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# DCCC information paper suitable for sharing

# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.1a

# Biosecurity Trusted Importer Program (Green Lane)

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to provide an update on implementation of the new Biosecurity Trusted Importer Program.

## KEY POINTS

* This is a trust-based arrangement delivering reduced border intervention for highly compliant importers and freeing up departmental resources to focus on areas of higher risk and priority.
* Potential applicants will need strong, systematised biosecurity controls embedded in their supply chains and data sharing capability.
* In order to be considered, importers will need to work closely with DAFF through a comprehensive discovery and analysis process.
* For supply chains that qualify for the program, documents will not need to be lodged in COLS for every consignment. Participation includes a tiered assurance framework that will involve at-border and post-border verification activities, and a quadrennial supply chain re-validation.
* The program will not suit all importers, but other schemes may better align with their supply chain pathways and business models.
* Pending finalisation of the legal framework and funding arrangements, the program is expected to open to applications from importers in the first quarter of 2023.

## CLEARED BY

*James Cracknell, Acting Principal Director, Industry Partnerships and Strategic Engagement Section*

## ATTACHMENT

A: Implementation update on the Biosecurity Trusted Importer Program

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# DCCC Meeting 92 – 13 July 2022

# Agenda Item 6.1b

# Cargo Operational Reforms and Biosecurity Innovation Initiatives

**For INFORMATION**

## PURPOSE

To update members on the reforms and initiatives underway to modernise cargo operations and services, decrease border congestion, and ensure the biosecurity system is more resilient and able to respond effectively to changing needs/risks.

**KEY POINTS**

A high-level snapshot of key reforms and innovation initiatives is provided in **Attachment A.**

Ongoing progress updates will be provided to the DCCC with more detailed papers/presentations provided where initiatives reach significant milestones, new initiatives come online, or are specifically requested by DCCC members.

The suite of reforms aligns with the department’s *Future Ready* Blueprint which sets out the capabilities to be built by 2025 across 8 workstreams; the Commonwealth Biosecurity 2030 Roadmap; and proposed cross agency initiatives to simplify trade regulation and introduce digital services that offer improved user experiences for industry. Some activities are a direct response to recommendations of the Inspector General of Biosecurity and the Australian National Audit Office.

