

Australian Dairy Industry

Represented by

Australian Dairy Industry Council Inc. and

Dairy Australia

Response to

Draft Export Control Bill 2017

October 2017

The Australian dairy industry

The following is a joint submission from the Australian Dairy Industry Council (ADIC) and Dairy Australia.

The ADIC is the national peak policy body for the Australian dairy industry and represents all sectors of the industry on issues of national and international importance. Its constituent organisations – the Australian Dairy Farmers Limited (ADF) and the Australian Dairy Products Federation (ADPF) – represent the interests of dairy farmers, manufacturers, processors and traders across Australia.

Dairy Australia is the national services body for dairy farmers and the industry. As an industry-owned rural research and development corporation (RDC), the remit of the organisation is to fund and manage pre-competitive activities that are important to the future of the industry but would not occur effectively or efficiently of the market were left to its own resources. This is typically in the areas of research, development and extension (RD&E), industry capability, trade and regulatory support, and pre-competitive promotion.

The Australian dairy industry is a \$13.7 billion farm manufacturing and export industry. Australia's 6,102 dairy farmers produce approximately 9 billion litres of milk a year.

In 2015-16, 34% of Australian milk production was exported, \$3b of export revenue was generated and Australia contributed 6% of the world dairy trade.

Response to draft Export Control Bill 2017

The dairy industry welcomes the exposure draft of the Export Control Bill 2017.

During the consultation leading up to this exposure draft, the dairy industry raised a number of points, including:

- Technical market access issues are only going to increase so we need ongoing commitment and flexibility in export market regulation.
- The export related challenges facing the dairy industry do not necessarily require major legislative change, rather a recognition that the export regulation is part of a system that facilitates exports, and the flexibility to ensure this system can adapt to new challenges as they emerge.
- Information is critical and there is great scope for improvement in this area including much better and more comprehensive information in MICO R and better engagement directly with exporters and industry bodies.
- ECert should be pursued in other markets.
- There is a potential opportunity to explore a role for government in non-meat halal certification.
- The system for quota allocation and administration needs to be as streamlined and efficient as possible and it is important that the export regulatory system facilitates any developments in this area.

It is good to see that many of these points have been taken on board in the exposure draft – and we recognise that those that haven't require policy or process actions, rather than the legislative change that is the focus of this project.

In particular the dairy industry has emphasised the importance of this review ensuring enough flexibility so that the export regulation system is able to respond to future challenges as they arise. These may include:

- New market requirements and expectations from importing countries.
- Changing supply chains – including closed loop and small consignments.
- New technologies including in traceability, surveillance and testing capabilities.

- Potential demands for assurances on production attributes (animal welfare, environmentally sustainable, hormone-free, religious requirements) and quality attributes.
- Changes to industry or third party assurance programs, with opportunities to streamline audits and verifications across commercial, domestic and export requirements.

The devolution of powers to the Secretary to make rules – with appropriate checks and balances – is a welcome way to ensure the system remains flexible and responsive to changing needs.

Within this it is important that only necessary requirements are applied and the Australian Government continues to argue against unnecessary import market requirements from our trading partners. Regulation should not go beyond importing country requirements and should be flexible enough to deal with differences in commodities and export markets.

With this in mind we recognise that most of the impact for dairy will come when the 'Export Control Rules' for dairy are developed and finalised next year and we expect to have considerable input to this process.

We also note the process that has been going on to improve quota administration regulation. The dairy industry has been extensively consulted through this process and we are pleased with the process and expected outcomes, and look forward to improvements coming into effect.

Finally we note the proposed implementation timeframe and the importance of appropriate consultation and timing with trading partners to ensure no disruption to trade.