- the National Farmers’ Federation – It ‘… acknowledges the need for effective regulation. Often regulation provides important protections for the business owners, workers, and the community, and sets a minimum level of performance needed to meet community standards and expectations.
- WAFarmers – ‘Agricultural producers and growers are not averse to comply with appropriate regulatory obligations as these are seen as being beneficial to production systems and market access … WAFarmers recognise the importance of effective and necessary regulation to maintain and uphold the industry’s reputation as a producer of safe and nutritious food … we support comprehensive food standards and regulation across the production and processing chain to ensure the integrity of the industry’.
- the Australian Chicken Growers Council – ‘Food safety is critical to the chicken industry, and regulation in this area is necessary to protect consumers and also the reputation of the product and the industry itself.’

Reform is required of the export NPG sector and the department is the primary component authority required to oversee and undertake these necessary reforms in partnership with Industry.

Cost Recovery is not appropriately attributed to where the costs originate

The current legislative framework creates a single charge point with an export certificate. It does not reflect the time and cost to the department of undertaking administrative activities and providing services to assure trading partners. This single charge point also imposes the full cost of the assurance system onto the applicant for a certificate, rather than charging at points throughout the supply chain for services provided. In this way, the current system is not sustainable or equitable.

At present, we can only charge exporters of NPGs for a government certificate (DAFF 2022), regardless of any associated or additional administrative services provided. This does not meet the government's charging policy principles of transparency and equity (Department of Finance 2024).

There are currently two categories of certificate charges, one for a basic certificate, and one for a certificate that is issued 'under a government arrangement'. The basic certificate fee of $88 is issued when the commodity requires only a certificate. When the department must conduct an audit to meet an importing country requirement, for example, the department issues a certificate under arrangement for a fee of $180 (Ibid). From 1 July 2024 there were some minor changes in the fees to be charged within the NPG export sector (DAFF 2024 - page 17 refers).

While this arrangement aims to recoup the costs and services incurred by the department to enable trade and maintain and help safeguard market access for non-prescribed goods, it is the exporter of the goods that applies for and is charged for a government certificate. In instances where the higher 'under arrangement' certificate charge is applied because an importing country requires an audit of a manufacturing establishment, it is the exporter, rather than the manufacturing establishment, who bears the cost. The exporter can be a different entity to the manufacturer who has produced the goods.

The manufacturing establishment profits from being audited by the department (as their goods can be exported to a large array of markets and customers). However, in most circumstances they do not pay to be a part of the assurance scheme - the exporter pays on behalf of others in the supply chain. It is appropriate to recover costs from the various entities that incur them throughout the supply chain.

Under the current arrangements as can be seen from the FY 23/24 CRIS, the department incurred a shortfall of approximately $1.53 million to provide the required assurance activities to the NPG export industry. This is unsustainable and the full costs of operation will need to be cost recovered from those who benefit. The current process of cost allocation does not meet the standards set forth within the Australian Government's charging framework as it fails to reflect the time spent and cost incurred to assure exported goods are meeting importing country requirements.

Unsustainable administrative processes

Under the current system, we issue government certificates under the Act to provide assurances for NPGs to foreign countries. Where a foreign country requires additional assurances outside of a certificate, including audit of a manufacturing establishment as an example, this assurance is achieved via administrative actions. Although effective, due to the growth and now size and complexity of the NPG export sector, this system has become complicated, inequitable, and unsustainable. The current system is administratively tedious and burdensome on government and industry. Reform is needed to put a new regulatory system in place that can handle the current size of NPG export industries and allow for future growth.

Provided in the table below is an example of some of the current administrative actions the department currently undertakes on behalf of the NPG export sector.

Table 1 Examples of administrative actions for NPGs undertaken by the department

Administrative action	Effort
List or certify establishment by department	Large
Assess application by department	Large
Audit by department (for listings)	Large
Assess and endorse questionnaire by government veterinarian	Large
Recommendation by department (including audit)	Large
Review application by department	Large
Set up Letters of Exchange with industry	Large
Audit by AUS-MEAT	Small
Oversee industry audit schemes	Moderate
Oversee importing country listings	Moderate
Hold registration form by department	Small
Issues letter of free sale	Small
Submit questionnaire to importing country by department	Moderate

NPG non-prescribed goods.

