

SUBMISSION OF THE INDUSTRY WORKING GROUP ON QUARANTINE (IWGQ)
to the
QUARANTINE AND BIOSECURITY REVIEW

26th April 2008

Introduction

The terms of reference of the Review make, inter alia, reference to the 1996 Nairn Review whose findings and recommendations the Industry Working Group on Quarantine (IWGQ) regards as valid and relevant today as they were then .

This submission of the IWGQ is intended to provide a broad industry overview, relative to the activities and interests of its membership, and is based on the seven key quarantine themes of the Nairn Review.

It is assumed that all current and relevant information that relate to the activities, structures, resources, financial arrangements etc covering the Cargo Management and Shipping Programmes have been provided by Australian Quarantine Inspection Service (AQIS).

The IWGQ is mindful as to its time and resource restraints as well as those of its membership and will limit its submission to a strategic level.

The IWGQ is currently participating in a Quarantine and Exports Advisory Council (QEAC) Review of the Import Clearance programmes of AQIS. The findings and recommendation of that review are due to be presented to QEAC on 6th May 2008.

In making this submission the IWGQ will endeavour to outline where the requisite areas of AQIS have been performing well , where it is considered improvements need to be made and what the perceived current impediments to the potential improvements are. It should be noted that many of the issues raised in this submission often fall under more than one of the seven quarantine themes upon which this submission is based

It may be opportune to quote from the Nairn review when it outlined the seven principles that underpin programme delivery:

‘With joint ownership and involvement comes joint responsibility. Governments, industry and the general public have a shared responsibility to ensure that human, animal and plant health and quarantine protection meets the realistic expectations of the community through coordinated and effective programmes. There is also a requirement to abide by the agreed rules, both national and international, governing such activities. Destructive public criticism does little to sustain the confidence of domestic consumers or of governments and consumers in Australia’s export markets’.

Some of the above is difficult to reconcile with the current position which, in the view of the IWGQ, sees a quarantine regime in place that is regarded as somewhat risk averse and reactive which does not sit well with the “Shared Responsibility” concept and the general themes that underpin the recommendations of the Nairn Review as accepted by Government. The submission contains a number on examples which highlight issues where AQIS is micro managing co-regulation arrangements thus effectively not placing “trust” in the parties that are theoretically sharing responsibilities.

The IWGQ is aware that some destructive, opportunistic and mostly ill informed, criticism of AQIS generally has done little to foster an ongoing climate that supports the concept of joint responsibility / ownership. One such occasion was some ongoing criticism of AQIS by the NSW branch of the National Farmers Federation (NFF) during 2005/6 (not formally endorsed by the national office)

which was finally and effectively addressed by an industry Government forum in July 2006 as not being relevant or correct.

The IWGQ has observed a gradual change from a proactive and innovative regime that saw AQIS working closely with industry partners and which was moving into a range of areas such as developing offshore risk mitigation schemes, industry partnerships, cooperative systems developments etc to what appears to be a return to the “regulator / regulated” relationship based mainly on prescriptive processes, narrow and restrictive interpretation of legal requirements and / or interpretations of the Quarantine Act and regulations. The IWGQ is aware of Import Risk Assessment (IRA) outcomes and other advice from Biosecurity Australia (BA) being extremely conservative, prescriptive and leaving little leeway for risk based and practical applications. The resultant development of the Quarantine Operational Framework (QOF) and expansion of Standard Operating Procedures (SOP) should assist in certainty and consistency for industry. The real issue is the lack of informed and confident decision making by officers in the field which can be attributed to risk averseness and prescriptive processes. This has an adverse impact on decisions being able to be made by AQIS officers based on their skills, expertise and experience.

Whilst one can only speculate as to all the contributing factors of this shift IWGQ members have suggested that it may, in no small degree, be attributable to some events and causes such as:

- the Government’s reaction to the UK FMD outbreak which resulted in a border interception regime more aimed at demonstrating massive border interception to the public rather than addressing real quarantine risks
- the Full Federal Court ruling in the Pig meat case which now sees legal processes firmly entrenched in making decisions based on legalistic interpretations of quarantine risk creating a high administrative workload and subsequent loss of organisational agility
- continued criticism by specific local interest groups such as the NSW branch of the NFF, local producers of seafood, agriculture and animal products etc. which, in the view of the importing industry, result in unrealistically prescriptive / onerous import processes being expected to be enforced by AQIS that are not matched by local requirements.
- the processes and expected outcomes of the EI enquiry,
- direct and detailed accountability to the political processes also known as “Ministerial Responsibilities”.
- Continuous changes in senior staff. At a programme management level, it not uncommon to see personnel change every 2 to 3 years and on lower levels this can be much higher.
- Continuous external and internal reviews processes that drain the ability of AQIS to take control of immediate improvements efforts
- Labour and skills shortages

It is worth noting that the Executive Summary of the Nairn Review inter alia states..... *“the Review Committee was aware that as a result of considerable media attention on some recent incursions some staff within AQIS have felt under siege. Much of this criticism about the effectiveness of AQIS cannot be supported by facts”*. The IWGQ is of the view that in 2008 this observation is essentially still valid

Background

The Industry Working Group on Quarantine (IWGQ) was formed and first met in August 1993. In December 1993 AQIS and the IWGQ jointly endorsed a proposal to establish a national consultative committee on quarantine issues known as the AQIS Industry Cargo Consultative Committee (AICCC) which includes, in addition to three senior AQIS representatives, eight IWGQ members representing each facet of the international logistics, border clearance and importing industries. The committee is chaired by an industry member.

