

Senate Rural and Regional Affairs and Transport Legislation Committee

**Questions on Notice – Wednesday, 8 May 2013
Hobart, TAS**

Inquiry into Biosecurity Bill 2012 and the Inspector-General of Biosecurity Bill 2012

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**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE**

**Inquiry into the Biosecurity Bill 2012 and the Inspector-General of
Biosecurity Bill 2012**

Public Hearing Hobart 8 May 2012

Questions Taken on Notice – Primary Industry Biosecurity Alliance

1. HANSARD, PG 12

Senator MILNE: In the context of what Beale recommended and what the bill offers, there was the recommendation that an independent commission and authority might go to some of those issues. Can you outline your view about Beale's recommendation that there be an independent commission and authority?

Ms Brock: On that particular area, as Terry has mentioned, sometimes the practitioners on the ground seem to have more up-to-date, faster foot movement than the scientists who are relying on previous written work. As previously mentioned—I think the question was asked by someone at the end of the table—if there is nothing written, how can we harness what is already happening on the ground if we have a threat that has not been recognised anywhere at this point? The whole idea—and the reason PIBAA was formed—was so that information could be exchanged. And part of this Beale recommendation was that the people on the ground could exchange this information—what is happening amongst the industry groups, what is happening with the threat—and to look at whether we can harness that information and marry it with a scientific recommendation of how to solve a problem. To us, this bill does not seem to address any requirement for that information.

Senator MILNE: Are you satisfied with the list of reviewable decisions?

Ms Brock: Half satisfied, Christine.

Senator MILNE: Okay, half satisfied. Can you outline the other half of what you are not satisfied about?

ACTING CHAIR: I might just note that quite a few senators have questions.

Senator MILNE: Okay. Maybe you could take that on notice and come back to us.

2. HANSARD, PG 13

Senator NASH: This seems to be a really important issue in all the discussion we have around cost recovery. It seems to me that the issue of biosecurity is actually one of national interest and public good.

Mr Sanderson: Yes.

Senator NASH: Why has it evolved to these cost-recovery models we are seeing now and why is there a lack of recognition of the public good that the whole biosecurity process contributes to?

Mr Sanderson: That is a very complex question. Part of it is the fact that the vast majority of consumers are quite divorced from food production. They live in urban areas. They go to the shop to get their food, they buy it as cheaply as possible, they go home and they cook it at home, and they throw half of it away; whereas primary producers live and breathe biosecurity. For instance, in the wine sector if we want to import new germplasm material, we have to go through biosecurity issues to get it from the mainland, or we can get it from overseas but that is even trickier. There is a time delay. There are issues of getting it into the ground because there is a finite planting period from when the cuttings are taken. So primary industries are actually on the front-line for biosecurity. We deal with it all the time and I think that is possibly why it is seen as a primary industry issue rather than a general public issue.

Senator NASH: How do we get the public good focus back onto it?

Senator MILNE: Include the environment.

Mr Sanderson: Indeed.

Senator NASH: I am very happy for you to take that on notice. I think this is really important. This is one of the key things relating to this whole issue. I think the mindset has changed in completely the wrong direction. If you could take that on notice for me and give it some thought.

Mr Sanderson: I will take that on notice with one word: education.

3. HANSARD, PG 17

Senator NASH: Very well answered by Senator Colbeck! On a slightly bigger picture, one of the issues that is raised with me constantly right throughout the agricultural sector and the horticultural sector is the issue of profitability and lack thereof in so many areas. I want to go back, Mr Sanderson, to a point you made earlier, which was that people and consumers have been educated to expect clean, green, cheap, safe food. Maybe you can take this on notice. I am sure you are going to come back about education as well, but I am interested in some expanded thoughts around this on notice. That is all fine, but how do we educate people that, if farmers are not profitable, there is not going to be any domestic industry? We are going to become a nation of importers with no quality assurance and no security of supply. It seems like this mismatch, that we have educated consumers to expect this clean, green, cheap food that we provide, and yet there is no education around the issue that farmers actually have to make a profit to be sustainable. Could you take that on notice, given the time constraints, and give us your thoughts?

Mr Sanderson: Yes.

Senator NASH: That is to all three of you as well, not just you, Mr Sanderson. Thanks.

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Response:

The list of Reviewable Decisions, whilst extensive, does have some obvious omissions, particularly in relation to appealing an import decision from the perspective of stakeholders who are appealing against a decision from DAFF to allow imports of particular products. There should not be a complete list of Reviewable decisions as the biosecurity sphere is exceptionally wide and therefore it is impossible to limit it to a specific list – no matter how comprehensive. A development of a

Biosecurity Commission (or similar) would allow any decision to be reviewed or appealed based on merit.