The administrative actions enable the department to bridge the gap between the current legislative powers exercised under the Act for export of NPGs (which are limited to the issuance of a government certificate), and the regulatory oversight that Australia’s trading partners’ demand. What is required to reform the NPG export sector is to move away from administrative actions and move towards prescribed rules. This will allow the department to effectively catalogue all assurances that may be required and fairly distribute costs to the relevant area within the supply change.

By implementing necessary reforms, the department will seek to reduce administrative burden upon the industry and the department. This will be accomplished by the following:

- All exporters become known to the department.
- Improving assurance processes to confirm that importing country requirements have been met.
- Provide a mechanism for stopping trade in specific goods to specific countries.
- Provide a mechanism to trace exports of specific goods.
- Remove reliance on administrative activities.

The department oversees many highly varied NPG commodities, each with specific importing country requirements and associated assurance activities. By implementing a uniform NPG export framework, codified as rules under the Act, the department will have the ability to provide better export assurance than it currently is able to undertake via administrative actions.

3 Policy options

In identifying options for reform of the NPGs export framework, the department has consulted widely internally and externally. Following this consultation, we provide the 3 options below that all seek to achieve the required reform objectives, via different means.

1) Maintain current administrative arrangements, with changes to the cost recovery arrangements and minimal changes to administration.
2) Regulate to assure exports.
3) Regulate to control exports.

We are engaging with industry stakeholders to communicate the challenges facing the NPG export sector, to seek views on how to reform it and to co-design the best solutions. We are now looking for industry feedback on these options. In addition, we are seeking views from industry on whether there are other potential options available that may not yet have been identified and considered.

Questions have been included in Part 6 of this document to stimulate your thinking about the options and what already works in NPG export assurance. We have released a Have Your Say survey for industry to provide this feedback.

We have inserted indicative costs based on the likely activity the department will undertake with each option presented. These costings are based on the FY 22/23 and at this stage, are only for comparison purposes only. They are not a true reflection of the actual costs. The department over the coming months will be designing a new cost recovery system for the NPG export sector. Industry will be consulted through throughout this design process.

The following table provides an overview of the features of each option with greater detail in the following sections of the document.

Table 2 Regulatory options comparison table

NPG Reform Options	Increased transparency for Exporters & Govt	Equitable Cost Recovery Arrangements	Change in cost recovery charges	Minimal regulatory change	Simplified processes for Exporters and Govt	Supply chain transparency	Improved assurance capabilities to maintain/not jeopardise trade options
Option 1: Admin Arrangements	×	×	✓	✓	×	×	×
Option 2: Assure Exports	✓	✓	✓	✓	✓	✓	✓
Option 3: Control Exports	✓	✓	✓	×	✓	✓	✓

Option 1: Minor adjustments to current arrangements

We cannot continue the current arrangements without making some alterations. The need for reform is clear. Option 1 seeks to continue the current arrangements with a view to update cost recovery charges and make minor administrative amendments. The department would continue to use administrative actions as best we can and provide assurance activities as required by importing countries.

Cost recovery arrangements would be modified to cover the scope of services provided by the department to support export. For the FY 22/23, the department operated at a loss to provide assurance activities to the NPG export sector. The NPG exports program recovered $3.60 million against a program cost of $5.13 million, which is a loss of approximately $1.53 million. The budget for the year was $4.04 million with an appropriation subsidy of $0.85 million. We would have to increase costs to industry to ensure departmental costs were met in providing these services to industry.

Cost changes would vary based on the requirements from importing countries and the commodity being sent, but our analysis shows that these reforms will result in minimal additional financial burden. The following table provides a cost comparison between each option based on data captured in 2022-23.