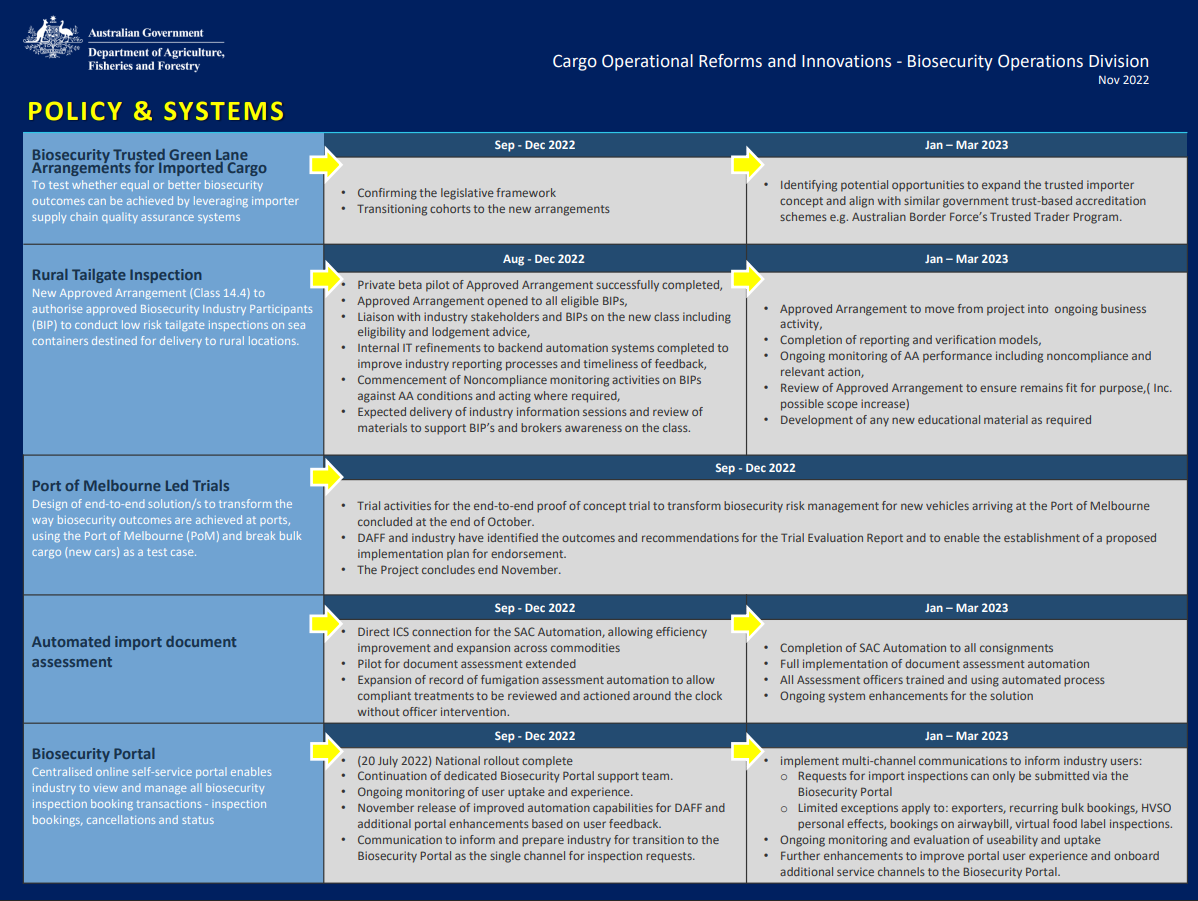
## CLEARED BY

*Leanne Herrick, Principal Director, Industry Partnership and Engagement*, *following input from relevant business leads.*

## ATTACHMENT

A: Cargo Operational Reforms and Innovation Initiatives

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# DCCC Meeting 93 – 22 July 2022

# Agenda Item 6.1c

# Biosecurity Portal

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note the progress on the development of the Biosecurity Portal.

## KEY POINTS

On 20 July 2022, the Victorian launch of the Biosecurity Portal completed the national rollout. Further enhancements were delivered to the Biosecurity Portal on 5 November 2022.

From early 2023, the Biosecurity Portal will be the only channel to request an import inspection. From this date, the department will not accept Request for Inspection forms via email, for most inspection types.

## BACKGROUND

The Biosecurity Portal means inspections are at your fingertips with no manual forms; one central location saving time and providing more visibility through 24/7 access to directions and inspection bookings.

The Biosecurity Portal allows clients to lodge and manage requests for an import inspection at any time online.

## UPDATE TO PROGRESSIVE ROLLOUT OF PORTAL

The Biosecurity Portal has been launched nationally with 1084 companies (as at 7 October 2022) benefiting from the efficiencies of using the Portal. Usage of the Biosecurity Portal has been increasing steadily with around 40% of inspections being lodged via the portal.

The department has a dedicated team who are available to assist importers to access and use the Biosecurity Portal. The team is contactable via email at [biosecurityportal@awe.gov.au](mailto:biosecurityportal@awe.gov.au) or phone 1300 170 852.

## NEW FEATURES

With each new version release new features and enhancements are added to the Portal to make it even easier to use.

In early November 2022, a new version of the Portal was released including new features and enhancements:

* Clients to be presented with additional questions specific to their commodity.
* Addition of priority goods indicator (e.g. perishable goods).
* Delivery of Work Order automation capability to improve departmental processing of Requests for Inspections (RFI).
* Manual notifications sent via the department’s Scheduling Workload Management System (SWMS) to clients are sent to their nominated business address and not their personal email.
* General usability improvements and bug fixes

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## STREAMLINING INSPECTION REQUESTS

From early 2023 most requests for import inspections must be made via the Biosecurity Portal.

The Request for Inspection (RFI) form will continue to be accepted via email for limited exceptions. The Biosecurity Portal is not currently available for:

* Exporters
* Bookings on air waybill
* High volume specialist operators (HVSO) booking personal effects inspections
* Imported food virtual visual label inspections
* Bulk bookings/manned depots (recurring bookings only).