Attachment 1 provides some information on the IWGQ / AICCC structure, administrative processes and the role of the full time secretariat. **Attachments 2 and 3** provide listings of the current membership of the AICCC and the IWGQ.

Attachment 4 is a communication matrix which provides information on IWGQ members' representation within their industry sections as well as the communication methodology employed in providing a two way information exchange in relation to AQIS related issues.

Attachment 5 provides information on the Strategic Plan of the AICCC which was last reviewed and agreed in August 2006.

IWGQ members represent their associations and interest group, often in senior positions (please refer to list of representatives) , on a wide range of issues both nationally with Government agencies such as Customs, Transport Security etc and internationally in fora such as the International Freight Forwarders Association, International Federation of Customs Brokers Associations, World Customs Organisation, World Trade Organisation, International Chamber of Shipping, International Maritime Organisation, International Airline Transport Associations to name a few. This provides industry parties with a wide exposure to all global commercial and regulatory trade issues in all modes of international transportation. **Attachment 6**, which is a presentation by two IWGQ members on quarantine / biosecurity issues at the Quarantine and Market Access Conference of 2007, provides some demonstration of the understanding of issues relevant to the Review by industry.

IWGQ members are also active in many State based activities that include quarantine issues such as coastal ballast water and biofouling, regional quarantine requirements etc.

In 2007/8 industry is funding the Cargo Management and Shipping programmes to the tune of \$132mil by way of activity based cost recovery. This represents in excess of 60% of AQIS's direct income from industry or 38% of its total revenue. Some 950 and 96 Full Time Equivalent (FTEs) are deployed in the Cargo Management and Shipping programmes respectively which make up around 30% of all AQIS staff numbers

In relation to previous reviews which are subject to consideration of the Review Panel (refer issues paper page 11) the IWGQ has made substantial submissions to and appeared before the Nairn Review and the Joint Committee on Public Accounts and Audit (JCPAA), has been consulted in the two ANAO reviews on quarantine effectiveness and has also provided input / made submissions to the Australian National Audit Office (ANAO) and the Productivity Commission on cost recovery issues.

Seven Key quarantine themes from the Nairn Review

1) Managed Risk based on Science:

It is appropriate to make reference to Recommendation 33 of the Nairn Review which states:

"The Review Committee recommends that Quarantine Australia continue to use and refine scientifically based risk analysis,--comprising risk assessment, risk management and risk communication--to develop its quarantine policies and procedures "

The IWGQ is aware that this concept operated well for a number of years however it appears that the currently adopted risk management processes are being continually driven by a "zero risk" mentality which lacks differentiation between perceived, potential and real high or low risk resulting in sub optimal use of AQIS resources, 3rd party systems and the "shared responsibility "concept.

The IWGQ concerns fall into five areas inter alia:

- **"Science based" input into operational decision making**
 - *Role of AQIS operational science staff in determining operational priorities*
 - *Adequacy of AQIS/BA interface and quality of advice*
 - *BA understanding of manufacturing, logistics and transport security / integrity issues and the responsiveness of BA to operational need and realities*
 - *Data upon which risk assessments / judgments are made*

IWGQ members have expressed concerns that, what they perceive to be an unduly prescriptive decision making processes that see a continuous referral from AQIS to BA, have caused delays in a range of import clearance processes. There is also some concern that expertise in BA does not extend to logistics and related processes that may, within themselves, be mitigating risks and thus the advice provided may, whilst scientifically valid, lack critical assessment of all aspects affecting risk. This concern extends to the availability and relevance of the data that is used in the risk profiling of imported goods. Industry is mindful that AQIS has an operational science unit which may be better placed to provide scientific advice in a wide range of range of operational areas.

- **The rationale for continuing certain IQI initiatives as follows:**

- *100% Unit Load Devices (ULD) inspections*
- *100% High Volume Low Value (HVLV) inspections*
- *100% External Container Inspection Regime (ECIR) inspections*
- *100% Ship inspections*

Total AQIS resources deployed in the IQI activity area are estimated to be in excess of 200 FTEs or close to 20% of the programmes resource total of 1046 FTEs.

The continuation of IQI activities generally and in particular the 100% interception in the HVLV and ULD areas are, in the considered view of the IWGQ, difficult to attribute to science based risk rationale.