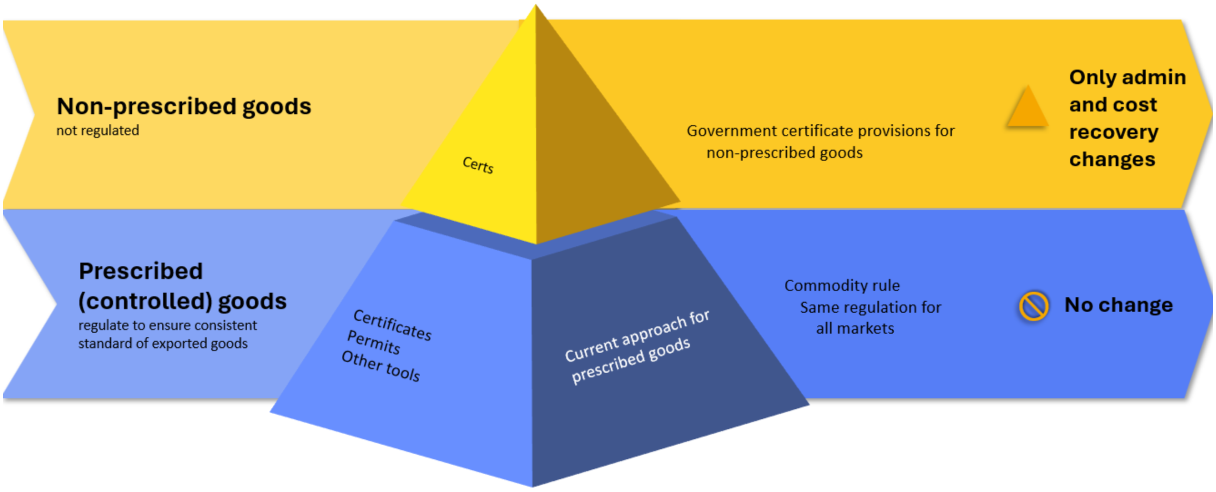
Table 3 Regulatory options – estimated financial burden per annum

Option	Estimated cost of NPG program ($)	Cost per exporter ($) [a]	Increase in cost per exporter ($)
Option 1: Continue administrative arrangements	5.123,813 [b]	4,421	1,318
Option 2: Regulate to assure exports	6,620,511[c]	5,707	2,605
Option 3: Regulate to control exports	9,791,561 [d]	8,441	5,338

a Based on 1,160 active exporters of non-prescribed goods in FY 22/23. **b** CRIS FY 22/23. **c** Based on anticipated charges for permits, licences and certificates fees with $95 for a Licence and $15 for a permit. **d** Based on meat export fees and charges in FY 22/23 at $326 for a Licence and $30 for a permit.

Regulatory Model

Figure 2 Proposed regulatory arrangements for Option 1



Under Option 1, we would continue to use administrative actions to assure importing countries. As this option does not prescribe rules under legislation, this option lacks the certainty to industry that would be provided by enacting rules. This option also does not allow for greater increased support and flexibility as the industry grows, changes and export volumes increase. The table below provides an in-depth summary of the downsides and benefits of this option.

Table 4 Option 1: Continue administrative arrangements – estimated benefits and costs

Benefits	No change for industry or the department
	Trade can continue [until the department determines the future of administrative activities]
Costs	Likely that some trade markets will be closed (or fail to open) to exporters because of the inability of Australia to provide adequate assurances for NPG products.
	Unsustainable cost recovery arrangement because of limited ability to appropriately recover costs from the relevant industry or entity and attribute the costs equitably
	Burdensome and time-consuming administrative solutions for industry and the department
	Low to no visibility of non-prescribed goods exported from Australia, which would hamper the government's ability to more actively respond to changing demands from importing countries
	Inability to lawfully stop trade or trace consignments where necessary
	Increasing costs (time, effort and financial) associated with manual certification

Additionally, due to these administrative inefficiencies inherent with option 1, there is a high likelihood that as exporters diversify into even more markets and branch out into new and assorted products, additional costs will be incurred. This is in addition to the increase required to cover current costs that the department incur of approximately $1.53m per annum. This will be due to the department needing to adequately cost recover activity for the NPG sector and if this activity is not regimented, but ad-hoc and reactionary, the ability to maintain a stable cost base will be undermined.

Summary

Option 1 would continue to use administrative actions to provide assurance activities to the NPG export sector, while increasing cost recovery and making minor administration amendments. This option does leave significant issues unresolved, making it problematic for the long-term health, sustainability and export growth of the NPG export sector.

Option 2: Regulate to assure exports

This option proposes introducing a new, commodity and country-based approach to export assurance. This would involve the development of legislation that would see modest changes to the existing system from an industry perspective and provide robust assurances to meeting importing country requirements. It is suitable for addressing the identified challenges in the current NPG export system.

This option would remove the need for administrative actions, in favour of regulatory tools. In addition, all exporters will be required to hold an export licence and each consignment exported would require an export permit.

