



Fruit
Growers
Tasmania Inc

SUBMISSION

To

*Review of Australia's Quarantine and
Biosecurity Arrangements*

A Review of Importance to the Tasmania Deciduous Tree Fruit Industry

Table of Contents

1. Introduction

2. Tasmania's Quarantine Status

3. Response to Review Criteria

International Market Access

3.2 Regional - Acceptable Level of Protection (ALOP)

Delivery of AQIS services in Tasmania

4. Summary of Recommendations

1. Introduction

Fruit Growers Tasmania (FGT) is the representative organisation for the Tasmanian tree fruit industry with over 200 grower, packer and exporter members. FGT is an incorporated non-profit organisation with a proven track record in administration and project management. The organisation is also an experienced facilitator and coordinator of state, national and international initiatives on behalf of the Australian fruit industry including scientifically based international market access and trade negotiation, commercial export programs and education and training.

FGT works in close cooperation with AQIS and Biosecurity Australia (BA) in relation to export and international market access. FGT has a high level of understanding of quarantine matters at both national and international level and, as a reference, is guided by the findings and recommendations of the 1996 Nairn inquiry into Australian Quarantine. Through its work in partnership with AQIS, BA and the Tasmanian Government, the Tasmanian fruit industry has gained a reputation as a leader in international trade development on behalf of the Australian tree fruit industry.

FGT is managed by an elected board of industry representatives who are professionally supported by business development and administrative staff. FGT has a good working relationship with all levels of government and has affiliations with the tree fruit industry's national peak bodies, Horticulture Australia Ltd and research organisations such as the Tasmanian Institute of Agricultural Research and the University of Tasmania.

Most sectors of the Australian deciduous tree fruit industry are currently experiencing difficulty due to climatic and international trade issues such as reduced international quarantine market access and the higher value of the Australian dollar. Australian horticultural exports have fallen by almost AU\$200 million in the past five years and in 2005/2006 Australia became a net importer of horticultural products.

Despite these setbacks, the Tasmanian fruit industry has demonstrated a high degree of resilience and is continuing to demonstrate strong growth through investment of \$100 million over the past five years in new orchard planting, packing and processing infrastructure to meet increasing consumer demand for high quality product within Australia and in international markets. Investment in the Tasmanian fruit industry is being driven by the knowledge that financial rewards can be gained by providing premium quality product for the upper end of world markets.

New private sector investment in the Tasmanian fruit industry over the past five years has not been confined to traditional fruit growing family businesses. Recent investment is spread over more than 100 new industry participants including many small to medium enterprises and some larger corporate projects of over \$10 million. It is anticipated that a further \$50 million will be invested in the Tasmanian fruit industry over the next five years.

The biggest and most positive influence that has attracted recent investment in Tasmania's tree fruit industry is the opportunity that exists to gain international market access for Tasmanian produce due to Tasmania's unique quarantine status.

Under the theme of 'Brand Tasmania' the island state has capitalised on its clean environment and food safety standards to the extent that Tasmanian is recognised as "punching above its weight" in national and international quality food markets. Tasmanian's quarantine status is a key factor in this achievement and must be protected at all cost.

2. Tasmania's Quarantine Status

From a national and international perspective, Tasmania is unique in terms of Australia's quarantine and biosecurity status. The island state's relative isolation from mainland Australia, and from Australia's near neighbours to the north, has assisted in maintaining many pristine natural attributes from the era predating European settlement. The natural barrier created by Bass Strait and Tasmania's temperate maritime climate has also assisted in maintaining the state's area freedom from many pests and diseases of international concern.

The Tasmanian Government has invested heavily in building the state's quarantine capability and, due to the non-existence of free flowing vehicular traffic into the state, border surveillance of interstate passengers and cargo at all sea and air ports is to a standard almost equivalent to Australia's international quarantine border control. Monitoring and surveillance programs for pests and diseases such as Fruit Fly are ongoing and come at a high cost to the Tasmanian community. Investment in such programs is recognised as being essential to Tasmania's primary industry, forestry and aquaculture sectors who are all major contributors to the state's economy.

Tasmania's quarantine status provides several horticultural export opportunities that do not exist throughout mainland Australia. As an example, Tasmania is the only region to hold quarantine market access for cherries to key international markets such as USA, Japan and Taiwan.

