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Quarantine and Biosecurity Review Secretariat
Department of Agriculture, Fisheries and Forestry
GPO Box 858
Canberra ACT 2601

SUBMISSION IN REGARD TO THE QUARANTINE AND BIOSECURITY REVIEW

ABB Grain Ltd is pleased to respond to your public invitation to make a submission regarding the review of existing Quarantine and Biosecurity arrangements.

About ABB Grain Ltd

ABB Grain is a South Australian based company and is a leading Australian integrated agribusiness with a multi-faceted operation and international focus. The company's diverse range of services spread across the entire supply chain, including accumulation, storage, malt, processing, logistics, fertiliser, financial services, marketing, ship chartering and trading.

With a national presence ABB Grain accumulates from all grain growing regions across Australia. Providing a range of grower friendly marketing options to over 21,000 growers throughout the Australian broadacre cropping regions, the company trades in all grain commodities and is now one of the nation's largest wheat traders.

ABB Grain's operations in New Zealand, located in Auckland and Christchurch, are focused on the trading and distribution of grains, proteins and feed ingredients.

The company's network of 111 country silos extends throughout South Australia and also includes two sites in Victoria and seven export shipping terminals with a capacity of more than 10 million tonnes. In addition, ABB jointly owns with Japanese trading company Sumitomo, Australian Bulk Alliance (ABA), a grain storage and handling company based in the eastern states. The ABA network covers seven grain storage sites in Victoria and New South Wales, and a 50% ownership of the Port of Melbourne grain terminal.

ABB has extensive experience in servicing the international and domestic barley and wheat markets, built over 50 years of developing marketing relationships. While exporting to over 40 countries across a range of commodities, our key trading partners in world barley trade are based in Saudi Arabia, China, Japan, United Arab Emirates, Taiwan, South Korea and South America.

ABB Grain's malting division, Joe White Maltings, is one of the world's largest producers and exporters of malt with the capacity to produce 500,000 tonnes per annum. The eight malting plants strategically positioned across Australia include the largest malthouse in the southern hemisphere, situated in Perth (WA). Over 75% of Joe White's production is exported, primarily to the major breweries in Japan, Korea, Philippines and other south east Asia breweries.

The company's Professional Grain Services subsidiary specialises in packing bulk and bagged

grain in shipping containers for export, as well as providing a full range of storage, grain cleaning, grading and bagging facilities.

Quarantine and Biosecurity

ABB strongly supports the roles of Biosecurity Australia in determining the risks associated with the import of goods into Australia and of the Australian Quarantine & Inspection Service (AQIS) in implementing procedures to manage those risks.

ABB supports the current objectives of Australia's quarantine and biosecurity policies and risk management measures as described in the issues paper. We believe it is essential Australia is able to enhance the national interest through a science-based process that manages the risk of the entry, establishment or spread of pests and diseases not present in Australia that could cause significant harm to people, animals, plants and other aspects of the environment

ABB's support of these is driven primarily by the fact that the export of grains is a significant source of Australia's export income. If exotic pests and diseases, such as Kaphra Beetle and Karnal Bunt were to establish in Australia they would have a devastating effect on Australia's ability to export grain and therefore on Australia's economy.

We also recognise that other countries may try to use the application of quarantine as a negotiating tool. Science based processes make the assessment of risks associated with the import of goods more transparent and where necessary makes the justification of Australia's import requirements easier.

In addition to our export activities ABB is also a significant importer of goods for use in various agricultural industries. It is important that any restrictions on the import of goods into Australia are applied to the extent necessary to protect Australia's agricultural industries, while still allow the import of products that will allow those industries to function effectively.

Science based processes are therefore important so that risk can be objectively measured and more importantly, justified when compared to, or challenged by, others.

In respect to the current review, ABB believe that the current review is very timely and provides us with the opportunity to improve the manner in which quarantine and biosecurity services, both for imports and exports, are delivered. There are a number of broad areas that are of critical importance in ensuring Australia remains competitive in an increasingly diverse agricultural environment. These include facilitation, communication, resources, improved technology and skills, responsiveness and research. While these are board areas, to assist the review panel we have provided responses to some of the specific questions raised.

Appropriate Level of Protection

ABB agrees with the principle of Australia's current stated Appropriate Level of Protection (ALOP) – "as being a high level of sanitary and phytosanitary protection, aimed at reducing risk to a very low level, but not to zero".

We acknowledge that it would be impossible to implement a zero risk policy as the cost of doing so would not be economically sustainable and in some cases may prohibit the movement of people and goods.

Q. Are Australia's quarantine and biosecurity systems appropriate to maintain its ALOP (very low risk, but not zero)?

We need to be sure we have the appropriate resources to conduct effective assessments and that we have the necessary information and have undertaken necessary research where gaps may exist.