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Mr Sanderson: I will take that on notice with one word: education.

Response:

Without doubt the issue of cost recovery is an emotive one however industry would recognise that cost –sharing is an inevitable outcome (depending on the ratio). Full cost recovery is however totally unacceptable for several reasons. As Beale states – biosecurity is a shared responsibility between industry government and the general public. Given that we share the benefits of a strong biosecurity system we also share the consequences of a poor biosecurity system. Primary industry provides employment, export income, regional diversity etc and therefore a biosecurity breach could have a severe economic impact to a region. Furthermore breaches in biosecurity which threaten primary industries could well occur due to tourism (bringing pests and diseases into Australia or spreading

the around Australia) or through ignorance/incompetence of hobby farmer, bushwalker or recreational fisherman.

Furthermore how do we recover fees for biosecurity breaches which effect the environment (land and aquatic) or the general population such as fire ants and house borers?

The only reason cost recovery is being pushed onto industry is because it is the easiest method to recover costs - through service delivery fees. Biosecurity can affect us all – tourist operators, home owners, hobby farmers etc and therefore to push cost recovery onto 1 sector (primary industry) is not only unfair but flawed in reasoning.

We live in a society where the vast majority of the citizens live in urban areas and are by and large divorced from the reality of where their food comes from and why this may be important. For many, the origin of food is only important if it offers an assurance of quality and authenticity (for example, Roquefort cheese). Most food from restaurants, cafes and fast-food purveyors carries no statement of origin. For many people the concern is not food origin, nor whether it is produced sustainably or ethically, nor the distance it has travelled to get to them: it is price.

The major food retailers from the perspective of primary industries appear to be happy to crush the productivity of local, high quality sustainably produced food for the sake of incremental returns at the end of the fiscal year, eventually replacing it with food imported from elsewhere in the world produced in conditions that may not be environmentally sustainable or offering fair remuneration to farmers and workers.

An education campaign would be a good start. The “Keep Australia Beautiful” campaign I remember from my childhood has had moderate success in long term behavioural change, but not as much as the “Grim Reaper/HIV” campaign promoting safe sex, or the reduction in smoking rates by the incremental increase of price and the social exclusion brought about via legislation.

Education, though, can play a much bigger role in our society. By ensuring that case studies and examples in school curricula show the benefits of strong biosecurity and a healthy, productive and profitable Australian farming sector children can gain an awareness of it without having to have direct access to a farm.

Implement a national food safety and sustainability assurance system that addresses minimum requirements of land stewardship, social responsibility, chemical safety and responsibility (not just agricultural but during processing etc): If this was established (and I understand this would require an enormous effort) and supplanted the myriad of food safety and environmental management systems currently imposed on primary producers it would streamline the process for primary producers, many of whom need to abide by a different system (and incur the workload and compliance/audit costs) for each purchaser. The promotion of this system on products could assist buying decisions and also support arguments in favour of biosecurity.

Impose GST on imported foods: these foods are produced without the social and environmental infrastructure (minimum wages, social security, rigorous agricultural chemical regulation, environmental stewardship) provided by the Australian government yet compete directly with those from Australia which are required to take these into consideration. This is an unlikely scenario as it would be labelled as protectionist.

Compulsory labelling of all goods not produced in Australia with the environmental and social risks associated with imports.

3. HANSARD, PG 17

Senator NASH: Very well answered by Senator Colbeck! On a slightly bigger picture, one of the issues that is raised with me constantly right throughout the agricultural sector and the horticultural sector is the issue of profitability and lack thereof in so many areas. I want to go back, Mr Sanderson, to a point you made earlier, which was that people and consumers have been educated to expect clean, green, cheap, safe food. Maybe you can take this on notice. I am sure you are going to come back about education as well, but I am interested in some expanded thoughts around this on notice. That is all fine, but how do we educate people that, if farmers are not profitable, there is not going to be any domestic industry? We are going to become a nation of importers with no quality assurance and no security of supply. It seems like this mismatch, that we have educated consumers to expect this clean, green, cheap food that we provide, and yet there is no education around the issue that farmers actually have to make a profit to be sustainable. Could you take that on notice, given the time constraints, and give us your thoughts?

Mr Sanderson: Yes.

Senator NASH: That is to all three of you as well, not just you, Mr Sanderson. Thanks.