The IWGQ is aware that these measures are being maintained based on an original decision of the previous Government in 2001 (FMD outbreak in the UK) that remain in place despite a number of reviews and reports provided to the Government suggesting that little, if any, real risk attaches to some

of these areas such as the HVLV and ULD activities.. This lack of responsiveness by Government to factual documents and reports does not deliver on the expectations of a science based approach or a “shared responsibility” concept.

The IWGQ is also mindful that the 100% interception of commercial ships is difficult to support on an ongoing basis as it does not recognise low risk vessels / ports or a history of compliant behavior. It notes that some progress towards basing inspections on compliance appears to be made as a result of some reviews carried out by QEAC in WA.

In relation to the ECIR the IWGQ acknowledges the very close and positive working relationships between AQIS and industry on all levels which have resulted in improved container cleanliness, substantial systems and operational improvements as well as monetary and time savings to industry by way of additional cleaning functions being carried out by AQIS staff and contractors and **Attachment 7** refers (ECIR summary). Had the High Level Contamination (HLC) rate of 3.45% in 2002 /3 be maintained in 2006/7 than the additional cleaning and associated expenses would have been \$22.2mil mil in 2006/7 compared with the actual figure of \$5.8mil.

The IWGQ would also expect that under a science based quarantine / biosecurity system some appropriate risk analysis be carried out on the quarantine risk material found on containers, their origins etc so as to provide an assessment of the actual risk and also some factual basis for better targeted interceptions that can be substantiated based on science. The IWGQ also suggests that better use of resources may include AQIS’s own investment in high tech electronic scanning equipment that can be deployed by AQIS to identify quarantine risk material on external container surfaces or consider an arrangement that enables container terminals to invest in technology so they can carry out these functions.

▪ **The rationale for continuing certain intensive inspection activities such as:**

- *Good subject to permit – 100% compliance yet 100% inspection*
- *Automatic referrals such as non agricultural machinery*
- *Rural Tailgate inspections*

The IWGQ is mindful that these inspections and referrals are often based on some risk management decisions which may have been made many years ago based on conditions that may no longer be valid and suggests that the basis for the continued application be subject to systematic and regular review. The current procedures and processes which often include 100% inspections are counterproductive. AQIS is extending considerable resources and efforts to improve the modus operandi that attach to these intensive inspection regimes when the cause and validity for these inspection regimes and activities should be addressed.

In making this suggestion the IWGQ is mindful that the availability of suitably qualified resources may pose a limitation on AQIS performing these reviews and it should consider suitably experienced third parties to carry out these assessments. However, employing a large workforce of semi-skilled staff engaged in 100% inspections does not align with a science based approach to risk management.

▪ **Quarantine Effectiveness – Key Performance measures**

- *The quality of Import Clearance Effectiveness (ICE) data, its analysis and application in operational decision making*
- *Outcomes data from targeted inspection activities*
- *Pest and disease interception data*
- *Availability of any other performance-related data*

The IWGQ is fully supportive of the current Import Clearance Effectiveness (ICE) project. It suggests that the appropriate cessation of IQI activities as noted previously may well enable AQIS to redirect resources required to extend and broaden this project which is designed to gather data which AQIS would use to refine its risk profiling in the border screening / risk assessments processes. This would increase its border interception effectiveness based on identified and real quarantine risks. It is suggested that better alignment with other border risk interception initiatives such as the Integrated Cargo System (ICS) of the Australian Customs Service (ACS) may well be of assistance to improve the quarantine border risk profiling and interceptions. The recent QEAC Review has identified this as an area that required extensive work and IT resources.

The IWGQ would also suggest that the results of Community Protection Profiles in the ICS be periodically reviewed against interception data and updated to ensure that the profiling for risks is current and in line with an up to date risk environment

The current measurements of AQIS's border effectiveness are based on the performance of IQI activities measured against Government prescribed performance targets which, in the view of IWGQ, lack relevance as they were arbitrarily set and lack scientific rigour and should be reviewed to improve their relevance to addressing actual quarantine risk. Some of the ICE interception data provides evidence that the focus on quarantine risk be directed into areas, such as countries, logistics pathways, identified non compliant industries or commodity sectors to name a few, that are demonstrably more risky than others.

The IWGQ is also supportive of more punitive measures being applied to parties that continue to be non compliant in relation to quarantine requirements.

The IWGQ is supportive of any initiative that rewards compliant and risk reduction behaviours with facilitated clearance processes at the border based on pest interception and incident data available to AQIS.

▪ **Gaps in better targeting inspection effort, both more and less inspection**

- Proven good performers (e.g. vessels, airlines, companies)
- Proven poor performers (e.g. constant ICE referrals, aircraft, vessel failures / non compliances)

As noted previously some of the current interception regimes appear to not sufficiently target resources to actual risk areas which see companies being subject to a prescribed inspection regime despite the fact that their goods or activities have not been found to be a quarantine risk for many years.

