



5<sup>th</sup> June 2008

The Secretary  
Quarantine and Biosecurity Review  
Department of Agriculture, Fisheries and Forestry  
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Supplementary Submission

The Industry Working Group on Quarantine Ltd appeared before the Review on 12<sup>th</sup> May 2008. Additional information requested by the Review Panel is per the following attachments:

1. Information Technology
2. Shared Responsibility – Continuum on Quarantine
3. Efficiencies
4. Cost Recovery
5. Legislation
6. Ballast Water / Biofouling
7. Surveying ships at sea

We trust that the attachments cover the issues in sufficient detail and relevance.

Should you have queries or require further information please do not hesitate to contact the undersigned

Yours Faithfully  
Industry Working Group on Quarantine Ltd

Hart Krtschil  
Secretariat

## Industry Working Group on Quarantine Ltd

Attachments to Supplementary Submission dates 5<sup>th</sup> June 2008

### Attachment 1. Information Technology

**Review Request: Does the IWGO have any suggestions for a strategic recommendation?**

**Does the IWGO have some suggestions as to what to be done?**

IWGO has some concerns about AQIS' current IT systems and how they ended up in this state. This document includes some recommendations on how we see AQIS moving forward in conjunction with industry and other border agencies, notably Customs, over the short, medium, and long terms.

AQIS was unsuccessful in getting many of its requirements met in the Customs Cargo Management Re-engineering (CMR) project, including some functionality that had previously been in place under the legacy COMPILE system. A major missed opportunity for AQIS was not gaining access to a more complete set of ICS data; as this would have been useful in assisting AQIS improve its profiling methods. AQIS needs to learn from the lessons of the past and be very careful that it does not allow this to happen again under the ACS Enhanced Trade Solutions (ETS) project.

During CMR development (1999-2005) all major AQIS developments were placed on hold. AQIS systems are now so old that they are struggling to meet changing requirements and there is reluctance to commit funds to systems with an uncertain future. Now is a good time for AQIS to carefully consider and articulate its own needs and prepare the groundwork for building its own systems for profiling, processing and tracking import consignments. This includes a significant improvement in the volume and quality of data it collects from industry and other government agencies, notably Customs.

This additional data, coupled with the clarified import protocols in the soon-to-be-redeveloped ICON system would put AQIS in a strong position to more effectively identify consignments of higher risk, while allowing freer movement of goods from a quality supply chain. This would be a vast improvement over the current method of profiling on WCO tariffs plus a number of community protection profile questions.

By way of emphasis, AQIS needs to:

- Examine alternative profiling methods to allow real-time risk management to supplement the current approach
- Identify and collect the data required to support this

AQIS should move toward the One Gateway to Government principle and obtain the additional data requirements through the ICS thus contributing to the "SINGLE DATA, SINGLE STATUS" principle that underpins the initial barrier control covering all Government agencies (ACS 2015 ETS project refers). However, it is important to note that the IWGO supports the concept of single window *not* single system. The problems industry experienced in having changes made to the ICS would be significantly exaggerated under a single system for all border agencies.

It should be noted that the IT developments proposed in this document are an essential prerequisite for the proper functioning of the Cargo Management and Shipping programmes of AQIS. Without these developments efficiency and effectiveness will continue to be below par.

The IWGQ would support a phased approach to addressing AQIS' critical shortcomings in IT infrastructure and systems:

Short term:

- Simplify the complex revenue collection activities by expanding the account client trial to all accredited brokerages
- Promote the Broker Reports application to a wider audience
- Fast-track the email alternative to zetafax
- Expand the list of commodities supported by Automated Entry Processing (AEP)
- Make more AQIS status information available to brokers via the ICS
- Implement the unaccompanied personal effects system
- Implement changes in the ICS for Giant African Snail (GAS) processing, including the deployment of handheld devices to assist AQIS staff in the field
- Reduce the volume of documents required to be inspected

Medium term:

- Improve infrastructure to provide higher availability and better performance across the country
- Modernise the technology used to build and support its IT systems. This should use industry standard platforms
- Address the issue of skill levels at AQIS front counters by providing a national support centre, manned by subject matter specialists
- Implement automated solutions to extract documents from the source or from existing systems without human involvement
- Identify and capture the data required to support AQIS operations (including profiling).