Response:

- Recognise agriculture as a key industry in the Australian economy – and not treat the farming sector as 2nd class citizens. Develop policies which connect urban dwellers with regional Australia.

- Understand that primary industry is not playing on a level playing field within the global market. We are one of the least subsidised primary sectors in the world and have one of the highest wage rates and production costs in the world. We have no FTA's with China or India – two of the largest markets in Asia – and which our competitors have FTA's with.

- Ensure local and state government policy is supportive of agriculture – planning, right-to-farm etc.

An education campaign would be a good start. The “Keep Australia Beautiful” campaign I remember from my childhood has had moderate success in long term behavioural change, but not as much as the “Grim Reaper/HIV” campaign promoting safe sex, or the reduction in smoking rates by the incremental increase of price and the social exclusion brought about via legislation.

Education, though, can play a much bigger role in our society. By ensuring that case studies and examples in school curricula show the benefits of strong biosecurity and a healthy, productive and profitable Australian farming sector children can gain an awareness of it without having to have direct access to a farm.

Upgrading the “Australian grown, Australian made” message to not only promote quality and nationalism but social responsibility and environmental sustainability (may require development of national environmental management system) including biosecurity.

Legislate for more obvious labelling of country of origin – perhaps include a description as to how the country in question is able to produce the goods so cheaply?

Utilising the current enthusiasm for “reality” cooking shows, use the upgraded message of “Australian grown, Australian made” as the basis of ingredient selection, with focus on producers rather than suppliers? How about “My Farmer’s Market Rules”?.

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**Inquiry into the Biosecurity Bill 2012 and the Inspector-General of
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Public Hearing Hobart 8 May 2012

Questions Taken on Notice – Fruit Growers Tasmania

1. HANSARD, PG 19

Senator COLBECK: Have you had a look through the letter that has come back from Minister Ludwig?

Mr Reid: I only had a glance at it this morning.

Senator COLBECK: I might leave this as a question on notice to give us your views of that and to tell us what things you think might need to go on the back of that to improve it, given that we have already had some evidence around that, particularly from the Tasmanian government this morning. You might say you want to agree with their views perhaps, but I think I get the drift more broadly of where you want are going to go.

2. HANSARD, PG 25

Senator BACK: It certainly is. As it is proposed now, the Director of Biosecurity is not going to go out there and call for a new independent matrix, are they? My only other question comes back to costs, Mr Reid. This committee also deals with the APVMA. With the exception of a very, very small allocation of funds from government, industry pays for all of the APVMA. Where is the mechanism in this legislation, or where should it be, that gives industry an opportunity to audit those costs and object to them in the event that they do not believe that they are fairly reflected?

Mr Reid: That is not covered in the—

Senator BACK: Take it on notice if you want to.

Mr Reid: Yes. That is not covered. I will just cite an example of where something works fairly well along those lines now. That is in the animal industries and the horticultural industries. We have Animal Health Australia and Plant Health Australia, which are audited. We pay a fee to be a member of that, and under that we have a covenant with the government in terms of managing outbreaks of pests and diseases in Australia on a shared cost basis.

3. HANSARD, PG 25

Senator GALLACHER: Mr Reid, you said earlier that you did not have a chance to fully digest the minister's letter. He does address the allegation of conflict in there. I wonder if, after having had time to study what he has actually said, you might be prepared to either reaffirm your fairly frank statement or reconsider.

Mr Reid: I will have a look at it and take that on notice.

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Response

In relation to the letter from Minister Ludwig, Fruit Growers Tasmania is offered some degree of comfort from the letter however there are still significant concerns. These concerns will not be allayed until the industry sees the details of the regulations (which we now note have been released). Whilst we also believe that the Minister has addressed some of our fundamental concerns it does not cover the breadth of issues that we raised in our submission to DAFF in relation to the Draft Legislation. These concerns include cost recovery modelling, independent commission for biosecurity as well further clarification of ALOP in respect to the broader issues such as environment.

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Response:

In relation to costs FGT have always maintained that cost recovery should be a shared responsibility for multiple reasons.

- Primary industry provides employment, export income, regional diversity etc and therefore a biosecurity breach could have a severe economic impact to a whole region.
- Breaches in biosecurity which threaten primary industries could well occur due to tourism (bringing pests and diseases into Australia or spreading them around Australia) or through ignorance/incompetence of a hobby farmer, bushwalker or recreational fisherman (to name a few).
- The environment, regional areas of significance etc are also required to be protected . Primary Industry should not be responsible for carry the costs for protecting these areas – the community should share this responsibility
- Is not protecting our borders from pests and diseases an issue for the public good of the Australian community?
- Pests which effect the general population such as fire ants and house borers are also included in the scope and not to mention human health issues such as SARS and Bird Flu.