For example in the shipping area there is ample evidence that many vessels have 100% compliance records yet are subject to continued 100% IQI inspection regimes. It is suggested that AQIS reverts to the system that was in place prior to 2001 which very effectively dealt with risks.

This principle applies to all areas of AQIS activities and it is suggested that AQIS address this area with some expediency so as to reward compliant behaviour and free up and direct resources to higher risk areas.

In the cargo area there are many companies such as Customs Brokers, Importers, Freight Forwarders etc. many of which are in the top 20 companies in their fields that have systems and processes in place that have resulted in perfect compliance records over many years which have been verified by an AQIS system that prescribes compulsory audits and inspections.

Company A is an importer / retailer of a wide variety of manufactured goods that has imported some 10,600 containers over the last 2.5 years consisting of 10,000 lines of goods many of which such as

timber material is subject to quarantine inspections. That company has got a perfect record in relation to quarantine risks yet in the time under consideration is been subject to approximately 6,800 AQIS AIMS entries / inspections – the gross cost to the company has been in the order of \$3million.

On a similar note Company B a medium sized Customs Brokerage / Freight Forwarder operating under an AQIS Compliance Agreement has been clearing around 70,000 entries under the scheme since 2001 with no non compliances being incurred yet the company continues to be subject to a random documentation and inspection regime. It is understood that random inspections / audits provide on-going assurance but these should clearly scientifically and statistically based on existing performance data

A major initiative in the application of science based risk management is the redevelopment of the Import **CON**dition (**ICON**) database of AQIS. This is a major IT project coupled with a complete overhaul / review /rewrite of the content and is aimed at a range of areas such as better IT linkages to internal and external systems, providing better and more clearly defined import conditions that encourage compliance in the continuum of quarantine to name a few. The IWGQ is fully supportive of this initiative and appreciates the consultative arrangements that led to the project being undertaken as well as its ability to continue to provide input on a continuous basis.

The IWGQ regards the outcomes of this project as an essential part of enabling industry, both off shore and on-shore to much better comply with AQIS's import conditions.

2) Continuum of Quarantine:

Attachment 8 provides an outline of the continuum of quarantine and the range of requisite activities

- *Pre-border activities – developments post-Nairn*
 - *Evidence of effectiveness and cost-benefit*
 - *Australian Fumigation Accreditation Scheme*
 - *Canadian Accreditation Timber Scheme*
 - *NZ – pre shipment timber schemes –BPL seasons*
 - *Pre clearance of fresh produce*
 - *Fertilizer Scheme*
 - *Opportunities for the future*
 - *Opportunities with NZ e.g. GAS inspections for containers in the Pacific, cars from Japan,*
 - *Expansion of offshore schemes to major manufactures, Express Couriers etc*
 - *Application of 'penalty' inspection rates for consistent failures by importers/goods/agents*
 - *CA/QA models for 'reliable' importers/suppliers–*

The IWGQ has been supportive of the introduction of **Pre-border** schemes designed to keep quarantine risks off-shore. Schemes like the Fertilizer Bulk Import Protocols that has been developed in close cooperation between AQIS and the Fertilizer Industry Federation of Australia (FIFA) now has a track record of effective offshore controls and a significantly improved level of quarantine protection. The efforts of both AQIS and industry are commendable and provide one model that can be adopted in a wide range of commercial activities.

The Australian Fumigation Accreditation Scheme (AFAS) is another initiative that saw its origins in a history of non compliant overseas fumigation treatments and certification. This scheme is based on overseas Governments supporting and administering QA arrangements based on standards developed by AQIS in consultation with industry and scientific resources. The IWGQ is fully supportive of the scheme which has attracted international support and should be used as a model for other schemes.

The improvements achieved in the efficacy of overseas fumigation treatment has ranged from a non compliance rate of .78% to .15% (Indonesia) and from .59% to .07% (Malaysia) -

Other schemes that support off-shore compliance relate to green sawn timber from Canada, used machinery pre-shipment inspections, pre-clearance of Fresh Fruit and Vegetable (FFV) shipments to name some. The IWGQ is fully supportive and acknowledges the very positive and proactive role AQIS has played in the establishment of these schemes.

The expansion of these successful principles to other commodities based on industry QA systems and the like appears not to be a priority based, in the view of IWGQ members primarily on skilled resource restraints but also on a general aversion to any risk that may attach to expansion of these schemes. The IWGQ would submit that the resource restraints could be overcome by freeing up staff engaged in inspection activities that this submission has noted as being considered not based on scientific risk assessments and the use of appropriately skilled 3rd party resources.

Considerations of globally applicable QA systems that operate with many companies engaged in the Australian trade should be considered for biosecurity risk mitigation thus also supporting better risk targetting at the border. Other considerations should be the recognition of schemes that operate between other Governments and industries such as NZMAF schemes operating in New Guinea and Honiara aimed at mitigation of insect and related risks such as GAS in cargo containers, the Pre-border clearance of used cars in Japan etc. The IWGQ would also support closer collaboration between the NZMAF and AQIS generally as both agencies have common goals.