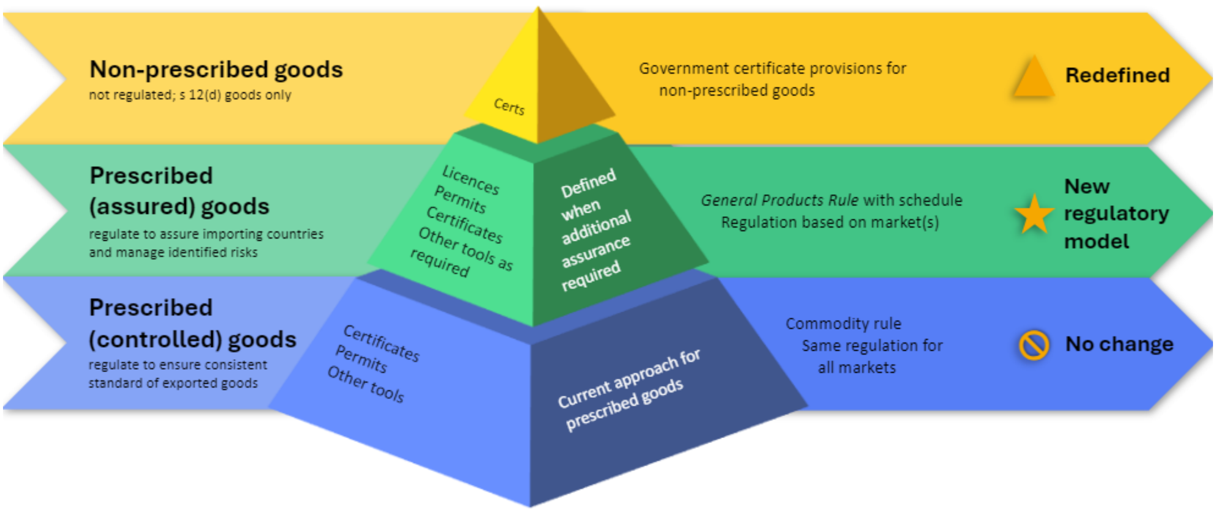
Licences and permits will help to deliver the support for exporters that is currently provided with more efficiency, and to help assure importing countries that the Australian competent authority can lawfully and efficiently track, trace and stop exports.

Proposed regulatory model

The Option 2 regulatory model has been developed based on industry consultation, which consists of 3 categories of export: non-prescribed goods, prescribed (assured) goods and prescribed (controlled) goods, rather than the current 2-tier approach of prescribed and non-prescribed goods.

The terms 'prescribed (assured) goods' and 'prescribed (controlled) goods' are terms created for use in this model to provide clarity around the option being discussed. Both categories of goods are recognised as 'prescribed goods' under the Act.

Figure 3 Proposed regulatory arrangements for Option 2



Prescribed (controlled) goods

Controlled goods refer to those that are currently prescribed under existing export control rules, which are commodity specific. These include rules providing for eggs and egg products, fish and fish products, meat and meat products, milk and milk products, organic goods, plants and plant products, poultry meat and poultry meat products, rabbit and ratite meat and rabbit and ratite meat products, wild game meat and wild game meat products, and wood and woodchips. Under this model the rules require, a single standard to be met before goods can be exported, regardless of the market to which they are being sent.

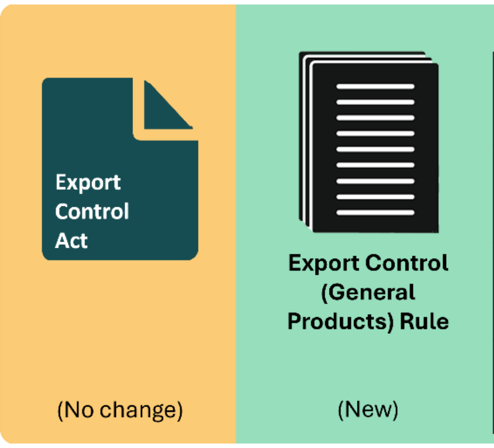
The regulatory requirements to export these goods are prescribed in the export control rules instrument for a specific commodity. For example, regulatory requirements for meat and meat products are detailed in the Export Control (Meat and Meat Products) Rules 2021.

Under this option, the regulatory requirements for prescribed (controlled) goods will not change.