The above represent a small percentage of inspection requests.

The department is seeking assistance from industry to communicate the booking request process change. Industry associations will be provided with communication to distribute to their members.

**COMMUNICATION & ENGAGEMENT**

To complement the Biosecurity Portal, the department is improving the way we deliver our services to our industry clients. We continue to work with industry to co-design our new service model and enable industry to interact with us online through the Biosecurity Portal.

We anticipate that as our internal process changes, we will be able to schedule inspection bookings up to 50% faster. We can only realise these efficiencies if industry moves with us by embracing the Portal and taking actions to ensure they are ready for inspections at the time they are scheduled.

Communication and engagement with industry continues through:

* Active engagement with industry associations
* Import Industry Advice Notices
* Website, user guide, help guide and release notes for each new version of the Biosecurity Portal
* Dedicated support centre to assist client onboarding and navigation/technical queries
* Onboarding webinars.

## CLEARED BY

*Rose Cracknell, Assistant Secretary, Cargo Service Delivery Taskforce*

## ATTACHMENT

* Nil

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.1d

# AA 14.4 Rural Tailgate Inspections

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note the update on development of Approved Arrangement (Class 14.4) Rural Tailgate Inspection.

## KEY POINTS

* The department has developed and released a new Approved Arrangement (Class 14.4) in August 2022 that authorises approved Biosecurity Industry Participants (BIP) to conduct low risk tailgate inspections on sea containers destined for delivery to rural locations.
* Industry has been receptive to the release of Class 14.4 AA with 4 BIPs approved across Brisbane, Sydney, and Melbourne. The department has an additional 28 applications which are being processed subject to standard Approved Arrangement variation processes including onsite audit of BIPs against the class 14.4 conditions to ensure required knowledge.
* For the period of 8 August to 25 October 2022, 2 approved Class 14.4 BIPs were operating, and performed a combined 178 rural tailgate inspections. The department estimates that the potential number of rural tailgate inspections eligible to be performed by industry for this period was 1,027. As more BIPs are approved and importers/accredited persons see a potential commercial benefit for their business, the department believes the gap between potential and actual inspections will close.
* The department has also recently extended its heighted biosecurity measures in response to the emergence and rapid spread of foot-and-mouth disease (FMD) in Indonesia until June 2023. As a result, containers with the load port/origin of Indonesia will remain out of scope for the class 14.4 and must continue to be performed by a biosecurity officer at approved sites.
* The department is closely monitoring approved BIPs for compliance against the physical inspection requirements as well as mandatory reporting and error rates. The department has found several minor data reporting issues from all BIPs, and two cases of major noncompliance, where BIPs have incorrectly performed inspections against departmental inspection directions.
* Both inspection issues occurred in the first few days of a new BIP commencing and while the distinction between industry and department inspection directions is very clear, it has highlighted a potential gap and the need to strengthen educational materials.
* In these instances, the department has taken an educational approach to addressing the issue, however future similar noncompliance will be referred for full review.

## BACKGROUND

* The department is partnering with industry on a new class of approved arrangement – (Class 14.4). The class has been developed to provide for BIPs to perform rural tailgate inspections on impediment-free containers (those with no other concerns apart from rural concerns) destined for unpack in rural destinations. These inspections must continue to be performed at class 1.1 and class 1.3 sea and air freight depot approved arrangement sites.

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* Class 14.4 provides the department with confidence that biosecurity risk to rural areas continues to be appropriately managed, with prescribed risk management measures and controls through the approved arrangement conditions. Class 14.4 will also allow biosecurity officer expertise to be redirected away from performing low-risk inspections and towards higher biosecurity risk goods and emerging risk pathways.
* The department undertook a phased approach (including a private Beta) to implementation. This ensured that the supporting processes, systems, and the class 14.4 approved arrangement conditions were fit-for-purpose before wider implementation. Class 14.4 AA conditions was opened to all class 1.1 and 1.3 industry participants wishing to apply to carry out rural tailgate inspections from 8 August 2022 via the department’s website.