The IWGQ has in the past developed information packages aimed at better offshore compliance with Australian quarantine requirements. In the absence of the continuity of funding for such initiatives the IWGQ would support a review and update of its information package by AQIS. Please refer to <http://www.aiccc.com/Online.html> for a demonstration of this information.

Border Activities are the major task of AQIS and consist of

- Cargo Risk Management sea and air
- Entry management
- Inspections and verification
- Documentary clearance
- Ship Inspection and clearances

It should be noted from the outset that the IWGQ believes that, in the context of the Continuum of Quarantine, the Border is a well functioning quarantine filter and not a barrier. The Post Border functions are designed to address any border “leakages”. The expectation of and focus on the Border being a 100% functioning barrier results in expectations in the public perceptions that imposes impediments on AQIS and industry. This anomaly is highlighted by the fact that the Customs “barrier” does not come under the same criticism when a narcotic overdose occurs yet there is a huge outcry when an exotic insect is identified on shore (or a horse sneezes /coughs). It may be that the criticism of the quarantine border is driven by Australian producers seeking to protect their industries from any risk and thus competition by suggesting to Government that all foreign goods / produce must be a risk and thus not be allowed to be imported.

AQIS has, since the Nairn report, introduced a wide range of border measures, many in close consultation and cooperation with industry aimed at streamlining the border clearance processes.

Once such initiative is the Broker Accreditation Scheme (BAS) which transfers the responsibility for some documentation assessments to industry whilst maintaining a close audit regime to ensure compliance. This scheme has improved the border effectiveness and achieved efficiencies without which the border activities would not operate as well as they do at present. Other initiatives have seen the

establishment of Quarantine Approved Premises (QAPs) Class One scheme as part of the border clearance processes that have substantially increased quarantine effectiveness through accreditation and training of industry staff engaged in the physical handling of goods at the border.

The IWGQ has and is also working closely with AQIS on a wide range of initiatives such as the Entry Management project which is designed to facilitate border processes further without jeopardising quarantine integrity. Whilst the IWGQ is aware of the close working relationship between AQIS, the ACS and the Australian Transport Safety Bureau a closer alignment with and recognition of border processes in the Customs and Transport security area may be helpful in further streamlining the border clearance processes. With increased global alignment of trade related processes such as information requirements, IT infrastructure and the like better systems integration in the border regulatory area should be a priority. The IWGQ is aware of certain “One Window” to Government initiatives being pursued by some agencies and these need to be progressed as an “All of Government” initiative and not as individual Government agencies’ agendas such as appears to be the aim of the ACS with its recent ACS 2015 initiative. Another area where border agencies could pursue would be the rationalisations of certain basic routine functions which do not require high skill levels in law enforcement, transport security or biosecurity related activities. Noting that the current “Homeland and Border Security Review” is referenced in the Reviews Panel’s issues for consideration the IWGQ is mindful of some overseas developments where biosecurity activities were integrated with other border security related processes which, on advice received, have resulted in a deterioration of biosecurity effectiveness. Targetting **Drugs and Thugs but NOT Bugs** was one way the new regime operating in the United States was described to one IWGQ member and the IWGQ would certainly not support a deterioration in the focus on quarantine and biosecurity related border functions. The IWGQ is aware of previous reviews that have dealt with the integration of border functions and **Attachment 10** outlines a position taken by the IWGQ in 1998 in relation to the Border Rationalisation Taskforce. The 2002 JCPAA Quarantine Review also dealt with this issue and the IWGQ submission is at **Attachment 11**.

Other areas where commercial pressure is evident are the proclamation of new ports to support imports and exports activities directly related to the mining boom. The IWGQ recognises and supports the AQIS position that requires considerable research and risk assessment considerations. There may be opportunities for third parties to carry out much of the initial work thus facilitating more timely decision making in this area and reducing continued pressure on AQIS and its staff

AQIS has carried out substantial work in the immediate **Post border** area with the approval of in excess of 2000 Quarantine Approved Premises covering facilities such as laboratories, cold stores etc. with a wide range of conditions being applied according to quarantine risk these premises and their activities pose This has been a considerable task that has not attracted any acknowledgment as to its contribution to quarantine integrity. On the industry side there has been commitment to the concept which is evident by way of good compliance supported by in excess of 7500 employees of these premises being trained and accredited for the management of Q risk material. Industry is also supporting post border surveillance activities such as vector monitoring.