Tasmania's unique quarantine status is highly valued by the Tasmanian Government and the Tasmanian community. Quarantine awareness training and education programs aimed at all levels of the community from primary schools through to the successful Steve Erwin television campaign have also played a key role in building very high quarantine awareness in Tasmania. The high level of public cooperation with the Tasmanian quarantine agency has led Fruit Growers Tasmania to believe that there is possibly a higher level of understanding in Tasmania than appears to exist in most other regions of Australia that quarantine is a shared responsibility.

3. Response to Review Criteria

3.1 International Market Access

Firstly, Fruit Growers Tasmania wishes to express concern that the Terms of Reference for the Review do not seem to place a very high level of priority on the revision of Australia's international quarantine market access negotiation processes compared to;

- Examination of the appropriateness, effectiveness and efficiency of current arrangements to achieve Australia's ALOP.
- Public communications, consultation and research and review processes.
- Resourcing and systems / services
- Governance and institutional arrangements

Quarantine market access is currently the greatest encumbrance to the Australian tree fruit industry's efforts to reach its full potential in international markets. Australia has actually lost ground in some key markets in recent years and the financial consequence for some sectors, especially the stonefruit industry, has been devastating. **Australian horticultural exports have fallen by almost**

AUS\$200 million in the past five years and in 2005/2006 Australia became a net importer of horticultural products.

When benchmarking Australia against major southern hemisphere competitors, i.e. Chile and New Zealand, Australian horticulture is lagging a long way behind in gaining quarantine market access to new rapidly emerging international markets.

This situation can partly be apportioned to Australia's agricultural trade policy whereby much resource has been directed towards multi-lateral negotiation through the World Trade Organisation's Doha round of discussions which have, so far, yielded little return for Australian horticultural producers. As an example, FGT contests that Chilean trade negotiators have been much smarter than Australia in that they have, in addition to participating in WTO multi-lateral discussions, negotiated bi-laterally to achieve Free Trade Agreements (FTA) with key horticultural importing countries such as the USA, Japan, South Korea and China.

Under an FTA, Chile would receive priority in processing of its horticultural market access applications over and above any non-FTA country. Australia's horticultural exporters are now finding that, not only are they a long way behind in gaining market access, when they do finally gain entry to the major markets, Australia's southern hemisphere competitors have already gained earlier market access and have established a strong position in the market.

It is clearly the case that non-quarantine trade advantages (FTAs) that have been gained by Australia's southern hemisphere horticultural export competitors are having a detrimental effect on Australia's ability to achieve positive quarantine market access outcomes in a commercially acceptable timeframe.

FGT wishes to clearly state that it supports the Australian Government's strong stance on the importance of sound scientifically based quarantine negotiation, however, it is a fact of life that, with the opening of international trade under WTO and regional trade alliances, quarantine has become another method of restricting agricultural trade. There is also a rapidly emerging expectation in many countries for reciprocal trade benefits to flow from granting quarantine market access. **It is therefore naive of Australia to expect that stand alone scientifically based international quarantine market access applications put forward by Biosecurity Australia as the sole negotiator will provide the desired outcome in a commercially acceptable timeframe.**

Given the major changes in the international trading environment since the Nairn Inquiry in 1996, FGT is firmly of the opinion that international quarantine market access negotiation for Australia's primary industry products needs to be urgently reviewed.

FGT recognises that there are always over-arching high level trade policy issues associated with Australia's international trading arrangements along with lower level commercial/political influences within most importing countries, **FGT is of the opinion that a strategic three tier approach involving Department of Foreign Affairs and Trade (DFAT), AQIS/BA and Industry will provide the best model to achieve market access outcomes.** There is currently too much reliance placed upon BA as a stand alone negotiator.

Whilst FGT enjoys an excellent working relationship with Biosecurity Australia, AQIS and Horticulture Australia Limited through the Horticultural Market Access Committee (HMAC), **FGT wishes to recommend that the current role and responsibilities of BA be merged back into the AQIS structural framework.** This would be a first step towards better utilisation of Australian Government resources through the removal of the "fuzzy line" that exists between the roles and responsibilities of the two organisations. Communication between BA and AQIS has also been noted as an issue during FGT's

ongoing working relationship with both organisations. This would also be overcome through such a restructure.