Prescribed (assured) goods

A new instrument, the Export Control (General Products) Rules, would progressively prescribe goods that are not currently prescribed. Schedules in the rule will be used to prescribe regulatory measures, such as licenced establishments, required for specific country–commodity combinations. Every exporter of these goods would be required to hold an export licence. Export permits would be required to export the goods from Australia.

Figure 4 Schedule for each commodity identifies regulatory requirements for export



Schedule – XYZ Goods

Country	Export Licence	Export Permit	Registered Establishment	Listing
China, EU, Japan, Korea, USA	✓	✓	✓	
Thailand, Singapore, Vietnam	✓	✓		✓
All other countries	✓	✓		

Non-prescribed goods

All other goods that are currently not prescribed, those that fall under paragraph (d) of the definition of 'goods' in section 12 of the Act, will remain non-prescribed goods. These goods can continue to be exported without involvement from the department and there is no change proposed to the departmental costs for these goods. Government certificates and existing non-prescribed goods provisions remain available to meet importing country requirements if required. Under this option, the regulatory requirements for prescribed (controlled) goods will not change.

All exporters currently requiring a government certificate make an application to the department for this document. Under Option 2, the exporter of Prescribed (Assured) Goods will make applications for their export certificate as well as for an export permit in the one simple transaction with the department. This is considered very low to zero burden for these exporters to obtain an export permit.

In instances where an exporter of Prescribed (Assured) Goods currently does not require a government certificate, they will still require an export permit from the department under this option. Currently, exporters of commercial goods are required to interact with the Australian Border Force’s (ABF) systems before export. The department’s systems can interface with the ABF’s Integrated Cargo System on behalf of the exporter, so the exporter would need to apply to the department for a permit, but the department would provide this information to ABF on the exporters behalf. This would still be a single input point with the same information about the consignment they are intending to export. This is considered very low to zero burden for these exporters to obtain an export permit.

The extra step required of exporters in Option 2 is to have an export licence to be able to export. This is an electronic application that requires generally minimum information about the export business.

The estimated annual costs to industry for Option 2 is $6.62 million. This increase is based on perceived changes in activity required by the department and may increase depending on potential changes for importing country requirements in the future.

Table 5 Option 2: Regulate to assure exports – estimated benefits and costs

Benefits	Improved and simplified processes for exporters
	Improved support for maintenance of existing market access and negotiations for new access based on known trade statistics, legislated regulatory controls that would be more appealing to more sensitive markets, etc.
	Increased visibility and control (where necessary) of what goods are being exported to which destinations and by which exporter
	Better and more efficient ‘Road-side assistance’ to support exporters should goods become distressed
	Government oversight of the place where goods are grown or processed where required
	Department can cost recover appropriately for the services provided, allocating costs equitably to those that receive services
	Reduced costs and burden from streamlining of processes
Costs [a]	Costs associated with obtaining and supporting an annual export licence
	Costs associated with obtaining export permits (current cost of a meat export permit is $37 per consignment and an electronic application process being of negligible time burden for exporters)
	Costs associated with accrediting properties or registering establishments where required by an importing country (this cost is currently incorporated into the cost of relevant government certificates)
	Costs associated with digital transactions between the department and the export operation (e.g. EXDOC or NEXDOC) (these processes are currently occurring for these goods requiring government certificates)
	Costs associated with the change for industry and the department (mostly being the department funding and initial update to their IT systems).

a All assessed as minimal in financial cost and burden, as outlined in the earlier section.

Summary

Under this option, currently non-prescribed goods will be progressively prescribed by the Export Control (General Products) Rules with a Schedule that clearly identifies the regulatory requirements for each commodity–country combination (e.g. specific commodity to be exported to a specific country).

This option would result in increased regulatory oversight of exports and increased compliance and enforcement responsibilities. The department would also seek to undertake appropriate cost recovery from each entity in the supply chain for the services they receive from the department.

Current administrative actions would be replaced by the legislated regulatory mechanisms, therefore removing risks associated with administrative actions. Regulatory requirements under legislation will provide robust assurances to importing countries. The department would be able to develop more transparent cost recovery arrangements, charging appropriately for every service provided. Importantly, the approach is flexible and country and commodity-based so it can adapt with changing importing country requirements. The department will still be able to issue government certificates for goods that remain non-prescribed.