Long term:

- Completely replace AIMS and all other IT systems supporting the import process
- This system should provide closer integration with industry (and third party) systems and its government partners
- Simplify the current revenue model to provide clarity to importers prior to arrival

IT development needs featured prominently in the recent QEAC review of the AQIS Import Clearance program and the IWGQ considers that there is an urgent and indeed critical need for the modernisation of AQIS's Information Technology systems as outlined above. Other

Commonwealth service delivery agencies, including Customs, Centrelink, the Australian Taxation Office and the Department of Immigration and Citizenship have all been in receipt of substantial Government funding for the modernisation of their IT systems in recent years. The IWGQ is in agreement with the QEAC argument that this is an urgent priority for additional Budget funding:

- There is a significant public benefit in having robust and effective infrastructure to support quarantine programs
- It would be inequitable to expect today's importers to meet the full cost of systems that would support future importers over the next decade
- Current fee-for-service charges would be unable to generate the capital required to complete the urgent systems re-development program.

**Attachment 2. Shared Responsibility / Continuum of Quarantine:**

**Better targetting of inspection efforts / audits**

**Does the IWGQ have any suggestion for audit accountability; assurance schemes etc and does the IWGQ have any priorities:**

The IWGQ submission makes a number of references to compliant parties to be the recipients of facilitated border clearance processes based on their past performance which has been measured by the current AQIS targetted inspection / audit schemes.

The IWGQ submission also notes that extensions of current compliance schemes should be considered and expedited in the Cargo Management and Shipping areas. The following four examples of current compliance regimes provide the basis for effective audit accountability.

**Example No 1**

Take the example in the submission (page 6) Company A imported 10,600 containers, 10,000 lines of goods, had 6,800 compulsory AQIS inspections based on current import requirements and documented on AIMS entries after the good have arrived in Australia.

The company in question has a purchasing and logistics system in place which is based on stringent company Quality Assurance arrangements which are backed by third party audit systems. These audit systems are operated along the whole supply chain from point of manufacture to point of receipt and cover a range of compliance measures such as controls / inspections verifications imposed by the company to ensure the goods are meeting stringent quality and safety standards, the treatment for quarantine purposes such as treatment of timber prior to assembly and surface coating such as the application of lacquer to furniture, the sourcing of compliant packaging material etc.

The end result for this company has been a perfect record in relation to outcomes of AQIS imposed border control / verification inspections.

The suggested audit accountability would be for the company to submit to AQIS its current QA measures, the third party audit arrangements, any other control measures that have relevance to the company's compliance with the import conditions that apply to the goods in question.

The company should demonstrate that its systems are at least equal to or better than the current AQIS inspection / verification system. This may include an additional layer of verification inspections / audits after arrival of goods in Australia.

The important issue is to have an independent audit accountability scheme in place such as those operating for many Australian export commodities.

This type of arrangement can be applied to a wide range of companies that operate in the international trade and are subject to stringent controls in each of the countries they operate in.

Companies operating in the import and export of food commodities have very substantial internal / external quality control and food safety management control systems in place designed to comply with Regulatory requirements as well as protecting the companies from claims / protecting brand names etc. Any non compliance would have some serious commercial consequences such as loss of markets, commercial and legal liabilities etc.

### Example No 2

The Fertilizer Industry Association of Australia has developed a protocol in conjunction with AQIS which is based on three identified contamination risk levels these being Level 3 – High, Level 2-Medium and Level 1 – Low. Each of these levels has an appropriate inspection regime that reflects the level quality assurance and risk management that applies through the supply chain prior to and on arrival in Australia. Level 3 for instance requires a high level of on arrival AQIS inspections whilst the other two levels require a range of monitoring, sampling, verification inspections and third party audited QA systems to be in place. AQIS performs periodic verification audits. A copy of the document detailing the Audit and Inspection protocols is available on the following page of the AQIS web site

<http://www.daff.gov.au/aqis/import/chem-fert>

Whilst this arrangement relies on direct AQIS verification inspections the IWGQ suggests that stringent 3<sup>rd</sup> party audit and verification inspections may be a way for the future.