The IWGQ is of the view that AQIS should use “non-quarantine staff” to carry out administrative functions that do not require skill levels associated with Quarantine Officers. Some of the functions to be considered are

- Bookings for inspections
- Managing detained and seized goods
- Administrative functions at front counters

3) **Community Responsibility / “Shared Responsibility”** inter alia

- Effectiveness of shared responsibility models with industry
 - Extension to other activities e.g. shipping, customs brokers - reducing traffic at AQIS counters, air cargo, break bulk
 - Extension of co-regulatory arrangements such as AEP Commodity
 - Broadening arrangements in Seaports activity areas
 - Adequacy of rewards/sanctions framework
- Public/industry awareness activities
- Industry training

In 1997 the IWGQ commissioned two major projects aimed at establishing the scope of Co-regulation arrangements based on the Nairn Review recommendations which supported the use of industry based QA and similar schemes to carry out some low risk quarantine functions thus freeing up AQIS staff to address some higher risk issues that required special skills. Considerable AQIS and industry efforts, cooperation and resources went into establishing projects aimed at the introduction of Compliance Agreement schemes.

A substantial number of schemes have been introduced based on a joint assessment of risks and benefits such as the Broker Accreditation Scheme (BAS) which has been and is the flagship of this initiative, the QAP schemes, Waste Management, MT Container etc. These schemes are a positive and an essential part of managing quarantine and have delivered substantial mutual benefits and have improved quarantine effectiveness as evidenced by continued referrals of non conforming documentation, goods, packaging material, insects, fungi, other contamination etc. It should also be noted that the various industries are committing substantial investments in systems and facilities as part of their participation in AQIS Compliance Agreements.

This has been a major achievement of AQIS in line with recommendation of the Nairn Review.

These schemes provide evidence that the Compliance Agreement concept works and it is the view of the IWGQ that they should be extended expeditiously to other activity areas on the original project agenda such as:

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

The CA schemes or similar methodologies should also be used as the basis for extending facilitated border clearance processes to proven compliant entities as outline under section 1.

The IWGQ is of the view that the lack of progress in expanding and developing other schemes is attributable to the AQIS administration processes of current schemes which have resulted in undue complexity and being excessively prescriptive thus resulting in high administrative overhead which in turn make the schemes resource intensive, difficult to manage and difficult to support expansion.

The IWGQ submits that the industry responsibilities and performance in any CA arrangement should be more explicitly recognised, better supported by a system of incentives and disincentives rather than being micro managed by AQIS. A review of internal processes should also assist AQIS in reducing its overheads and facilitating user friendly administration. Essentially the focus should be driven by outcomes and not processes. Consideration of recognition of 3rd party audit regimes should be an integral part of any such review.

All Compliance Agreement schemes are underpinned by an “Informed Compliance” regime that requires participating parties to have adequately trained and duly accredited persons in charge of any activities that involve quarantine. This involves a range of training activities and the IWGQ has developed an “e-learning” system, named Guardian, that delivers a number of accreditation and re-accreditation training courses via the internet. This system provides 24/7 access to training thus greatly facilitating the training of persons without undue inconvenience and cost to individuals and industry parties. Feedback suggests that this method of training and maintaining skill levels is the preferred method of the majority of participants.

Apart from the information material aimed at promoting overseas exporters’ compliance the IWGQ has also developed a Quarantine Awareness package aimed specifically at the wider transport and logistics activity areas not covered by compliance agreements to promote the understanding and awareness of quarantine and thus promoting “community ownership” of quarantine. This information package is delivered through the IWGQ Guardian system and is indicative of the IWGQ’s commitment to the “Shared Responsibility” concept. Access to the GUARDIAN (www.iwgq.com) system can be provided to the Review Panel and staff by sending an email to guardian@aiccc.com stating the course that parties may wish to be enrolled in.

4) Consultative Decision Making:

- Views on AICCC processes and is the AICCC sufficiently representative
- Consultative processes in relation to AQIS import requirements
- Referral of matters to BA or third parties

The Nairn Review made reference to the AICCC processes as follows:

The one notable exception is the AQIS Industry Cargo Consultative Committee (AICCC). AICCC is the peak consultative body for all issues arising from the management of Australia's quarantine strategy and the relationship between the cargo handling industry and AQIS. The objective of AICCC is to improve the effectiveness and efficiency of border control, and wherever possible coordinate the functions of all concerned to avoid duplication and enhance the smooth flow of cargo in and out of ports. More recently, the AICCC has developed industry-funded initiatives such as the Import/Export Cargo Clearance Study (AICCC 1996) to provide input to border programme development.

The AICCC is but one of wide range of Industry Consultative Committees that are part of the AQIS consultative network across all programmes. The Industry Consultative Committee structure and role was the subject of a joint AQIS / QEAC review assisted by an outside party. The outcomes and recommendations of the review were positive and assisted the consultative process. The IWGQ is mindful of and appreciated that QEAC took a proactive role in arranging all “chairs” of ICCs to meet in Canberra in 2002 to discuss common issues, exchange ideas and work on improving the consultative processes. It is suggested that the current ICC processes may well benefit from better consultative arrangements between ICCs and some external review by QEAC.

A broad outline of the AQIS / Industry Consultative arrangements has been provided in the introductory paragraph and attachments. The AICCC validates its membership and issues it deals with on an ongoing basis to ensure that all relevant activities of the programmes and the affected industry parties are covered. Within the consultative frame work of the AICCC a number of levels of consultative

arrangements are in place all aimed at providing a framework for informed and consultative decision making.

