



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Export Legislation Amendment Bill 2014,
Export Inspection (Quantity Charge)
Amendment Bill 2014, Export Inspection
(Service Charge) Amendment Bill
2014, Export Inspection (Establishment
Registration Charges) Amendment Bill 2014**

Second Reading

SPEECH

Wednesday, 28 May 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Zappia, Tony, MP

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Mr ZAPPIA (Makin) (12:39): I support the amendment to this legislation moved by the member for Hunter earlier. We live in a globalised economy where business ventures and trade flow freely across from one nation to another. Indeed, business looks for growth opportunities across the entire world. Governments promote trade to boost national economies and to ensure there is a balance of trade between their country and others. We are also seeing it through a rush to sign free trade agreements with individual countries, which the member for Grey referred to in his remarks only a few moments ago. Speaking about free trade agreements, I would have thought that it is far better to do things in a uniform way throughout the world rather than having individual free trade agreements between individual countries as we have had for several years now. As we have seen, every time there is a free trade agreement signed between two countries it disadvantages other countries, as Australia was disadvantaged prior to signing the free trade agreements with Korea and Japan. I would have thought that if we can work through the World Trade Organisation and have some uniform standards across the world it would indeed make a level playing field for all countries, including Australia, on issues of trade.

Trade is important to Australia and very important with respect to our farm products. I am referring to meats, grains, wool, cotton, fruit, vegetables, sugar and so on. Fast transport in recent years has opened up new markets for Australian produce. The ability to get that produce to overseas markets within hours enables you to sell produce that would not normally last very long in terms of its shelf life into markets we were unable to access when we were relying on slow shipping transport methods. As other speakers have quite rightly said, much of the value attached to Australian farm produce is to do with the quality of Australian produce and the confidence of overseas buyers in the way that those products have been produced. They also, understandably, want to know that there are minimal, if any, health risks associated with the products that they import from Australia, just as we want to know what risks are associated with products that we import from other countries.

The fact is that Australia does maintain high standards by comparison with other countries, particularly when it comes to food and farm production. If we are to maintain those standards we have to manage the risks, and that is effectively what this legislation is all about. It is in Australia's interest to manage those risks, firstly because Australia's clean, green image adds value to our products. There is substantial evidence out there that overseas markets are prepared to pay more for the Australian product because they feel confident in it. Secondly, there may be health risks associated with the products that are either exiting or coming into Australia. We saw that in recent years with respect to the threat of bird flu and the costs that our economy sustained as a result of that risk and our efforts to try and manage that risk. It ran into the hundreds of millions of dollars.

Thirdly, if those risks are identified then trade can be shut down. We saw that only recently with respect to beef that was exported to the USSR, some 24,000 tonnes of chilled beef that went there in 2013 worth about \$170 million. The trade was shut down because of claims that the product had hormones in it that should not be in there. And when I refer to the export of beef, it was interesting that that happened under the watch of the Abbott government. A trade worth \$170 million, 24,000 tonnes per annum of beef, and yet hardly a word said about the shutdown of that market from members opposite. It is very interesting indeed when you compare their reaction to when the trade was shut with Indonesia. There was also a case that went on for nearly 3½ years with respect to kangaroo meat to the USSR also having been banned, again for similar reasons. I can recall a processor of kangaroo meat coming to see me at the time to see if I could speak with our trade minister and reopen the doors for the export of that product, because his future and his business depended entirely on it. With that went the jobs of the people that he employed. I understand that as a result of that risk 11 out of the 14 processing plants of kangaroo meat indeed closed. Those are the kinds of risks that are attached to products being affected in one way or another through disease or similar.

Fourthly, if a disease or pest does enter Australia, not only do the products lose value but there is an enormous cost in managing the disease or pest thereafter. Again I refer to the equine influenza outbreak in this country in 2007, where the costs of trying to manage the outbreak ran into tens of millions of dollars. Perhaps the most important concern is that once diseases or pests enter Australia quite often you can never eradicate them. That

has been the case with so many of the diseases and pests that have come into this country. When that happens there is an ongoing cost to our farm producers in trying to manage the disease, and it means the use of more chemicals. Chemicals cost money and their use has associated health risks. So it becomes a major problem.

Managing our biosecurity risks does come at a cost. The inspection services provided by AQIS and others have to be paid for by someone. This legislation is about trying to recover those costs from the producers of the products. The services apply to inspections of both outgoing and incoming food and farm products. I would personally be very keen to know what proportion of the fees charged and generated by AQIS come from exports as opposed to imports. It seems to me that exporters may be paying a disproportionate level of those fees, possibly more than importers are paying.

My understanding is that exporters have all of their products inspected and certified for export, whilst imported products are subjected to random testing only. I stand to be corrected on that, but that is my understanding. Those costs are indeed high. I spoke in this place only weeks ago about how those costs have risen in recent years from several hundred dollars a week to several thousand dollars a week, from a small amount per day to something like \$1,000 a day for export businesses, particularly those in the fruit and vegetable industries. I have spoken to some of those exporters personally and they have confirmed with me that those costs are real and that those costs are impacting on their viability and on their competitiveness with other nations. Other countries around the world can be competing with you for export markets, and I do not know whether those other countries impose the same level of costs on their growers and suppliers. If they do not, that clearly puts Australian growers at a disadvantage. Again, the advantage they have is that people have some confidence in the Australian product and hopefully might still choose the Australian product, even though it comes at a higher cost. That is a matter that we need to think carefully about, particularly as we try to enter into new markets as a result of the free trade agreements that we keep pushing forward.

I want to talk about another matter with respect to cost recovery, because cost recovery should be exactly that—cost recovery, not making a profit out of the service and charging excessive or unnecessary fees. Not long ago I visited the facilities of a food producer in Adelaide who makes food for both the Australian market and the export market. The food produced for the Australian market and the food produced for the export market is all produced on the same premises, using the same equipment, by the same workers. The only difference is that the export product is packaged for export.

The food producer is subjected to state health department inspections in order to ensure that the production complies with state health regulations. It would seem to me that if the food complies with all of the Australian state health department regulations and is fit for consumption in Australia then it should be fit for consumption elsewhere. Yet, because the food is going to be exported, this manufacturer has to then get a second clearance for the food from AQIS. So effectively the inspection service carried out by the state department is duplicated by the federal department in order for the producer to get an export certificate to export the food. It would seem to me that that is unnecessary and that there ought to be a level of cooperation between federal and state departments that are essentially providing the same service. If there were, it would mean that this producer could produce and market his products at a lower price or, alternatively, might be able to make more profit, and that in turn would allow him to grow his business and employ more people.

It is these kinds of issues that we should bear in mind with this legislation. Whilst I accept that the inspection services need to be paid for and that they do come at a cost, the government departments and the ministers responsible should also be mindful that the fees do impose additional costs to the manufacturer of products or to the growers of farm produce—costs not only in terms of what they are billed for but also in terms of being time-consuming processes for the producers. Quite often the paperwork associated with exported food and the processes that producers have to go through are time-consuming to the point where it adds to the cost of the production.

With those concerns, I come back to the original point of this legislation, and that is to recover the costs associated with inspection services. I think that is fair and reasonable, but I would certainly hope that the minister would take on board the concerns I have raised and the concerns the shadow minister has raised with respect to the matters outlined in the amendment.