

21 September 2015

Biosecurity Policy and Response Branch
Australian Government Department of Agriculture
GPO Box 858
Canberra ACT 2601

Re: Agricultural Export Regulation Review

Dear Sir / Madam,

Emerald Grain understands the Australian Government Department of Agriculture (the Department) is currently undertaking a review of Australia's agricultural export regulation to ensure Australia has export regulation that:

- Supports exports to quickly access and utilise market opportunities now and into the future
- Imposes an appropriate regulatory protection to assure importing countries of the integrity of our agricultural products without stifling innovation
- Facilitates cooperation in export activities between government and industry so we can work together to efficiently manage risk

Emerald Grain is an independent, open access, grain marketing and supply chain logistics business, operating in a competitive storage and handling market. Emerald Grain is one of Australia's largest grain marketing and supply chain logistics businesses with c.10 per cent market share.

Emerald Grain has been at the forefront of innovation in the grain industry, competing with incumbents by providing unparalleled service to its Growers and Clients.

- We have 9 grain marketing offices across Australia
- We have 13 upcountry grain receival sites across South East Australia
- We own and operate the Melbourne Port Grain Terminal (MPT) which shipped a record of over 1.4m tonnes of grain
- As part of Quattro, Emerald Grain is currently developing a multi-user grain export terminal at Port Kembla, due for completion in January 2016. The terminal will have the capacity to handle in excess of 1.3m tonnes of export grain per annum
- We export grain to over 35 countries around the globe.

Australia's Agricultural Export Regulation plays an important role in Emerald Grain's business. Our interests are aligned with the Department's. It is vital for Australia's Agricultural industry to remain competitive with quality products exported whilst being efficient and flexible so that current export markets remain open and new market access opportunities are pursued.

Emerald Grain's below submission has been made with reference to the Agricultural Export Regulation Review Discussion Paper released by the Department on 15 July 2015.

What does the future look like?

1. What are the emerging export related challenges or opportunities for your business over the next 5, 10, 20+ years?

A growing world population and changing food choices in Asia is expected to provide new opportunities for Australia's food industry. World food demand is expected to rise by 77 per cent by 2050, with most of this growth expected to occur in Asia. Our food sector has strong prospects over the long term, given our proximity to Asia (COA 2012).

However, seizing the prize will not happen on its own accord. International competitiveness in agriculture is about more than just having access to good land and rainfall. It is about developing connected and mutually reinforcing areas of high capability where extremely efficient supply chains exist side by side with top research and development (R&D) capability, innovative financing, clear strategic vision and productive farms with the requisite scale, organisation, funding and skills (ANZ 2012).

The race to make the most of this opportunity is a global one and the competition is intense, with countries like Brazil, Malaysia and Indonesia currently leading the way (ANZ 2012).

In addition, Canada is increasingly competitive with Australian grain on a price basis in South East Asian markets. The gradual shift to larger, more fuel efficient vessels will also narrow the freight cost advantages currently enjoyed by Australia in servicing some other markets. Asia was the major destination for Canadian wheat with the region as a whole receiving about 40 per cent of Canada's wheat exports in 2012–13. Japan and Indonesia were the top two destinations, receiving 1.6 and 1.4 million tonnes respectively (AEGIC 2015).

2. To what extent would current export regulation make these challenges harder, or restrict you from pursuing opportunities?

Emerald Grain views current export documentary requirements and processes as a challenge to its growing export business. Examples of these include:

- Getting the traceability required to satisfy our export markets
- More varied and increasing numbers of Quality Assurance related requests
- Timing of attaining Phytosanitary certification
- Request for Permit (RFP) process is slow and outdated. Electronic technology should allow for automated and out of hours approvals
- Export regulations have little flexibility, which does not match industry practice. For example – not being able to test on zone samples and have those results stand for a period of time (e.g. a year / a season) – particularly where it is known there will be no / low risk of an event (e.g. Barley Strip Mosaic Virus)
- Pre-shipment testing required before loading is allowed to start. It is very difficult to get a representative sample when accumulation occurs "just in time", and then to have that sample sent away for testing and receive certification prior to loading / packing does not work in with logistical time constraints

Emerald Grain considers improving export related processes and streamlining tedious administrative functions will be a key contributor to improving competitiveness of Australian grain exports.