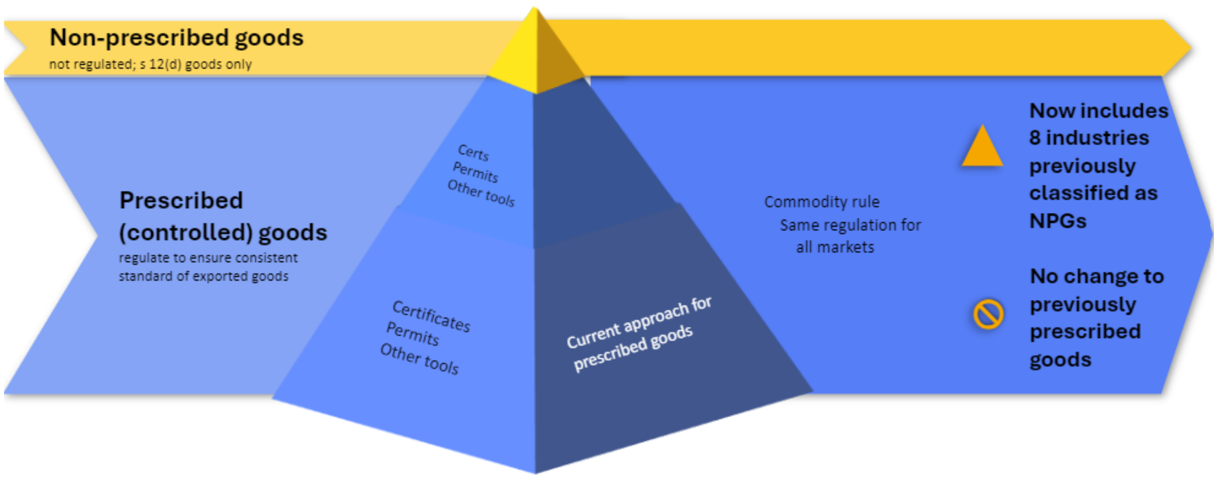
Option 3: Regulate to control exports

This option specifies that an export control rule instrument would be made for each commodity not currently prescribed. This is like the commodity-specific rules for currently prescribed goods such as meat, milk, fish, eggs and plants. The new NPG rule would prescribe more comprehensive regulatory requirements for goods exported from Australia, with the intention of providing a higher level of regulation and adopting a minimum standard that applies to all NPGs, except those goods that fall under paragraph (d) of the definition of 'goods' in section 12 of the Act.

Under Option 3, all manufacturing and storage establishments that produce or process non-prescribed goods would need to be both registered and audited (at a minimum). This is a significant change to cost and burden for a major percentage of manufacturing and storage establishments, who do not currently take part in the voluntary administrative schemes that have been set up by the department to meet market requirements. This option also does allow for greater support as the industry grows, changes and export volumes increase.

Proposed regulatory model

Figure 5 Proposed regulatory arrangements for Option 3



The estimated the annual costs to industry for Option 3 is $9.79m. This may increase depending on potential changes for importing country requirements in the future.

Under this option, an export control rule instrument would be made for each commodity not currently prescribed. This would be like the commodity-specific rules for current prescribed (controlled) goods such as meat, milk, fish, eggs and plants. Such new rules instruments would prescribe more comprehensive regulatory requirements for goods exported from Australia, with the intention of providing a higher level of regulation and control. For example, under this option, all manufacturing establishments, for all prescribed (controlled) goods, would need to be audited, registered, and listed for all markets.

This option will result in increased regulatory requirements for manufacturers and increased compliance and enforcement responsibilities for the department. However, there is a potential for uniform process and assurance requirements across commodities and importing countries. This might result in reduced administrative and cost recovery processes.

Table 7 below displays the features of Option 3.