### Example No 3

AQIS and industry operate a range of Compliance Agreement with the Broker Accreditation Scheme being the “flag ship”. This scheme is based on informed compliance and underpinned by an intrusive and cumbersome random audit scheme that requires brokers to present documents to AQIS regional offices for audit / verification. Many brokerages have perfect records over many years yet continue to be required to comply with the standard audit scheme administered by AQIS staff and the IWGQ submission (page 7) makes reference to such a company that had a perfect record since 2001. These companies have internal control and verification systems in place which should be recognised by way of a “proven performer audit regime” that eliminates the need for an intrusive audit arrangement such as currently applies across the board

This scheme and other compliance schemes should also be the subject of independent 3<sup>rd</sup> party audit schemes which would allow AQIS to deploy its staff in more relevant activity areas.

### Example 4

The submission of the Australian International Movers Association (AIMA)

<http://www.aima.com.au/> makes reference to its compulsory membership of an international organisation, the FIDI <http://fidi.com> This in turn makes it compulsory to be a signatory to and participate in an internationally accepted ISO compliant quality system that could accommodate the AQIS standards through an accreditation scheme which would be audited by a third party auditor.

This scheme could be further enhanced by a strict on shore verification and inspection scheme agreed between the AIMA members and AQIS not dissimilar to the AQIS / FIFA scheme noted under Example 2

The IWGQ suggests that the above examples provide adequate evidence and assurance that industry based systems based on the shared responsibility concept have proven to have worked in the past and will work and be effective in the future.

As far as priorities are concerned it is the IWGQ view that AQIS should address extensions of these schemes to the following on-shore activities which have been the subject of substantial development work already and which would provide short term freeing up of AQIS resource.

- Express Carrier,
- Personal Effects,
- Shipping,
- Air Cargo Terminal Operators and
- Imported Food
- Automatic Entry Processing for Commodities

The IWGQ would suggest that in parallel with the onshore extension of arrangements AQIS enter into agreement with a small number of companies that fit concepts outlined in examples 1 and 2 with a view to establishing some trials to test a range of compliance measures and risk scenarios.

Paper No 3 on Efficiencies also makes reference to a number of relevant priorities

As has been the case in the past the IWGQ is prepared to make resources available to assist in the development of these types of schemes

### **Attachment 3. Efficiencies:**

#### **Review request: Does the IWGQ have particulars of what improvements can and should be made?**

The IWGQ position in relation to efficiencies is evident by its full and proactive support of a Value / Efficiency project undertaken by AQIS from 2002 onwards which was aimed at achieving major improvements in a number of activity areas. Whilst some efficiencies have been achieved through that project the IWGQ suggests that the following measures be considered for prompt implementation. The recent QEAC Review referred to in the IWGQ submission has suggested that some 15 to 20% of the current expense budget or \$18 – 20 million could potentially be saved for re-deployment to higher risk areas and / or returned to industry as follows:

1. Abolish 100% inspection for HVLV and ULD and replace with periodic leakage surveys  
*The implementation of this measure would free up in excess of 50 FTEs and could be achieved with very little impact on systems or operations. (refer page 4 of the IWGQ submission)*
2. Abolish 100% inspection for ECIR, move to risk profiling system and extend QAP/CA arrangements to include ECIR

*The implementation of the measure 2 would require some risk analysis of data which may take some time to be completed. The introduction of a QAP/CA type arrangement would also require some considerable organisational developments between industry and AQIS, however the potential freeing up of in excess of 150 FTEs would be a major incentive to introduce these efficiency measures (refer page 4 of the IWGQ submission)*

3. Develop an ongoing efficiency agenda incorporating the options already developed through the Cargo Management Committee (CMC) and other projects.

This agenda would include a systemic review of all activities and the IWGQ suggest that the original project plan of the Value / Efficiency initiative be revisited as it provides a platform and systems for ongoing efficiency measures to be investigated and introduced. Opportunities identified in the recent QEAC Review referred to in the IWGQ submission include:

- A) Refinement of National Resource Model which includes regional best practice models and deployment of staff in low risk areas.

