



# AUSTRALIAN HORTICULTURAL EXPORTERS' AND IMPORTERS' ASSOCIATION

PO Box 346, Brisbane Market, Queensland. 4106

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## **Submission to The Department of Agriculture, Fisheries and Forestry**

### **SUSTAINABLE FUNDING AND INVESTMENT TO STRENGTHEN BIOSECURITY**

#### **About this submission**

The Australian Horticultural Exporters' & Importers' Association (AHEIA) is a non-government and not-for-profit organisation, with a primary focus on advocacy to enhance the export and import trade of fresh horticultural produce for Australia.

AHEIA is the peak industry body representing industry member interests since 1987. The value of this trade to Australia surpassed \$2 billion in 2020/21, comprising \$1.48 billion in exports and \$597 million in imports.

AHEIA fosters collaboration on pre-competition issues affecting members across the value chain and provides leadership and representation to support and strengthen Australia's competitive advantages in the international trade of horticultural produce.

#### **AHEIA Submission**

**Considering the potential funding options and opportunities outlined in the discussion paper, as well as from your experience, what elements do you think a sustainable biosecurity funding model should include? Are there elements that should not be included; if so, why?**

Australian exporters and importers of horticultural products recognise that a sustainable and strong Biosecurity system is essential for Australia's current and future food security and prosperity. We see ourselves as Risk Managers rather than as the Risk Creators.

Biosecurity affects every person in Australia and every Australian in some way benefits from export and import of horticultural products, as well as the arrival of people and other goods into Australia.

The Australian Government needs to identify the true costs of the various biosecurity systems and processes in place and share these costs accordingly. All users affecting demand for the biosecurity resources should proportionally contribute to sustaining and growing these systems for future threats they may carry.

We recognize the complexities of charging for some service areas and where proportional recovery for the Australian Government may not be cost effective. However, the horticultural trade should not be subsidising any cost-recovery shortfalls for other biosecurity service areas, such as community services, natural or other unmanaged entry pathways. These should be funded by the Australian Government through other revenue sources.

We believe biosecurity should be a 'user pays' system, and every air or sea freight container (no matter the content) that are subject to biosecurity system processes, plus every traveller arriving at an international airport or seaport, should contribute proportionally to the cost of providing those biosecurity services, at those entry points.

The user pays principle should also incorporate into the biosecurity cost recovery model the potential for pest and disease biosecurity incursion into Australia through trade in non-perishables. Sea freight is a higher risk entry pathway for hitchhiker pests that could adversely affect Australia's biosecurity, yet not all sea freight consignments contribute to the costs of maintaining Australia's biosecurity systems. For example, the recent incursion by Varroa mite has meant that Australian grower associations that are signatories to the Plant Health Australia Emergency Plant Pest Response Deed have been required to contribute significant financial resources to the eradication program costs. The costs of sustaining Australia's biosecurity should be recovered more broadly among all pathways that create the risk.

#### **How would your proposed model operate at a practical level and who would it apply to?**

Our members understand and respect the need for effective management of Australia's biosecurity and is willing to contribute fairly to the cost for the timely delivery of biosecurity services. The Australian Government should accurately determine the true costs for delivering an effective and efficient biosecurity service at all types of entry points.

The effectiveness and efficiency of delivering these biosecurity services impacts significantly on the commercial risk environment for exporters and importers of highly perishable horticultural products (particularly imports). Service effectiveness and efficiency performance targets and benchmarks should be set in consideration of the commercial losses that follow when a failure to deliver occurs.

In modernising the biosecurity system our industry members request the implementation of a Service Charter. Modernising service effectiveness and delivery costs must also include assessment of the commercial impacts of the service. The current model imposes cost recovery for the Australian Government but does not consider the commercial costs when those services are delivered inefficiently. Commercial costs in perishables, due to inefficient biosecurity service delivery, include significant product value write-downs or complete commercial loss of consignments, significant food waste, cessation of long-term trading relationships, loss of commercial trading opportunities, plus market access reciprocity by international trading partners. Australia is perceived by key international trading partners as a 'high risk' destination because of the poor biosecurity service timeframes.