3.2 Regional - Acceptable Level of Protection (ALOP)

Fruit Growers Tasmania is a strong supporter of the Tasmanian Government's initiative to develop an independent scientifically based Acceptable Level of Protection (ALOP). FGT believes this initiative is in keeping with Tasmania's special needs for a higher level of protection against certain pests and diseases that could have a greater effect on Tasmania's biodiversity than may be justifiable in other regions of Australia.

Whilst standardisation of national, interstate and regional quarantine standards may be an easy and more manageable task for AQIS and BA, the concept is impractical in a country the size of Australia. FGT is of the opinion that this notion is also accepted by Australia's agricultural trading partners who have, for the purpose of granting market access, accepted certain geographical regions of Australia as being free of particular pests and diseases such as Fruit Fly. Conversely, AQIS and BA have accepted without challenge restricted/regional market access to other countries for some Australian fresh produce due to concerns about regional biosecurity within the importing country.

Recognition and protection of Australia's varying regional quarantine values should be seen by the Australian Government as an opportunity to improve Australia's international market access opportunities rather than facing the risk of having a total market access lock-out for certain products due to failed market access negotiation based on Australia's lowest quarantine common denominator.

FGT is of the opinion that the Tasmania Government should be applauded and supported for taking a lead role in bringing Australia's ALOP to a regional level in a similar manner to Australia's trading partners. The development a regional ALOP is after all, an example of the continuum of quarantine to a finer level.

FGT has been disappointed at the attitude of BA in relation to the development of a state based ALOP on the basis of conflict in relation to national policy on the Acceptable Level of Risk for some imported products. **FGT therefore recommends to the Review Committee that it should examine the legislation relating to Australia's ALOP to ensure geographical regions of Australia can establish a scientifically base ALOP to compliment the national risk profile.**

3.3 Delivery of AQIS services in Tasmania

Tasmanian fruit industry is highly satisfied with the level of service provided by AQIS in Tasmania through a Memorandum of Understanding (MOU) with the Tasmanian Department of Primary Industry and Water (DPIW).

Quarantine Tasmania is a highly professional and well managed organisation that is vertically integrated through its involvement in state, national and international quarantine. The broad spectrum of duties performed by Quarantine Tasmania across the entire Tasmanian community provides an early warning system against any incursion of unwanted pests or diseases and contributes greatly to the continuum of the Australian quarantine system.

Quarantine Tasmania has 90 staff members, 80 of whom are trained and registered to deliver AQIS services in Tasmania. AQIS currently funds only 2.5 positions in Tasmania. As much of Tasmania's export activity is seasonal with large peaks in demand for AQIS inspections and export certification, it is not uncommon

for the Tasmanian agency to deploy up to 20 staff on any given day to provide the AQIS service. This is particularly evident during the summer months when, on certain days, thousands of passengers may arrive directly from overseas into Tasmanian ports on a multiple of large cruise ships. Quarantine border checks on entry of such a large number of passengers alongside delivery of regular services to exporters and importers can only be provided through the resource capability of the agency system.

Tasmania remains the only state or territory of Australia where the AQIS services are provided through the state agency. The excellent level of service to importers and exporters could not be provided under the current level of AQIS funding without the flexibility of the state agency to provide increased resources in periods of peak demand. Significant additional funding would be required for AQIS to provide a comparable service through provision of permanent AQIS staff based in Tasmania.

It is therefore recommended that the Review Panel endorse the delivery of AQIS services in Tasmania through the continuation of the MOU between AQIS and the Tasmanian Government.

4. Summary of Recommendations

- 1) FGT recommends that Australia's current system for undertaking international quarantine market access negotiation be restructured. FGT is of the opinion that a strategic three tier approach to international market access negotiation involving DFAT, AQIS/BA and Industry will provide the best model to achieve market access outcomes.**
- 2) FGT recommends that the current role and responsibilities of BA be merged back into the AQIS structural framework.**
- 3) FGT recommends to the Review Committee that it should examine the legislation relating to Australia's ALOP to ensure geographical regions of Australia can legally establish a scientifically base ALOP to compliment the national risk profile.**
- 4) FGT recommends that the Review Panel endorse the delivery of AQIS services in Tasmania through the continuation of the MOU between AQIS and the Tasmanian Government.**