National Consultative Committees:

The Imported Food Consultative Committee (IFCC) and the Biological Consultative Group (BCG) are two national consultative committees within the AICCC framework dealing with technical and operational issues. QEAC members are assigned to and attend the meetings of these two committees.

National AQIS Industry Working Groups that cover:

- Commodity specific issues such as second hand machinery, timber, fertilizer to name a few.
- IT systems developments on a wide range of AQIS industry interfaces
- Activities specific issues such as shipping, express courier, fumigation etc
- Some special industry issues such as the importation of fertilizer is at times covered by the respective industry association such as FIFA without any direct link to the AICCC.

Regional AQIS / industry contact groups:

- Regional specific issues relating to Quarantine Approved Premise, Border Clearance, Port and airport related infrastructure etc.
- Cargo Facilitation Committees, Port Task forces
- The IWGQ is aware that a number of “ad hoc” consultative arrangements are in place in some activity areas which address specific and often isolated issues

Consultative Working Groups

AQIS convenes specific consultative groups consisting of parties that have specific knowledge and skills in defined commodity areas such as the “Low Risk Wooden and Related Article” group. **Attachment 9** provides some background, the project plan and some examples of the work carried out by this group. Similar groups are established from time to time on an “as required” basis.

The IWGQ also participates in the Cargo Management Committee (CMC) meetings. The CMC is the internal AQIS governance committee for the Import Clearance, Seaports and all stakeholder programmes. The IWGQ assumes that AQIS has provided detailed information on the role and membership of the CMC in its briefing notes to the Review Panel. The attendance, in an observer status, provides another opportunity for industry to interface with senior national and regional staff and to exchange views, provide input and feed back as well as establishing relationships and communication channels that are helpful in the normal course of business in particular for associations who need to provide guidance to members on AQIS related matters.

BA was a member of the AICCC for some time but with the changes in the DAFF arrangements BA ceased to attend AICCC meetings as well as participating in the “out of session” consultative processes which is regarded as a retrograde step by the IWGQ and should be addressed. Paragraph 5 also refers

The IWGQ suggest that the lack of transparency of and access for industry to BA may be addressed by BA being reinstated as part of the current advisory / consultative processes. Priority setting and information exchange processes would certainly benefit and paragraph 5. below notes some concerns in this area.

5) External Input to Quarantine Policy:

- Industry concerns that too many 'Small' issues are being referred to BA delaying operational processes
- Ability to engage other than BA input, such as third parties, to assess risks.
- Quarantine and Exports Advisory Council

The IWGQ is aware that, since the Nairn Review was dealing with this aspect, the structure of the Department has seen a change in the role of Biosecurity Australia from being an integral part of AQIS to being, for all intents and purposes, an "external" party that provides input into AQIS's quarantine policy. The current Product Integrity, Animal and Plant Health (PIAPH) division of the DAFF was also a part of AQIS which, at the time of the Nairn Review, was a division of then DPIE that covered all angles and issues relevant to biosecurity and quarantine.

Whilst the IWGQ is limiting its submission in this area to more operational and service delivery issues there certainly is a view that AQIS, when it included BA and PIAPH, was a much more functional and efficient entity.

The IWGQ is concerned that the current processes appear to see AQIS obliged, or even to cover their own concerns about being held accountable for decisions, to refer a multitude of what are considered to be minor and routine decisions on quarantine issues to BA for "advice" / risk assessment. Whilst the IWGQ is not privy to the details of the "referral policy" it appears that few decisions on quarantine risk issues are taken without reference to BA or, to a minor degree, to PIAPH. This has resulted in some substantial delays in applications for the clearance status for a range of products. The root cause of this referral system is thought to be driven by political and public reaction resulting in over-cautious, process driven and prescriptive processes which have a detrimental effect on quarantine issues being addressed in a timely and considered fashion. This also impacts on AQIS's service delivery and efficiency performance and, to a degree, on its reputation in the industry. AQIS is being seen as an organisation not able to make decisions on minor matters for reason noted above which are difficult to explain in today's environment.

The IWGQ submits that, if external advice on relatively minor issues is considered essential, than a wider field of expertise be engaged such as the CSIRO, Universities etc in an effort to speed up the current processes.

It is noted that that the decisions relating to quarantine issues rests with AQIS and in turn its decisions, in the majority of cases, are based strictly on the advice of BA irrespective as to its lack of expertise in the wider logistics and commodity processing area .

As these issues have an impact on AQIS's service delivery and efficiency performance it should be addressed, preferably by reverting to the previous modus operandi where suitably qualified AQIS staff, such as members of the operational science unit, made routine decisions.

The IWGQ is aware of the role of QEAC and welcomes the recent resumption of "Programme Reviews" initiatives which are a positive external input for AQIS in relation to their programmes. Many of the issues covered by the QEAC Review of the Import Clearance Programme are the same as those raised in this submission.