Table 6 Option 3: Regulate to control exports – estimated benefits and costs

Benefits	Robust single system for selling to trading partners during market access negotiations
	Increased visibility of what goods are being exported to which destinations by which exporter
	Government oversight of the place where goods are grown or processed
	Department can appropriately cost recover for the services provided, allocating costs equitably to those that receive services
	Reduced costs from streamlined processes
	All entities are regulated the same way
Costs	Costs associated with all regulatory tools for manufacturers (such as accrediting properties or registering establishments) even where the destination market does not require them (assessed as high: there would be a significant change to financial cost and burden to industry, and a significant additional burden to the department)
	Costs associated with digital transactions between the department and the export operation (e.g. EXDOC or NEXDOC) (assessed as moderate: as these processes are currently occurring only where goods require export certificates for particular destination markets)
	Costs associated with the change for industry and the department (assessed as high: a significant financial cost and burden to industry, and a significant financial cost and burden to the department, including an update to IT systems).
	Costs associated with obtaining and supporting an annual export licence (assessed as minimal: current cost of a meat export licence is $345 per annum and an electronic application process being of negligible time burden for exporters)
	Costs associated with obtaining export permits (assessed as minimal: current cost of a meat export permit is $37 per consignment and an electronic application process being of negligible time burden for exporters)

Summary

Under this option, commodity-specific export control rules will prescribe a higher level of regulation compared to Option 2. The use of regulatory requirements would provide very robust assurances to importing countries. The department would be able to develop more robust cost recovery arrangements for a larger number of regulatory activities compared to Option 2. The department will still be able to issue government certificates for goods that remain non-prescribed, if required.

4 Consultation

The department is seeking industry engagement and consultation for the reform of the NPG sector. We have detailed 3 potential options for reform and seek your feedback.

The department strives to consult in a genuine and prompt way and talk to affected businesses, industry associations and individuals. The department believes that a genuine consultation process considers the real-world impact of our proposals and every practical and workable policy alternative.

The department will conduct an extensive industry consultation process on the issues explored in this options paper, particularly on the regulatory impact. The aim of the consultation process is to gather additional evidence and data on the extent of the problem and to seek views on the benefits and costs of the 3 proposed options for reform.

The consultation process will consist of:

- a formal written submission process.
- targeted meetings with industry stakeholders.
- a Have Your Say consultation for industry to share their experiences.

The department intends to reach a broad cross-section of stakeholders. It will be important to assess the views of producers and processors as well as exporters and their agents.

During the first consultation process, additional data will be collected to inform the department's impact analysis. All submissions to the consultation process will be published on our website at Exporting assurance reform for non-prescribed goods, unless authors have indicated that they would like all or part of their submission to remain anonymous or in confidence.

The department proposes to meet with each industry in face-to-face workshops. Together we will scope each commodity and analyse importing country requirements. This will aid in developing that commodity's schedule within the new rule.

Specific questions are likely to arise from consultation which may not have been considered previously and the department may conduct further targeted consultation with key stakeholders if necessary.

The department has designed the consultation procedures consistent with the Office of Impact Analysis consultation principles and has ensured that there is flexibility to maximise stakeholder participation in the consultation process.

5 Next steps

The department is seeking industry feedback and engagement regarding the necessary reform of the NPG export sector. This is vital to ensure costs are appropriately apportioned, Australian exporters maintain access to trade markets and effective processes to appropriately regulate exports are in place for industry.

The department has provided three options that could be implemented to undertake these forms. We also seek your views and feedback on how to manage these reforms. To this end, stakeholders in Australia's NPGs export industries are invited to provide feedback on the Export assurance reform: options paper through a submission and/or Have Your Say survey.

This consultation is part of a broader effort to ensure that Australia's export assurance system is responsive to changing market requirements, improves cost recovery and ensures efficient regulatory oversight.

Following the Have Your Say consultations, the department will provide feedback to the Export Assurance Industry Reform Committee and develop a policy paper that will detail the agreed option and next steps. If a new regulatory model for NPGs is agreed on, implementation is likely to commence in 2025 (pending consultation outcomes). Implementation of the reform will be staged, with reforms rolled out successively for each of the 8 industries. Consultation with the committee and other relevant stakeholders will inform selection of the first industry.

The department will look to engage industry directly post the consultation process and advise of the coconscious option to be implemented across the NPG sector.

6 Questions

Below are questions for you to consider when providing feedback on this paper. You can answer some or all of the questions. You may also provide any other information that you believe is important for us to consider in selecting the option for reform.

1. Has your organisation been required to meet new importing country requirements in the last 2 years? If so, please provide examples of this.
2. Are you aware of any assurances that cannot be met by the provision of a government certificate? If so, please provide examples of this.
3. Are there aspects of your industry where additional regulation could improve your industry's reputation? If so, please provide examples of this.
4. What fees and charges do you currently pay to the department to meet importing country requirements for your goods?
5. Do you think that the current sharing of costs is fair throughout the supply chain?
6. Under Option 1, administrative actions are activities conducted by the department that are not required by legislation, for example listings, and there is a risk that the department may stop providing those activities under Option 1. How would this affect your business?
7. Of the 3 options presented in our paper, which option is your preferred option? Why?
8. Are there any other costs and / or benefits not listed against your preferred option?
9. Do you have any alternate options we should consider?
10. Is there anything else we should consider for these reforms?

