



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

PRIVATE MEMBERS' BUSINESS

**Australian Quarantine and Inspection
Service Export Service Rebate**

SPEECH

Monday, 19 September 2011

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Cobb, John, MP

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Mr JOHN COBB (Calare) (19:11): As a citizen of a country that is very dependent on exports, whether it be primary industries, minerals or food and fibre, I rise today to speak in support of this very important motion, which is around the AQIS export service inspection costs, the rebate, which has just been knocked off by the government, and the efficiencies that were promised as part of the deal struck back in 2008-09. This motion is important, as the industries have without doubt been left in the lurch following the government's axing of the 40 per cent AQIS export service inspection rebate. The Labor government has failed to deliver on its side of the bargain. On 1 July this year, the inspection service rebate ceased, yet promised reforms and efficiencies have not been in place, putting significant strain on the six most affected industries: horticulture, meat, dairy, fish, grain and live exports, as well as many small niche industries involved with them.

This government has once again failed to deliver on its promise and, as a result, I have introduced this motion into the parliament, calling on the government to keep the AQIS export service rebate in place until the government upholds its end of the bargain. There was an understanding by all industries that the promised reforms would be put in place by the time the rebate period cut out, which was 30 June-1 July this year. This clearly has not happened, and the government should be, and is being, held accountable.

The reforms in 2009 came after the Senate disallowed moves by the Rudd Labor government to axe the AQIS export certificate rebate, which was worth approximately \$40 million annually and higher, depending on the amount of produce exported. As a result of our standing shoulder to shoulder with the industries and not allowing the government to simply walk over the top of them, as they normally do with agriculture, the former minister for agriculture, Tony Burke, announced he would offer the industry a \$127.4 million export certification reform package to fund efficiencies, reforms and the AQIS costs until July of this year. Now, we agreed to this and, in a letter of agreement written to me and signed by Minister Burke, he stated:

Successful implementation of these reforms will provide a reduction in annual regulatory costs to the export industries in the order of \$30 million per year from 1 July 2011. It will also provide the opportunity for removal of substantial costs from the export supply chain for industry and AQIS.

That was in the letter we got. But now, as we have come to expect of the Rudd-Gillard government, the government has not fulfilled its side of the agreement. None of the reforms and efficiencies were actually delivered by the time the rebate cut out. There was also a commitment by Minister Burke for an independent study of the legitimate costs of government as agreed by the minister. This has not even commenced. The minister has claimed that this is an audit of AQIS's cost—and I acknowledge the member for Lyne, who is polite enough to indicate he wants to table that. I have no problem with that. But that is a separate commitment. The government has not delivered on its commitment for a legitimate cost-of-government survey. Let us remember that our main competitors, Brazil and America, require almost no contribution from industry. They pay 85 to 90 per cent of similar costs in their countries.

The minister is wrong. As a legitimate cost-of-government survey it was a commitment to examine if any of the costs related to AQIS export service inspection fees and charges were related to costs that serve the broader Australian public, to establish the level of that broader public benefit, beyond those directly involved in the industry, and whether a clean reputation for exports or the ability to resolve problems arising quickly has a broader benefit to the Australian community, as indeed the high level of Australian agricultural and fishery commodities do. The government has acknowledged that there are certain activities that are not costs that industry should have to pay for, but instead of maintaining the vital activities it is just discontinuing the services in its desperate search for cash.

Market maintenance and improvement activities, technical operations and assistance and overseas inspector capabilities to deploy when issues arrive all have a broader benefit to Australia and our export reputation. Our competition provides these services and does not expect industry to have to bear the costs. The government has

made a promise, yet no reforms have been delivered, no efficiencies have been gained and no legitimate cost-of-government studies have been delivered. Despite not delivering on its promise, the government has collected on its side of the deal and removed the 40 per cent rebate as of 1 July.

Let us look at the horticulture industry, for example. That industry reform process alone has cost a staggering \$1.6 million over the past two years in an attempt to increase efficiency within the industry, but there has been no progress. The horticulture industry is one of the success stories in Australia in recent times, and the fruit and vegetable part is one of those where it is line ball as to whether they are importers or exporters. The horticulture industry taken as a whole is a huge growing industry and is contributing a lot to exports. Yet if we send the wrong signals to the industry that the government will stand beside it we limit its desire and its need to expand. The government has tried to simply move the responsibility of inspections from government to industry, yet for such a diverse and seasonal industry with many small operators it is unlikely to work. Operators are not large enough to absorb the cost of inspection staff and it is going to be very difficult to find and train staff for such seasonal work. The government cannot even clarify whether the export industries involved will be comfortable with AQIS's proposed approach. This is not reform; it is just cost shifting. As of 1 July 2011 all industries involved are facing increased costs. With the removal of the rebate the industries will have no choice but to pass these costs on to producers.

Because of the coalition making it plain that we would once again stand with our export industries, we have introduced this motion to show that even though the meat industry has done a deal with government—

Honourable members interjecting—

Mr JOHN COBB: Only because you had to. Because the industry asked us to we have agreed to sign off on that and we are not going to use the opportunity given to us to stand aside. However, there are five other industries which still need the government to work with them to sort it out. This is especially important as the government is also about to hit these meat processors with the world's biggest carbon tax. I could talk about that for a long time, but I will not. Do not underrate the effect that has on the meat industry and the processing industry, whether it be horticulture, meat or whatever. One of Australia's better abattoirs looks to be going to get costs—because they will trigger the carbon tax, and there will be their power bills—of \$3 million a year extra. At a time when we are crying out for export industries to help us, that is not a great way to help them.

The government has been forced to act on the meat export industry and I now call on the minister to provide a similar package for each of the other export industries and to carry out the legitimate costs of government study it promised under the original agreement. It is ridiculous that the government has had over two years to implement efficiency measures, but two years on they are no closer to any reforms. They have had to concede that with the meat industry they are three years behind because the current deal does assist in some measure those in the meat industry to get the efficiencies that were originally promised of \$30 million a year. In three years time they will far exceed that. I ask the current minister to fulfil the deal put forward by Tony Burke, who was then the minister, in 2008-09 because Australia's export industries, agriculture and fisheries, need them.