*The refinement of the National Resource Model as a means by which a better understanding of costs and cost drivers across regions might be determined. There needs to be further analysis of the growth in the program's costs relative to business levels.*

*More sophisticated risk profiling systems built on a more secure technology base will allow AQIS to directly target operational resources to the areas of highest quarantine risk and should add substantially to the overall efficiency of the program.*

- B) Extension of Compliance Agreement Schemes to a range of activities (refer page 10 IWGQ submission and submissions by CAPEC and AIMA)

*Just one example demonstrates the substantial efficiencies that can be gained is the AEP for Commodities which has significantly reduced the direct engagement of AQIS in the clearance of goods in the relevant areas covered by AEP. In 2006-07, AEP entries were 33 853 or 6.7% of the total. The draft PIR on AEP-COM by DAFF internal audit has noted the views of AQIS staff that there has been a reduction in front counter workloads as a result of the introduction of AEP. By reducing the complexity and extending the scheme, it will further reduce the need for brokers to attend front counters.*

- C) Place larger volumes of importers on CAs

*The top 20 importers account for around 100 000 AIMS entries or about 22% of the total. An aggressive marketing campaign, building on the findings in the PIR report has the potential to substantially further reduce the direct inspection/clearance of goods by AQIS. These are large companies with the resources to build and operate quality systems which could readily incorporate quarantine requirements.*

- D) Less intervention for proven highly compliant service providers

*Please refer to paper on Issue 2 –*

- E) Streamline co-regulatory arrangements,

*Current Co –Regulatory arrangements are overly prescriptive, administratively complex / resource intensive and micro manage processes that are supposed to be based on the “shared responsibility” concept. The QEAC review has suggested that this activity area be targeted in an effort to address current burdensome administrative arrangements which should include the removal of the current arrangements for QAPs and CAs which prescribe that companies are subject to an ongoing audit regime and, in addition, are required to apply for re registration accreditation on an annual (QAPs) or biennial basis (CAs). There is a significant and unnecessary administrative burden on industry and AQIS. Accreditation registration requirements could be built into the audit program. At present there are several staff engaged in the reaccreditation process.*

- F) The AQIS CMC has identified a wide range of other minor potential efficiencies which should be pursued through the AICCC processes.

*This identification of potential efficiencies is an ongoing process and the IWGQ fully supports the CMC initiatives aimed at reducing attendance to tasks not considered essential.*

#### **Attachment 4. Cost Recovery Review:**

##### **Review request: Can the IWGQ specify what its concerns are in relation cost recovery issues**

Full cost recovery for AQIS activities was introduced in the early 1990s and a considerable portion of the AQIS / industry consultative arrangements centre around this and attendant issues. It is the IWGQ view that transparent and mutually agreed cost recovery arrangement

not only ensure that Government prescribed cost recovery principles are applied but also assist in driving efficiencies by correctly targetting the areas where costs are incurred.

The IWGQ has been involved in two ANAO audits on AQIS cost recovery and has, inter alia, expressed some concerns as to the transparency of certain “overhead” expense allocation methodology.

The IWGQ has also made a substantial submission to the 2001 Productivity Commission “Inquiry on Cost Recovery by Government Agencies” and its contribution to the inquiry is documented in the Commission’s Report No 15 dated 16<sup>th</sup> August 2001 which essentially endorsed the cost recovery and consultative arrangements that were and are in place in place between AQIS and the IWGQ .

A subcommittee of the AQIS Industry Cargo Consultative Committee (AICCC), the AICCC Working Group on Revenue Collection and Cost Recovery Arrangements, which was formed in the late 1990s has and is the forum that deals with these issues. Industry agreement to AQIS’s cost recovery quantum and management is required to be documented in the Cost Recovery Impact Statement (CRIS) which AQIS is required to prepare for the Department of Finance and Deregulation for changes in fees and recovery arrangements.

Development over the past few years indicate that the AQIS costs in the Import Clearance Programme (IC) that have to be recovered have increased disproportionately to the activities that provide the basis

#### **INCREASES IN COSTS:**

Total program expenses have increased by 78.3% on 2002-03 which exceeds the rate of growth of business volumes relevant to the program. Since 2002-03 there have been no major policy changes that would account for this increase; nor have there been any significant changes to the operations. While the introduction of the Import Clearance Effectiveness (ICE) project was introduced in 2005 giving rise to some additional staff requirements the extension of co-regulatory arrangements such as the introduction of AEP for Commodities would have had an offsetting effect. It is acknowledged, however, that in recent years there has been an externally driven push towards a greater focus on administrative issues rather than operational effectiveness.