## CLEARED BY

*Joel Willis, A/g Assistant Secretary, Pathway Policy, Cargo and Conveyances, Biosecurity Operations Division*

## ATTACHMENT

* Nil

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# DCCC Meeting 93 – 22 November

# Agenda Item 6.1e

# Green coffee beans added to the Highly Compliant Importer (HCI) scheme and Automatic Entry Processing for commodities (AEPCOMM)

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note the implementation of green coffee beans onto the HCI scheme and AEPCOMM.

## KEY POINTS

* In July 2018, the department implemented the Highly compliant importer (HCI) project that allowed importers with exemplary inspection compliance history for particular commodities to receive reduced intervention. HCI profiling was managed in the Integrated cargo system (ICS), and excluded Importers identified as ‘highly compliant’ from referrals to the department. HCI aligns with the [Biosecurity Compliance Statement](https://www.agriculture.gov.au/biosecurity/legislation/compliance/biosecurity-compliance-statement) where, for certain commodities, the department may reduce border control referrals when strong compliance history is demonstrated
* From 21st November 2022, the highly compliant importer functionality will be managed in the Agriculture Import Management System (AIMS) Q-ruler and green coffee beans (for processing) (tariff 0901.1) is eligible for HCI and AEPCOMM.
* HCI functionality in AIMS has the flexibility to work in conjunction with AEP, or it can work on its own. Where commodities are eligible for both AEPCOMM and HCI schemes, it will be able to provide importers end-to-end efficiencies (with document assessment and inspection).
* HCI will function at an ‘instance’ level, meaning that commodity lines that fall under the same compliance group and have the same importer will be grouped together and apply one outcome (i.e., inspection or release).
* Other benefits of managing HCI in the AIMS Q-ruler include:
  + it ensures that ICS profiling is consistently applied to tariffs that are in scope for HCI
  + it reduces manual assessment of eligible tariffs and entities for inclusion in HCI profiles; and
  + provides transparency about a commodities inclusion on the HCI scheme.
* The AIMS Q-ruler will automatically monitor an importer’s compliance history count and automatically place eligible importers onto the scheme once they have reached a set number of consecutive compliant instances.
* Eligibility criteria are set in the system and may differ according to the risk of the commodities on the scheme. There is no application process to qualify for the scheme. Once the AIMS Q-ruler identifies that a commodity is eligible for HCI, importers need to ensure that imported goods consistently meet import conditions and pass inspections.
* An Import Industry Advice Notice will be distributed, and a webpage has been created on the Department’s website for the Highly Compliant Importer scheme and the AEPCOMM webpage has been amended to reflect the eligibility of green coffee beans for processing. Importers of green coffee beans currently operating with reduced intervention on the CBIS scheme will be notified and their current intervention rates will transfer over to HCI.

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## Compliance model

The table below details how compliance will be monitored under the HCI scheme:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Commodity group** | **Date added to HCI** | **Referral rate and Qualification number for ‘Census’ inspection rate** | **Referral rate and Qualification number for ‘tight monitoring’ Inspection rate** | **Inspection rate at ‘monitoring’** |
| Green coffee beans (for processing) | November 2022 | 100%  for 10 consecutive compliant imports | 50%  for 5 consecutive compliant imports | 25%  Ongoing |

## CLEARED BY

*Barbara Cooper, Assistant Secretary, Pathway Policy – Cargo and Conveyances.*

## 

## ATTACHMENT

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.2a

**Biosecurity Operations Regulatory Uplift / Biosecurity Training Centre**

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note the update on actions to build regulatory capability, and the evolving role of the Biosecurity Training Centre (BTC).