A Service Charter would acknowledge and factor in the holistic impact and costs of inefficient biosecurity service delivery on the commercial parties. These are the users that are paying for the service. Establishing a Service Charter with performance measures that can provide a means for analysing and improving service delivery to meet commercial user needs, would build industry trading confidence and demonstrate real commitment to partnership between commercial users, the Australian Government, and our international trading partners.



**How would your proposed model impact you and others? What would be the benefits or disadvantages to you and/or other stakeholders?**

The fresh horticultural industries will always pay for good services – time is the single greatest enemy of perishables.

The advantage of a proportionally and fairly recovered system based on users and the types of biosecurity services provided, means the Australian Government will have a clearer view of the true cost of these activities, and how they can effectively resource and cost recover these services.

This would also mean that the cost recovery system is truly transparent, reflexive, scalable and sustainable in response to the growth or decline in the volume and type of trading or travel activity requiring biosecurity services.

Industry users would be provided with confidence to invest in expanded trading opportunities – knowing that their business growth will not become constrained at the border by an Australian biosecurity system that cannot proportionally grow with them.

All stakeholders will benefit from an effective and efficient Australian biosecurity system. Concern that such a system may result in higher cost recovery by the Australian Government – and that these costs would be passed onto consumers – must be weighed against a holistic view of the commercial losses already occurring through inefficiencies. These are already either passed onto consumers when feasible or negatively affect the sustainability of the affected commercial parties when they cannot. We see no disadvantages for any stakeholders in our improvement recommendations.

We also note that imported products are the key focus for biosecurity. Experience in other issues relating to fresh produce, such as food safety and food tampering events, demonstrate that if a biosecurity incursion occurs then all imports, exports and domestic sales are affected. This is more a comment relating to the disadvantages of an ineffective biosecurity system.

**Is the proportionality between those who contribute to the funding system and those who benefit the most, right?**

The Australian horticultural industries' perception is that the current proportionality is not fair. That may or may not be an accurate perception because of a lack of transparency in what industry pays relative to the non-recoverable costs to the Government and costs that are borne by taxpayers.

The specific costs of all biosecurity operational and support functions should be clearly identified, costed, and communicated to our industry, in order for it to make a fair assessment.

Our industry members recognise that biosecurity is part of Australia's clean and green reputation and are prepared to pay fairly towards the sustainable protection of the Australian environment, its citizens, growers, exporters, importers, and international trade partners.

**Are there other technologies, current or emerging, that could be employed to increase the efficiency of the biosecurity system, and reduce operational cost?**

New technologies and product treatments emerging worldwide are enhancing the ability of horticultural industries to assess, manage and monitor their product supply chains better. Australian Government investment in improving biosecurity capabilities should include a focus on any new proven technologies that can contribute for better biosecurity outcomes. This includes technologies that improve border clearance documentation processing times and enable rapid diagnostics, for quicker identification of and determination of biosecurity risk material. Some suggestions include:

1. **Invest in improved information technology platforms for sharing and updating libraries of biological organisms collected through environmental and crop surveillance in Australia.** This could be done in collaboration with DAFF, State Agriculture Departments, CSIRO, Universities, Museums and private providers of pathology and entomology identification services. International platforms and libraries could also be aligned, and access agreements established. Collation of all available information for fauna, flora and microbiota that have already been detected/described in Australia and imported product country of origin will enable better Pest Risk Analyses and more accurate and timely border decisions for any organisms detected. Delays and incorrect disinfestation treatments are often prescribed as a precaution, because of the inability for Inspectors/Science Services Group (SSG) to rapidly access information libraries. These can cause significant and unnecessary losses for commercial parties.
2. **Invest in new genomic/molecular rapid diagnostics technology.** Deploy proven rapid molecular-based diagnostics that empower the rapid and accurate identification of biological organisms. For example, delays are caused by the time taken to identify a microbial pathogen through older identification techniques or the inability to identify an insect egg or juvenile life stage (cannot be identified taxonomically unless adult life stage). These delays or inability to accurately identify a biological organism can cause significant commercial loss. The increased demands and costs on Biosecurity human resources, logistics delays, and incorrectly prescribed treatments would be unnecessary if these new technologies were better leveraged. Coupled with the establishment of improved biological libraries (Point 1 above) these rapid diagnostics technologies can provide very fast, high fidelity and inexpensive means of organism identification. They will get to the correct biosecurity decision faster.
3. **Develop export/import documentation requirement capture, collection, collation, and clearance by automated information management systems.** These would enable more rapid and accurate verification of required documents. Border clearance of documentation would be more efficient and quicker. (Our members are pleased with some system automations have already been implemented and are hopeful other projects working in this direction can be delivered soon).
4. **Evaluate commercial surveillance technology and information being used on consignments as additional supporting evidence of biosecurity compliance.** For example, commercial parties are increasingly inserting new technology devices into products to trace and monitor factors such as temperature, humidity, and light. These could be evaluated and endorsed as valid secondary supporting evidence for treatment compliance, such as In Transit Cold Treatment (ITCT). These devices transmit their data via GPS or GSM networks to platform owners and users while in transit. In the event of failure in the primary container temperature monitoring equipment, these could be approved as secondary forms of evidence that the product has achieved treatment compliance. In the event of primary equipment failure, delays and other negative commercial outcomes could be minimised while biosecurity will still be assured.
5. **Enable/accredit more 3rd party seed, entomology and pathology identification service providers.** Critical time delays occur because of available human resources in SSG, their limited operating hours, and the time taken for diagnostics results to be processed. Accredited 3rd party identification service providers often have longer, more flexible operating hours and days of the week. Commercial parties in perishables will always value and pay for speed of service. Accrediting more 3<sup>rd</sup> party service providers in this function will enhance biosecurity diagnostics capacity and speed up delivery of identification. It would also reduce Australian