#### **FUNDING MECHANISMS:**

The IC Program currently receives around 99.5% of its revenue from industry charges. There is a very minor budgetary contribution. On the face of it this appears to be at odds with the public benefits that come from a strong and effective cargo management capability. Some costs that are currently recovered from industry, including policy advice and management of Ministerial business should be funded through the budget as part of AQIS’s community service obligations and thus be in line with the Government’s cost recovery guidelines.

#### **OVERHEAD CHARGES TO IMPORT CLEARANCE:**

2007-08 Budget for IC funds 106.8 FTE in ACT Management of a total of 952 FTEs

2007-08 Budget for IC allocates \$20.6m for ACT Management of a total budget of \$117.4m

2007-08 Budget for IC allocates \$4.5m for DAFF corporate overheads

The above is, in principle, also applicable to the Seaports program

The IWGQ has specific concerns that it considers need to be addressed at an “in depth” examination and these include:

- The overall examination and categorisation of expenses incurred such as DAFF overheads, Government business, inter-stakeholder program cross subsidisation, AQIS corporate management and “pass through” costs, indirect regional expenses etc
- The review of FTE distribution and efficiencies which should follow the direction of the Value/ Efficiency project and in particular the use of the National Resource Model that was developed as part of the project which commenced in 2002/3.
- Activities and outputs: examine the current cost recovery model to better link activities to direct and indirect cost recovery
- Revenue Systems efficiencies – Charging basis etc

## **Attachment 5. Legislation:**

### **Review Request: If the legislation were to be reviewed, what are the particular problems with the current legislation? What should be looked at?**

The IWGQ submission makes reference to one specific issue where the legal interpretation of the word “landed” is said to mean “imported” which has some potentially unintended consequences.

Submissions from Shipping Australia, the International Cruise Industry and the IWGQ all make reference to this issue and the attached briefing paper prepared for IWGQ members expands on that issue.

Another interpretation that is causing problems is section 35 3(c) of the Quarantine Act that determines the parties that can be issued with an order into quarantine these being: Importers, Owners, Consignees (or agents) and anyone in possession of goods.

Section 48 empowers a quarantine officer to order goods that have been ordered into quarantine (see above) to be detained, treated, moved, exported or isolated and these directions may be given to: Importers, Owners, Master of a vessel or a person in control of the goods.

AQIS is currently using the “Importer” provisions of these two sections to issue directions to the Brokers acting on behalf of the Importer of the goods. It should be noted that the Broker is the party that declared goods to Government agencies such the Australian Customs Service (ACS), AQIS etc.

Section 19A (1) of the Act empowers a quarantine officer to release goods from quarantine.

Under the current interpretation of the legislation AQIS will only advise the Broker who received the original direction id and when goods are released from quarantine control. This applies even if the Broker has directed the goods to a third party for treatment etc and is no longer in control of, or has an interest in the goods. This narrow interpretation of the Act means that goods may be held at a container terminal, an airport or in Quarantine Approved Premises with AQIS unable / unwilling to advise the parties in physically in control of goods of their status. This is unnecessarily delaying goods in the supply chain.

These are two issues that are of specific concern of the IWGQ and it is suggested that the ACT be reviewed and that specific issues that impact on commerce and the supply chain such as those referenced be subject to some regulatory interim arrangement applicable to the Act that sees common sense prevail.

The IWGQ is also aware that the Act is somewhat vague in relation to the physical quarantine and related requirements for declared ports / airports and would suggest that any review of the Act, as has also been suggested in a number of other submissions, be conducted in close consultation with the relevant industries to ensure that all current, future and relevant issues in the logistics areas are addressed.

One further concern that has been touched on in IWGQ comments on the Ballast Water / Biofouling issue is the Commonwealth involvement with the States on quarantine related issues and the IWGQ would be fully supportive if a modernised Act were to cover this area as well.