6) Enhanced Capacity in Delivering Quarantine Objectives:

The Nairn Review identified seven principles that it considered should guide the direction of AQIS programmes

- Programmes should be national in their approach
- Objectives, formulation of policy and delivery within and between programs should be consistent
- Programmes should be effectively coordinated to ensure objectives are met
- Programmes should be transparent
- Effective consultation and communication are necessary to ensure community awareness and ownership of programmes
- Programmes should aim to maintain or improve the protection of Australia’s human, animal and plant health status and its natural environment
- Programmes should reflect Australia’s national and international obligations

The IWGQ view is that the directions of AQIS’s quarantine programmes are, in broad terms and wherever feasible, in line with the above principles. The IWGQ is mindful that AQIS has administered the quarantine regime as a national organisation from around 1996 onwards until which time quarantine services in NSW, Victoria, QLD and SA were delivered by State Departments of Agriculture or similar organisations. NT and WA became part of AQIS only in 2004 leaving Tasmania, where the state organisation “Quarantine Tasmania” administers AQIS requirements and services. Whilst AQIS has made considerable efforts to have a nationally consistent approach it is inevitable that regional history, policies and attitudes still impact on some activity areas which results in some varying approaches to quarantine. The IWGQ is aware of and fully supports the current AQIS initiatives being undertaken to achieve national consistency in its approach to the programmes’ and inter - programmes’ policies and service delivery. The IWGQ submits that, unlike a range of other Government agencies in the border clearance field, AQIS is dealing with issues which are often a matter of judgment based on a wide variety of considerations that require specific skills and which are often expected to be made within very short time frames. In view of this consistency in decision making may not be as achievable as it is in other areas of border clearance activities

Through participation in a variety of consultative initiative outlined previously in this submission the IWGQ submits that the relevant AQIS programmes are transparent and that effective consultation and communication processes to ensure awareness and “ownership” are in place in line with the principles outlined in the Nairn Review

7) Efficiency of Cargo Management Processes:

Sections 1 to 6 have covered a range of areas of concern to the IWGQ many of which are closely connected to the efficiency of the programmes under reference. Mr. Paul Hickey QEAC together with Mr. Tim Chapman, AQIS’s National Manager Cargo Management and Shipping, Mr. Stephen Morris QEAC, Mr. H. Krtschil Chair AICCC with the assistance of AQIS staff have recently completed a review of the Imports Clearance Programme and the outcomes of that review align closely with the views of the IWGQ membership.

The major conclusions of the review are as follows:

- Urgent need for IT modernisation
 - Develop case for capital injection based on public interest arguments
- Develop ‘real time’ risk profiling capability through all elements of the logistics chain
- Expand Co-regulatory systems
 - Extend current AEP-Commodities schemes
 - AEP for major importers and other activity areas such as Express Carriers
 - Reduce audit frequency for highly compliant service providers

- Make greater use of the permit process to specify import conditions for goods which would then be subject to an audit regime rather than developing full co-regulatory arrangements
- Streamline co-regulatory administration arrangements
 - Remove re-registration requirements for QAPs, CAs etc
- Develop consistent audit/sanctions policies for Co-regulatory systems
 - Strengthen incentives for sustained high performance
- Implement major efficiency measures
 - Abolish 100% inspection for HVLV and ULD and replace with periodic leakage surveys
 - Abolish 100% inspection for ECIR, move to risk profiling system and extend QAP/CA arrangements to include ECIR
 - Develop an ongoing efficiency agenda incorporating the options already developed through the Cargo Management Committee
- Review cost recovery processes currently in place such as the current fee determination that exempts a range of services from the application of fees thus creating cross subsidisations issues.

Whilst the above makes specific reference to the Import Clearance Programme many of the underlying principles apply to the Seaports Programme such as better risk targetting modification of the current IQI regime, recognition of compliant behaviour etc.

As noted previously the review team will present its findings to QEAC on 6th May 2008 and the IWGQ suggest that rather than including the detailed information, findings etc in this submission it may be helpful for the Review Panel to obtain the QEAC Programme Review report and meet with the team that conducted the review.

The major areas of concern to the IWGQ are:

- IT Issues -in particular the urgent need to align current systems, modernise AIMS and re-develop ICON. These developments to be budget funded.
- Efficiencies – abolish the current HVLV and ULD IQI measures, modify the ECIR and generally integrate measures into current commercial processes, introduce efficiency measures developed by the CMC
- Expand Compliance Schemes and the “Shared Responsibility” concept –throughout the continuum of quarantine
- Improved risk management including the current BA referral process, better science based assessments and improved profiling in the ICS
- Cost Recovery – to ensure that Community Services Obligation CSO funding is properly applied, that exemption from cost recoveries in the current fee determination be eliminated and a general review to ensure that inter – programmes cross subsidisations and contribution to Departmental overheads are properly addressed.