The only reason cost recovery is being pushed onto industry is because it is the easiest group to recover costs - through service delivery fees. Biosecurity can affect us all – tourist operators, home owners, hobby farmers etc and therefore to push cost recovery onto 1 sector (primary industry) is not only unfair but flawed in reasoning.

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Senator GALLACHER: Mr Reid, you said earlier that you did not have a chance to fully digest the minister's letter. He does address the allegation of conflict in there. I wonder if, after having had time to study what he has actually said, you might be prepared to either reaffirm your fairly frank statement or reconsider.

Mr Reid: I will have a look at it and take that on notice.

Response:

The issue of biosecurity is complex, in that the number of variables is multiple and whilst decisions are required to be science based the risk assessment process does take into consideration a width of issues i.e economic consequences. Furthermore we believe that the risk process should also consider elements such the environment and “brand value” of a region.

The current Import Risk Assessment process is flawed and this is reflected in the multiple times that the Senate Committee has been asked to look at import decisions in relation to horticulture (i.e ginger and apples).

DAFF is responsible for numerous departments - the Home Page for DAFF outlines multiple areas covered by DAFF and it is very clear that there is every likelihood that the biosecurity decision making process could effect different departments to varying degrees both positively and negatively.

FGT still ascertain that the Director of Biosecurity will be put in position where there are conflicts of interest. Minister Ludwig’s letter states “The Director of Biosecurity will be able to draw on a broader range of expertise to best suit the needs of an individual BIRA”. Will this broader range of expertise be drawn from within DAFF? If this is the case then this further clarifies our fears about an independent process.

FGT maintain that an independent commission for biosecurity is the most appropriate mechanism to handle biosecurity issues for the nation.

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Questions Taken on Notice – Brand Tasmania

1. HANSARD, PG 45

Mr Grainger: That is a very difficult question to answer. However, wearing another hat that I wear in state government with a government business enterprise, I can tell you that that particular business, which operates a ferry service across Bass Strait and of which I am chairman, pays something in the order of half a million dollars a year to AQIS for quarantine services. They are services that in the past—and to a certain extent today—we have not been very happy with. It has not been very satisfactory, but we pay it because we are required to pay it. The airlines, for example, do not have that same burden. So, to answer your question in a roundabout kind of way, that particular GBE pays the AQIS fee. We pay it because we believe it is such an important part of our business, an important part of Tasmania—to minimise the effects or the potential of problems being introduced into this region.

Senator BACK: So, at the moment you are paying that money, but clearly what I am hearing you say is that you are not satisfied in that context that you are being represented sufficiently at the AQIS senior management decision level. It is the old story: when the audience was not paying for the piper's tune the audience did not have much say over the quality of the note. When the audience does have that, what is reasonable, then? Use your ferry experience, if you like. As I said, I ask in the context that this committee also looks at APVMA, in which nearly 100 per cent of all costs of APVMA are passed through to industry, and they are not satisfied either. I am just wondering: contingent on industry paying more, what is reasonable for industry to demand at the decision-making table of government? That it be heard? That it be able to audit its costs? That it be able to get reasonable input? I do not necessarily mean input into the regulatory side, in the sense of science dictating something and the decision being made. But I am just concerned that industry is now being asked to pay and that I do not yet see where industry has the seniority at the decision-making level.

Mr Grainger: You say that industry is being asked to pay but are not being represented. I think that might answer your question. I do not know what an appropriate proportion of that is, to be quite honest. And I am not going to comment on that here, because I am not versed enough to give you a qualified answer.

Senator BACK: But it is really something that industry are all saying, 'We want a voice at the table,' isn't it? At this moment I do not think this committee has its mind around just where it ought to be recommending industry has that. If you had any further thoughts on it, we would be interested to receive those through the secretariat.

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Answer:

Michael Grainger's response was meant to indicate; "We do not know what portion of costs could be expected to be recovered from industry because we do not have any knowledge of industry's ability to pay or its ability to recover costs from customers. Therefore we are not qualified to answer."

In Michael's previous response in the record of interview he was making the point that in his experience any cost recovery being imposed without fair representation from industry in the process of setting the appropriate cost recovery level is unsatisfactory.