## KEY POINTS

**Regulatory Capability**

* Regulatory uplift describes the reform initiatives underway aimed at building our capability and culture as a regulator consistent with the DAFF Regulatory Practice Statement and Compliance Policy.
* The Regulatory Uplift Program seeks to support our frontline regulatory practitioners to identify as skilled professional regulators, who are capable, curious, and confident. It aims to influence how we regulate ensuring the decisions our staff make are lawful, evidence based and transparent; and optimise how we engage with our external stakeholders to ensure we achieve our regulatory objectives.
* The program aligns to the Commonwealth Biosecurity strategy and incorporates 7 key project areas including:
* Regulatory assurance and compliance
* Regulatory capability and coaching
* Technical learning and development
* Decision support reform
* Workforce recruitment and planning
* Pathway modernisation and
* Biosecurity Training Centre
* A key initiative within the regulatory uplift program of work is the creation of a Regulatory Support Team. The team supports the division’s aim to deliver better practice regulation through specialist positions available to frontline regulatory staff for high-quality, consistent, and timely regulatory advice. Additionally, the team takes an active role in building regulatory capability through the development and delivery of communication and learning resources.
* Biosecurity Operations Division (BOD) understands the importance culture plays in maturing its regulatory practice and uplifting regulator performance. The division has baselined its regulatory culture using a holistic survey approach targeting regulators’ values, attitudes and behaviours. A comprehensive regulatory culture action plan has been developed to drive improvements to this baseline over time.
* 1813 staff have undertaken ‘Building Legislative Organisational Capability’ (BLOC) training over the last 12 months, participating in the equivalent of 119 full-day sessions.
* The department is a pilot agency in developing Regulatory Practice Essentials (RPE) training, the first module of which is, ‘Introduction to Regulation e-learning’. The e-learning aims to deepen the understanding and skills of participants in a range of core regulation knowledge and concepts. This training will be completed by all BOD staff up to and including APS6 level staff over the next 12 months.

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* BOD is making a significant investment in its middle manager level leaders through the delivery of high performing teams training. The training aims to equip these leaders with the skills needed to better support and develop their regulatory teams. This training works in tandem with the ongoing delivery of an internal coaching program designed to build leadership and regulatory capability.

**Biosecurity Training Centre**

* The BTC provides the department with the opportunity to increase capability through the biosecurity knowledge system, of which training is a key component, to respond to the dynamic biosecurity environment, and offers the capacity to facilitate training and biosecurity awareness to support industry and Australia’s near-neighbours.
* Scoping and engagement activities with industry, with international counterparts, and with Indigenous Rangers are underway as we scope demand and align the BTC’s capability and capacity with demand. This included an out-of-session DCCC meeting in September 2022, which identified that there is industry appetite for:
* further training on approved arrangements
* further training and communications on document assessment and assessment bookings to expedite the process
* opportunities for industry to do similar training to biosecurity officers
* enhanced timeliness of education and awareness campaigns around emerging issues and how industry can work to improve outcomes
* a focus on both import and export activities
* enhanced communication on the reasoning behind government decisions and departmental responses
* Other suggestions from industry representatives included:
* Industry is open to taking on more biosecurity regulatory responsibilities and willing to contribute to the development of training programs to support that ambition
* The BTC might benefit from engaging retired subject matter experts from industry to share industry-related experience for the benefit of biosecurity officers.
* Over the next 24 months, the department’s ambition is to enhance the capability and standing of the BTC so that it is recognised as a regional Centre of Excellence in Biosecurity.
* More immediately, the BTC supports our training requirements as we build a future ready, skilled and agile workforce. The initial focus of the BTC has been on core training for new biosecurity officers, however existing officers have also had the opportunity to attend training at the BTC. A total of 139 officers, of which 61 are from Cargo Inspections and Assessments, have passed through the BTC by 17 October 2022, with a further four programs to be delivered this calendar year, with five programs in the first half of 2023. The BTC is on track to achieve the projected number of 300 biosecurity officers’ attendance in its first year of operation.

**BACKGROUND**

* The department’s partnership with Charles Sturt University to establish a BTC to strengthen Australia’s biosecurity capability has been delivering programs since July 2022. Under the partnership arrangement, the BTC has been established at Charles Sturt University’s Wagga Wagga campus in regional NSW.

## CLEARED BY

*Jim Simpson, Assistant Secretary, Conveyances, Maritime &Regulatory Capability*

**ATTACHMENT**

* Nil

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.3a

# BMSB Response

**INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note key information relating to the 2022-23 BMSB season.

## KEY POINTS

The 2022-23 BMSB Season commenced on 1 September 2022. Key information and statistics relating to the season can be found on the Placemat at **Attachment A**.