7 Glossary

Term	Definition
accredited property	A regulatory tool provided under chapter 3 of the *Export Control Act 2020* whereby the Secretary may accredit a property for a kind of export operations in relation to a kind of prescribed goods.
administrative actions	Activities conducted by the department that are not specifically required by the *Export Control Act 2020*, and which industry voluntarily take part in, for example maintaining a country listing for a non-prescribed good to a specific market.
assessment of goods	A regulatory tool provided under chapter 9 of the *Export Control Act 2020* whereby the Secretary may require an assessment of goods to verify that: • the requirements of the Act have been followed • importing country requirements relating to the goods have been met • the matters stated in the government certificate in relation to the goods are true and correct and in circumstances prescribed by the export control rules.
Assurance	Where the competent authority confirms that the requirement of an importing country has been met.
Audit	A regulatory tool provided under chapter 9 of the *Export Control Act 2020* whereby the Secretary may require an audit to be carried out of export operations permitted or approved under the Act, such as at an accredited property, a registered establishment, covered by an approved arrangement, by a person who applied for or has an export permit or government certificate. Activities to facilitate an audit includes onsite visits, taking, testing and analysing samples, examination and verification of records and documents in relation to export operations being carried out. Audits may also be conducted in relation to the performance of functions and the exercise of powers under the Act by certain persons, such as third party authorised assessors.
co-design	A consultation process where the department works together with industry to develop an application of the Export Assurance Reform model.
Consult	A process whereby the department seeks information from industry to inform policy development. The Export Assurance Reform project uses the International Association for Public Participation 2 (IAP2) spectrum of public participation (IAP2 2020) to identify the appropriate consultation types to gain the most from the experience and ideas of industry.
cost recovery	Cost recovery involves the Australian Government charging the non-government sector some or all of the efficient costs of a specific government activity. That activity may include the provision of goods, services or regulation, or a combination of them.
export licence	A regulatory tool provided under chapter 6 of the *Export Control Act 2020* whereby the Secretary may grant a licence to carry out one or more kinds of export operations in relation to one or more kinds of prescribed goods.
export permit	A regulatory tool provided under chapter 7 of the *Export Control Act 2020* whereby the Secretary may grant a permit to export certain kinds of prescribed goods.
fit and proper persons test	A regulatory process provided under chapter 10 of the *Export Control Act 2020* whereby the Secretary considers whether a person is a fit and proper person to as part of certain decision-making processes prescribed by the Act or export control rules, for example, when considering whether to approve a proposed arrangement or whether to register an establishment.
government certificate	A regulatory tool provided under part 3 of chapter 2 of the *Export Control Act 2020* whereby the Secretary may issue a certificate that attests to certain aspects of goods that are to be or have been exported.

non-prescribed goods	Goods that are not prescribed goods under the *Export Control Act 2020* and the export control rules.
prescribed goods	Goods that are prescribed by the export control rules for the purposes of subsection 28(1) of the *Export Control Act 2020*.
registered establishments	A regulatory tool provided under chapter 4 of the *Export Control Act 2020* whereby the Secretary may register an establishment for one or more kinds of export operations in relation to one or more kinds of prescribed goods.
regulatory model	The set of regulatory tools needed to regulate a specific good for export. The Export Assurance Reform model refers to prescribing regulatory tools from the *Export Control Act 2020* in specific country–commodity combinations.
regulatory tool	Measures used for the regulation of the export of goods provided by the *Export Control Act 2020* and export control rules, generally by providing the performance of functions and exercise of powers by certain persons, such as the Secretary.
Schedule	A part of a piece of legislation (e.g. an Act or instrument, such as a rules instrument) that attaches to the end of main provisions, which is usually dependant on those provisions, such as where the schedule provides for how those provisions are to apply in specific circumstances. In the context of the new Export Control General Product Rule, the schedule will be a table that lists the regulatory requirements for export of a particular good to a particular country or countries.

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