Attachment to: 5. Legislation

## **Quarantine Act**

### **Interpretation / Implications**

#### **PURPOSE**

To brief industry members of the AICCC on the potential of strictly legal interpretations of the Quarantine Act having “unintended” impacts on a number of logistics arrangements such as a recent interpretation that “Landed” means “Imported”.

#### **ISSUES**

The legal interpretation of the Quarantine Act that the word “landed” is deemed to mean “imported” has resulted in some products shipped to Australia for ship stores to be prohibited to be landed whilst others are permitted to be landed subject to a valid permit being in place that prescribes strict conditions to be complied with. These goods have been and are shipped in sealed containers which are, under any circumstances, secure and the integrity of contents assured under Customs and other transport security legislation.

Based on this strict interpretation a range of other transport and logistics operations could be either prohibited or subject to administrative processes that may be difficult to be met in a timely and compliant fashion. One example would be that no goods that are “prohibited imports” can be transhipped through Australian ports unless a specific permit covering the commodity and conditions applicable to the operations is issued. In other words if a shipping line currently lands containers in an Australian port to be on-carried, say by a feeder vessel to the Pacific Islands and these containers are packed with goods not permitted entry into Australia, then the containers may not be landed. Of course the Director of Quarantine may issue a permit for these commodities / operations to continue under certain conditions. In the case of aircraft any prohibited good carried in the cargo hold for, say a destination other than Australia, may be deemed to be “imported” upon the aircraft landing. Again this could have some consequences that impact on international trade in that “strictly speaking” the aircraft may not be permitted to land in Australia. Other issues that may be impacted concern the handling of aircraft stores. The Director of Quarantine has, in the past, issued permits for prohibited goods to be imported under certain conditions for special events etc.

In the normal commercial processes “Imported” means imported for home consumption and clearly the relevant conditions that attach to commodities are then applicable

Subject to the legal interpretation of “landed” meaning “imported” being correct should industry point out that “imported” in the case of transshipment, in the case of cargo being landed for re-export / transshipment or, in the case of aircraft remaining on board for an overseas destination, does not mean that goods are for home consumption but merely imported for re-export under strict Government imposed conditions which ensure the integrity of the goods whilst in Australia. As a consequence should industry seek to have the legislation amended to ensure that the disruptions to trade and / or time consuming, expensive and disruptive administrative processes can be avoided?

Industry should provide detailed description of current processes (backed by flowcharts etc) that clearly demonstrate the logistics and security chain of events. It should also point out that the strict application

*of the interpretation as applied in the case of ship stores may have major impacts on airlines, the ability to use Australian ports as transshipment facilities etc.*

*In the case of the new conditions applying to ship stores AQIS has indicated that it has sought and received advice from Biosecurity Australia which, it is assumed, is the basis for AQIS's industry notice industry (Att.1) and the relevant ICON case (Att.2) the latter being applicable to ship stores only not other stores such as those in the airline industry. Clearly the advice is that all animal derived and some plant products should comply with the relevant quarantine import conditions **either** for entry into Australia for direct sale **or** for further processing at AQIS Quarantine Approved Premises.*

*This necessitates that health certificates etc for goods subject to permit such as salmon and boneless pork (from approved countries) have to be presented to AQIS. All other products that are currently not permitted entry for animal or plant quarantine reasons under any circumstances, such as "bone in pork" etc are not be permitted to be landed / imported including the transshipment in sealed containers as ship stores.*

*It appears that the Biosecurity advice is identical with the permit conditions that currently apply for goods to be imported into Australia for home consumption. The applicable conditions are designed to address any quarantine risks that attach to these goods being in Australia for sale or processing.*

*On the basis of the Biosecurity advice being identical with current conditions applying to imports for home consumption industry assumes that product integrity of the goods whilst in Australia awaiting re-export is not considered sufficient to address the quarantine risk. Industry should either query the expertise that resides within Biosecurity Australia to make assessments on logistics and transport security issues (they are basically scientists in specialised fields) or seek to demonstrate the product integrity issues in play that ensure that these goods do not pose a quarantine risk.*

*It is of note that the NZMAF does currently not apply similar restrictions to transhipped goods.*

## **RECOMMENDATION**

*For discussion*

*Hart Krtschil 1<sup>st</sup> April 2008*

## **Attachment 6. Ballast Water / Bio-fouling**

**Review request: Expand on the issue raised in the submission that one organisation should be responsible for the operation of a ballast water / biofouling control system for national and international ship movements.**

The international Ballast Water Convention was developed in the late 1990s and AQIS together with full industry support and input developed a Ballast Water Decision Support System (DSS) which, combined with the AQIS Vessel Movement System (VMS) provided a methodology to monitor the risk of ballast water issues and remedial measures taken.