Increasing flexibility and enabling innovation

3. What do you see as unnecessary regulation (or 'red tape') when exporting? Please provide specific examples.

As highlighted by the Grains Industry Association of Western Australia (GIWA), a consistent call from the grains industry is that they are hampered by restrictions and the costs of regulation, with government not doing enough to support and assist them to grow their business. There needs to be a culture of supporting industry to be efficient and grow rather than increasing restrictions and adding costs.

Operators believe that the processes required to get export clearances from Australia are much more difficult and costly than those faced by our competitors exporting to the same markets (GIWA 2014). While it is acknowledged that the Department is trying to streamline its processes and address these issues, the industry believes much more could be done to reduce these costs.

Some specific examples include:

- Industry believes that Australian grain exports are disadvantaged against our competitors, as we do not currently allow post loading fumigation of vessels at our berths
- The time taken to get a phytosanitary certificate issued often causes issues, particularly when faced with short sailing times. This process should be more instantaneous provided electronic capability
- The limitation of wording allowed on phytosanitary certificates – “All Taiwan Ports” is ok but “Any Taiwanese Port” is not

4. Can you identify any improvements, initiatives or technologies that would make exporting easier for you? Please provide detail.

Emerald Grain has identified the following initiatives that would improve export processes:

- Enable post loading fumigation of vessels at our berths.
- Support the surveying of vessels at anchorage to remove port congestion associated with failed surveys undertaken at wharf. (We understand that a working party has already been established).
- Electronic access to RFP's for Authorised Officer's and DAFF inspectors - exporters should have the ability to upload and attach import permits / certification to the applicable RFP, so it's instantaneous.
- Increased transparency of fees and charges schedule. Currently no visibility or control over the time taken to authorise RFP's, and therefore how many units of time we are charged. For example, a recent invoice involving one RFP with no re-work required, charged 3 units of time (\$108) with no justification and no recourse.
Invoicing should be done on an RFP basis with all charges relative to a particular RFP on the one invoice (i.e. inspection, certification etc.). This will create transparency that is currently lacking and will mean less administration, double ups and fewer errors.
- Obtaining phytosanitary certificates should not be limited to office working hours of DAFF (i.e. 9am – 4pm weekdays, no public holidays and also reduced working hours through the Christmas / New Year period). The nature of the shipping industry is not in line with this.
- Recommend improvements to the Manual of Importing Country Requirements (MICOR) webpage to make more user friendly and easy to navigate. Country import requirements are rarely accessible and difficult to find in this portal. Previously Emerald Grain has relied on sourcing information from other industry bodies when we are looking to assemble grain parcels for a particular country.

Cooperation and communication

5. Are there parts of the export process the department currently undertakes that your business could manage? If so, what assistance (if any), would you require from the department to establish these processes?

The grain industry believes that trained Authorised Officers, who have the responsibility for inspecting grain quality on export cargoes, could also play a role undertaking vessel inspections prior to loading, either at berth or anchorage in lieu of Department staff.

6. What information about exporting and export regulation does your business need? How would you prefer to receive this information?

The information we currently receive is regular and informative. Receiving this information via email is sufficient, providing an updated distribution list is maintained.

Summary

We wish to thank the Department for the opportunity to provide our insights on this important review and look forward to discussing any of the above issues further with the Department.

Please feel free to contact me if you would like Emerald Grain to clarify or provide any further comments.

Yours Sincerely,

John Warda **Director**
Global Supply Chain

References

1. AEGIC 2015, *The Puck Stops Here! Canada challenges Australia's grain supply chains*. Australian Export Grains Innovation Centre, retrieved from: <http://www.aegic.org.au/media/54172/150507%20FINAL%20low%20resolution%20for%20distribution%20AEGIC%20Canadian%20Supply%20Chain%20Report.PDF>
2. GIWA 2015, *WA Grains Industry Strategy 2025+*. Grains Industry Association of Western Australia, retrieved from: <http://www.giwa.org.au/announcements/wa-grains-industry-strategy-2025-1>
3. COA 2012, *National Food Plan Green Paper 2012*. Commonwealth of Australia, Department of Agriculture, retrieved from: http://www.agriculture.gov.au/ag-farmfood/food/publications/national_food_plan/greenpaper
4. ANZ 2012, *ANZ Insight – Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand*. Port Jackson Partners, retrieved from: <http://www.media.anz.com/phoenix.zhtml?c=248677&p=irol-insight>