The recent incident where an incursion of an exotic pest into WA was not detected through normal

quarantine protocols therefore raise some concerns about how the risk associated with some goods is being assessed. In this particular instance while the infestation was ultimately detected and eliminated, the implications cannot be ignored. There has been a significant increase in container trade in recent years and we are concerned about the ability of our quarantine and biosecurity systems to meet this additional workload. We need to ensure that we not only have appropriate resources, but that have the ability to collect information relating to the detection of exotic pests. There may also need to be a review of the risk associated with both empty containers and the goods within a container. While grain products clearly present a serious identifiable risk, infestations and residues within containers used for non-grain shipments (household goods) can possibly present an equally serious risk.

Q. Is ALOP understood and applied in a consistent way? Is it achieved in a way that is not more trade restrictive than required?

We believe that both what constitutes a very low level of risk and the mechanisms by which a very low level of risk is determined are not well understood. The term "appropriate" is very subjective and this can lead to some confusion when trying to determine a level of risk for different situations. Certainly what some people believe to be very low may in fact be zero, however, given the example cited above, we need to be certain we are assessing a very low level of risk appropriately.

Q. Do Australia's risk assessments (including import risk analyses) competently and comprehensively assess risk and risk management issues when providing advice on market access requests and import applications? Are they sufficiently timely?

In respect to the timeliness of risk assessments being completed, ABB has serious concerns about the level of resources available to conduct these assessments. ABB has had a request for an import risk assessment with Biosecurity Australia since 2004. Some four years later we are still to be advised that an assessment of this application has commenced. The product in question has been approved for import into New Zealand and has been on sale there since early 2001.

Q. Are the arrangements for sharing pest and disease information between the Commonwealth, the states and territories and industries working adequately?

From ABB's experience it is extremely difficult to find data on the presence of pests and diseases, both at a regional and national level. This information is particularly important when complying with the quarantine requirements of importing countries, particularly where freedom from a particular pest or disease is required. This lack of information often leads to a requirement where certification is required on a load by load basis. This can be extremely, and sometimes unnecessarily, expensive.

In recent years there has been a progressive erosion of government support in the monitoring and certification for pests and diseases, particularly in respect to certification of "area freedom". As an example of this, AQIS has recently advised that they will no longer facilitate the identification of pests or diseases for exporters. This results not only in additional costs, but a real disconnect between AQIS and the State government agencies that have the expertise in these areas. Given that for this type of certification to be acceptable and that it is often un-economical for an individual business, or even sometimes an industry, to conduct the surveys necessary to obtain area pest and disease certification, it must be conducted under the auspices of an appropriate national authority.

We believe it is both appropriate and necessary for the federal and state governments to undertake the delivery of services relating to the status of pests and diseases within Australia.

Q. Are the arrangements for export inspection and certification effective? Are they consistent with Australia's international obligations?

The delivery of export inspection and certification should be in accordance with the requirements of the Export Control Act or to extent necessary to meet the importing countries quarantine requirements. ABB is concerned about how AQIS is interpreting its obligations under the International Plant Protection Convention. In recent years there has been a shift in the manner in

which AQIS has delivered these services, to a point where it has in some cases become uneconomical or impractical to export grain to certain destinations, although there have not been any issues with the product on arrival.

Q. Is the division of roles and responsibilities between government, industry and individuals appropriate? Are they working well in practice?

ABB believes there are opportunities for greater role sharing between government and industry in number of areas. As an example, under the current export arrangements AQIS believe they are unable to enter into bulk pre-inspection arrangements for prescribed grains. This inability for goods to be pre-inspected under the control of AQIS means that we are unable to confidently commit to contracts for the supply of grain into certain destinations. This often results in missed opportunities for Australian exporters.

Q. Should the current approach, which separates the roles and responsibilities of AQIS, Biosecurity Australia and the Product Integrity Animal and Plant Health Division, be integrated?

Q. Should the quarantine and biosecurity function be integrated within the Department of Agriculture, Fisheries and Forestry, or exist as a separate agency (statutory authority)?

As discussed previously, the main issue facing industry, particularly in respect to exports, is a shift in the manner in which AQIS is interpreting its obligations relating to export inspection and certification. If this shift is as a result of Biosecurity Australia operating independently of AQIS and the combining of these agencies under one department would allow inspection and certification to occur to extent necessary to meet our obligations, then we would support this. However if the change in application of inspection and certification arrangements are due to some shift in overall AQIS policy in respect to risk, then we are not sure the combining of these agencies will achieve any significant benefit. As a principal, the combining of the agencies under one department should result in better communication and coordination of activities.

Q. Should the same regulatory agency deal with both exports and imports?

While measures applied to products imported into Australia will be determined on the basis of risks to Australia, measures stipulated by importing countries will be determined by that country and may be different. There appears to be difficulty within AQIS to separate the level of inspection required to meet Australia's requirements and the level of inspection required to meet the importing countries needs. While it would be better to have a coordinated approach, unless the agencies responsible for exports and imports can be objectively independent of each other, and not operate to the detriment of the other, there should be separation of the agencies dealing with exports and imports. This may need to apply to both Biosecurity Australia and AQIS.