Government cost pressures on expanding SSG services as the volume and complexity of international trade and travel grows. SSG services could focus on high-risk pathways and emerging biosecurity challenges rather than investing valuable expertise and resources into routine identification work on lower risk pathways.

Any current and emerging technology and service providers that can deliver more reliable and faster identification and verification should be evaluated for approval. This would expand Australia's modern biosecurity capabilities with the Australian Government investing in partnership with commercial parties. Enabling more accurate and rapid movement of perishable products through the biosecurity pathway could be achieved through removing dependence on superseded or antiquated systems, prone to their time limitations and random failures.

#### **How could the Commonwealth Government improve efficiency in the biosecurity system (consistent with meeting our Appropriate Level of Protection)?**

The Australian Government should take a consultative and participatory approach with commercial parties when developing new biosecurity policies and systems. Policies and systems have historically been designed from the Australian Government biosecurity perspective only. Commercial perishables users find these policies and systems high risk due to their limitations, slowness, and difficulty of navigation. Commercial user consultation is sought in terms 'feedback from industry' on systems performance issues and how they affect commercial businesses - after a system has been implemented. Commercial companies then struggle with the impacts of the changes implemented and are restricted in their role to assisting the Australian Government to 'de-bug' their new systems, while significant disruptions and negative commercial consequences have already occurred.

Commercial stakeholders should have the opportunity to be included in all phases and iterations of new policies and systems delivery (scoping, design, trial, and implementation) to build-in commercial impact and interface perspectives into the policies and systems. Consultation at all stages will ensure systems are better designed and delivered for the users.

**Move to an audit-centred system:** For high volume and lower risk perishable products and pathways, biosecurity needs to move from an inspection-centred model to an audit-centred model. This will increase commercial incentives, increase responsibility for biosecurity outcomes on commercial parties and reduce reliance on arrival inspection services to manage biosecurity risks. This would also improve border clearance times for perishables during peak demand.

The roll-out of the Compliance Based Intervention Scheme (CBIS) goes some way in this evolutionary pathway. Many shippers/importers still find CBIS 'clunky' and difficult to achieve the theoretical benefits of the system. However, CBIS remains an inspection-centred model, providing some benefit, but not capturing the full array of benefits and incentives moving to an audit-centred model can liberate.

Inspection is mandated for products and pathways that cannot yet meet the classification of 'very low, but not zero' in the Unrestricted Risk rating required to meet Australia's Appropriate Level of Protection (ALOP). However, those products and pathways qualifying for CBIS are not far-off from achieving this risk rating. Many became eligible after the introduction of offshore pre-shipment biosecurity risk reduction treatments (e.g., fumigations, ITCT)).