Whilst the AQIS DSS and subsequent verification inspections / audits etc were carried out by AQIS staff for overseas vessels upon first port arrival the subsequent coastal ballast water management is currently the domain of the various States.

It should be noted that the DSS is being phased out and replaced with the Australian Ballast Water Management Information System (ADWMIS) towards the middle of 2009 and with the intended removal of ballast water from the Quarantine Act, ballast water issues will no longer solely involve AQIS officers but also State inspectors.

Considerable discussions have taken place on this and related issues in a variety of committees and it is the general industry view that, from the perspective of achieving the most consistent and efficient regime one national/federal body should be responsible for the management of both international and domestic ballast water.

Given that AQIS currently undertakes first point inspection around the coast such body would appear the logical option to undertake such task. However, AQIS' position is that they will only take on this function if all states / territories are agreed - in other words it's all or nothing.

Whilst the industry has some sympathy with AQIS's this stand it is high time that all states and the Federal Government come to a common position on this issue.

Given the multi-policy and jurisdictional issues associated with this important international issue, COAG should agree on the future role of the Commonwealth in undertaking this important task.

It is worth noting that an inconsistency exists as to how ballast water and Biofouling is intended to be managed. Whilst, as noted above, ballast water is intended to be managed via a Ballast Water Bill for both international and coastal areas Biofouling is intended to be legislated by the Quarantine Act for international vessels, the domestic biofouling management will not be legislated and undoubtedly be the domain of yet another range of state based regimes.

It is the industry view that all Ballast Water and Biofouling management be the domain of one Federal Government body.

## **Attachment 7. Surveying ships at sea**

### **Review request: Could the IWGQ provide background to the issue as well as costs and other impediments:**

This issue goes back to 2003 when an AQIS inspector had an accident when boarding a vessel in the Spencer Gulf and a subsequent ruling that AQIS officers would not board vessels at sea for the purpose of carrying out "Pratique Clearance" inspections required under the Quarantine Act or pre-loading inspection required prior to loading grain, plant and plant products. Considerable discussions took place in both South Australia and Western Australia with a view of reversing the decision and to explore the possibility of third party inspections being acceptable to AQIS.

In relation to third party inspection the issue was initially pursued in South Australia but remained unresolved in the short term and was not further pursued by industry. However, at the time AQIS did advise SAL that the liability issue could be resolved.

The inability to inspect vessels at sea prior to loading grain in Kwinana WA resulted in the following problems:

If vessels at the grain berth completed loading after 1400hrs there was insufficient time to inspect the next vessel at berth during daylight hours thus resulting in time lost at berth and downtime for the terminal.

The consequential cost of delay attributable to the inability to inspect the vessel, being 18hours ,were calculated as follows for a small grain vessel loading 25.000 tonnes of grain:

Stevedoring and CBH labour	\$11,000
Loss of dispatch and charter cost	\$12,000
Total	\$23,000

Additional consequences of not performing inspection at anchor are:

Vessels failing inspection at load berth result in vessels having to be removed from the berth, which has the effect of incorrect cargo being in position in the silos for the subsequent vessel and in general, terms the uncertainty of vessels being ready to load upon berthing means that the grain accumulation scheduling is not able to be performed in a timely fashion. This has a direct effect on the complete supply chain and rail scheduling.

The costs for a small vessel to berth / unberth at an alternative berth for inspection was calculated at \$16,000

The WA Port Task Force pursued the issue since the end of 2004 and undertook substantial survey work, OH&S assessments and came up with a revised procedures and training programmes to overcome the AQIS concerns.

In the event, the issue remained unresolved as AQIS maintained its position of not boarding vessels even in protected waters like the Kwinana anchorage.

It is the IWGQ's view that the AQIS position is not in line with international best practice and should be reviewed by an independent party.

Substantial background information is available from the IWGQ secretariat.