Q. Do any conflicts result from AQIS' joint responsibilities of facilitation and regulation?

Q. Should the regulator also be a facilitator?

In respect to exports it is clear that AQIS has difficulty being both a regulator and a facilitator. In recent years AQIS has become almost totally focuses on its role as a regulator and appears to have no role as a facilitator.

While we strongly support the need for grain exports to comply with the requirements of the importing country, the interpretation and application of the importing countries requirements should only be to the extent necessary to meet those requirements. In some instances an almost zero risk appears to have been taken. We believe AQIS can and should have a role in assisting industry export products. We believe that it is possible for AQIS to both regulate and facilitate exports while meeting our international obligations.

The benefits to Australia ultimately come from the export of products, however if the requirements of the importing country are interpreted to the extent that exports can not occur, then the whole economy suffers. Likewise, the rejection of products by the importing country because they fail to meet import requirements is unacceptable. Clearly the roles of regulation and facilitation must operate as one.

Q. To what extent and under what conditions is it appropriate to use private facilities in the quarantine and biosecurity system? Are the current monitoring, auditing and supervision arrangements for public and private quarantine facilities effective?

It would be difficult for the government to provide all the facilities necessary to handle all imported products. An example of this is the provision of storage facilities for imported materials such as palm kernel expeller meal and soybean meal for use in the stockfeed industry. The capital investment required to build the necessary storage facilities would be significant and would ultimately be a duplication of existing storage. It is clearly better to use existing facilities. The use of these facilities must however be strictly controlled with appropriate procedures not only described, but properly monitored for compliance.

The use of approved quarantine facilities and the operating procedures by which those facilities are operated must be reflective of the risk each product presents, including appropriate assessment relating to the origin of product. This therefore requires the necessary resources both within Biosecurity Australia to do the risk assessment and within AQIS to audit those requirements.

Q. Are the requisite skills and disciplines available to deliver optimal quarantine and biosecurity systems? If not, what are the highest priority areas? Is the education and training of personnel with these skills adequate? If not what are the highest priority areas?

It is essential that AQIS and Biosecurity Australia have the skills necessary to not only assess the risks to Australia of imported products, but to support our export programs. We believe there needs to be a greater emphasis on the development of skills and expertise, particularly in the export programs. In recent years AQIS have taken the view that they are not sufficiently skilled to identify pests and weed seeds that may be subject to restrictions. This has caused very significant delays and costs to exporters where AQIS are unable (or unwilling) to identify a weed seed, even though the species may be acceptable.

Q. Is infrastructure such as diagnostic laboratories and containment facilities adequate to meet quarantine and biosecurity needs? If not what are the highest priority areas?

ABB is concerned that AQIS have recently terminated their contractual arrangements with various diagnostic laboratories. As a result AQIS have advised industry that they must now request and pay for the identification of suspect insects. As discussed earlier this could lead to a disconnect between and AQIS and the diagnostics expertise within Australia. From our perspective this is simply a cost cutting exercise by AQIS.

Q. Are the various industry consultative arrangements with AQIS appropriate and effective?

The AQIS Grains Industry Consultative Committee (AGICC) is the prime mechanisms through which AQIS and the grains industry should be providing two way discussions on issues relevant to the grains industry. The composition of AGICC is appropriate and has a good representation of all grains industry participants. AGICC has fulfilled its role well, however recently AQIS appear to have had a change in their attitude towards AGICC and are not willing to discuss issues with industry. For there to be effective communication with industry on issues, it is essential that AQIS consult and discuss issues with industry. This is fundamental to any facilitation role that AQIS must have.

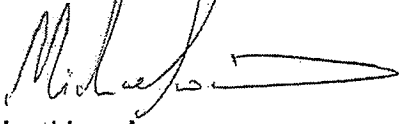
Q. Is research appropriately funded, coordinated and prioritised?

ABB, along with a number of other grains industry partners, the GRDC and the federal government, contributes to the funding of the CRC for National Plant Biosecurity. The CRCNPB provides coordination of various research projects that relate to quarantine and plant biosecurity and consults with endusers to set priorities for research. While there are a range of research projects within the CRCNPB, projects specific to quarantine and biosecurity are designed to improve our ability to detect and diagnose exotic pests. There is however a need to provide this type of research into the future and the ongoing funding of this type of research is essential.

I trust this information is of assistance to you in your review of existing Quarantine and Biosecurity arrangements and we look forward to an opportunity to discuss this with you. If you require any

further information or would like to discuss any of the issues raised, please contact Mr Geoff Masters (08 8304 5104).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Iwaniw', with a long horizontal flourish extending to the right.

Michael Iwaniw
Managing Director