Biosecurity hazard analyses (e.g., similar to using the food industry Hazard Analysis Critical Control Point (HACCP) methodology) could be conducted together with commercial parties. The biosecurity critical control points (CCPs) would be identified that require potential strengthening. This would map out for the commercial parties the investments required in strengthening their pathway for achieving a reduced risk classification of 'very low, but not zero.'. If control measures were highly

visible and verifiable, DAFF could then change to an auditing-centred model for the specific participants in that pathways. Commercial participant control measures and system compliance could be audited to ensure biosecurity controls are maintained.

This would provide significant incentives for commercial participants to preference supplier relationships that value and strive to achieve and maintain high biosecurity compliance. The incentive would be general exemption from on-arrival Inspection, but pathway participants would still be subject to random audit and inspections surveillance by DAFF.

A precedent for this model is the DAFF Food Import Compliance Agreement (FICA) whereby importers can demonstrate they apply sufficient rigor in their supplier surveillance systems for chemical residues. They are audited by DAFF Auditors and the importer is relieved of the delays in trading perishable product caused by waiting for Inspectors to visit and sample products under the Imported Food Inspection Scheme (IFIS). Industry participants in the FICA program are highly motivated to remain compliant because of the significant commercial benefits it provides.

To move into an audit-centred model, DAFF could initially conduct some feasibility studies in partnership with commercial participants in large volume CBIS pathways willing to collaborate. Current pathway risks would be determined, potential control measures evaluated and a road map for pathway compliance requirements to achieve Australia's ALOP plotted. The control measure verification activities and information sharing platform required for such a system could then be determined.

The benefit for the Australian Government is continued oversight of the pathway with reduced for providing on-arrival Inspections for low-risk products and pathways. The commercial benefit would be the guaranteed reduced border clearance times, particularly in season peaks. Costs would be fully recoverable from each participant in the commercial pathway. The commercial incentives far outweigh the full recovery costs for such a system.

#### **What other investments or actions could the Commonwealth Government make or take to sustainably support the delivery of biosecurity activities?**

**Offshore Preclearance Inspection:** Offshore Preclearance Inspection (OPI) Scheme is an efficient and effective tool for managing high volume imported products that has been shown to work in the perishables industry. This appears to have fallen out of fashion with Australian Government Biosecurity policy and philosophy.

The reason for this is often cited that it is not part of a 'Modern Biosecurity System' - that Australian Inspectors should not be deployed overseas to issue phytosanitary clearance certificates from the source country, this was the task of the National Plant Protection Organisation (NPPO) from the country of origin.

But OPI was never about that - it was about Inspection efficiencies on high volume pathways and quick clearance times on arrival. OPI benefitted Australian biosecurity through achieving Inspection efficiencies during peak pathway activity and off shoring the biosecurity risk. For importers it lowered the commercial risk by reducing delays on perishable product border clearance on arrival. Importers were happy to pay full cost recovery rates, or above if requested to by biosecurity, to maintain the program.



When in operation OPI:

- Was 100%+ cost recoverable - industry covered all costs and on-ground management, plus a small amount of revenue was returned to the government
- Kept biosecurity risks offshore - any pests found in the exporting country remained there (product was not allowed to be exported and was returned to the domestic market)
- Maintained positive relationships with our trading partners - OPI showed that Australia was being pro-active and not re-active in building trade with strategic trade partners
- Achieved significant efficiencies in Australian port container clearance/movement
- Reduced food waste, logistic movements, energy costs and other commercial quality losses from longer storage of products from delays in progressing through clearance processes

CBIS has been promoted as the on-shore 'pressure relief' for the impact the loss of OPI had on increased on-arrival Inspection demand. Industry has suffered significant commercial losses since the removal of OPI from high waiting times for on-arrival Inspections, and this has been during the last years when international effects on logistical pathways and risk from the effects of the COVID19 pandemic on consumers, logistics and other geopolitical events has meant that imported volumes of perishables have declined. If we return to a 'normal year' of trading perishable volumes the current CBIS system will struggle even more to deliver on its theoretical benefits.

The AHEIA has yet to receive a complete and coherent explanation and rationale for why OPI (as a tool that could potentially be deployed during peak seasonal activity, to relieve on-arrival Inspection pressure during times of service failure (long wait times) for Inspection, causing substantial commercial losses for the commercial parties) cannot even be contemplated. OPI is a proven, cost-effective, and flexible tactic. We request that OPI be re-instated into Modern Biosecurity System thinking.



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