Further information on the BMSB measures can be provided to DCCC members upon request via the DCCC Secretariat.

## CLEARED BY

*Barbara Cooper, Assistant Secretary, Pathway Policy – Cargo & Conveyances*

## ATTACHMENT

A: 2022-23 BMSB Season Placemat

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.3b

**Khapra beetle urgent actions**

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note the status of the implementation of the urgent actions to address the risk of khapra beetle (*Trogoderma granarium*) entering Australia, including the intention to consult with members on Phase 6B measures prior to implementation.

## KEY POINTS

The department is implementing urgent actions to address the risk of khapra beetle entering Australia. The urgent actions are being implemented in phases and will result in changes to import conditions for plant products and sea containers. The urgent actions are being supported by a $14.5 million investment to safeguard Australia against this significant pest.

We have implemented:

* **Phase 1** (September 2020): a ban on high-risk plant products (a host of khapra beetle) within unaccompanied personal effects and low value freight.
* **Phase 2** (October 2020): a ban on high-risk plant products within accompanied baggage, via international travellers or mail articles.
* **Phase 6A** (April and July 2021): mandatory offshore treatment for sea containers packed with:
* 6a.i high-risk plant products exported from a khapra beetle target risk country
* 6a.ii all types of goods in a khapra beetle target risk country that will be unpacked in a rural grain growing area of Australia
* 6a.ii measures were extended to rural nut growing areas of Australia in December 2021.
* **Phase 3** (September 2021): mandatory offshore treatment and phytosanitary certification for high-risk plant products exported from a khapra beetle target risk country and phytosanitary certification for high-risk plant products exported from all other countries.
* **Phase 4** (April 2022): revised phytosanitary certification for other-risk plant products exported from all countries to verify freedom from Australia’s list of Trogoderma species of biosecurity concern.
* **Phase 5** (April 2022): introduced phytosanitary certification for seeds for sowing exported from all countries via all arrival modes to verify freedom from Australia’s list of Trogoderma species of biosecurity concern.

As of 30th September 2022, a sample of 3490 entries were taken of Phase 6a.i and Phase 3:

* Non-Compliance for the month of September was greater (4.6%) than the previous three-month average (2%).
  + Common non-compliances continue to include:
    - sea container not treated (for example, goods treated but not the container)
    - incorrect treatment schedule applied
    - non-compliant documentation (treatment certificates missing information).
* 75% of the sampled treatments have been conducted by either Australian Fumigation Accreditation Scheme (AFAS) or Offshore Brown Marmorated Stink Bug (BMSB) Treatment Providers (16% of entries did not have an AEI recorded).

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The department is planning on implementing the next phase of the sea container urgent actions under Phase 6B, **scheduled for 2023**. This will introduce measures to a broader range of containers (other high-risk containers).

The original intention was to target all high-risk containers i.e. those that had held high-risk khapra goods over the course of a five year period; however, acquiring and making this information available to importers has not been possible which will impact our ability to extend import conditions to all high risk containers. Instead, the department intends to implement alternative strategies to address the residual khapra beetle risk posed by sea containers. This will include the extension of existing sea container import conditions to:

* All FCL/FCX containers (from all countries) destined to be unpacked in all rural postcodes in Australia.
* LCL/FAK sea containers from khapra beetle countries carrying high-risk plant products. System enhancements are being implemented to support these measures.

The department will consult with DCCC members on these measures prior to implementation.

Further information on the urgent actions is available on our website:

<https://www.agriculture.gov.au/biosecurity-trade/pests-diseases-weeds/plant/khapra-beetle/urgent-actions>

We would appreciate your assistance communicating the khapra beetle requirements with your contacts/stakeholders and encouraging:

* importers to use registered treatment providers where possible
* unregistered treatment providers to contact us at [offshoretreatments@agriculture.gov.au](mailto:offshoretreatments@agriculture.gov.au).

## BACKGROUND

* Changing global demands, growing passenger and trade volumes, increasing imports from a growing number of countries, population expansion and climate change mean that biosecurity risk is growing.
* Australia has a robust biosecurity system that reduces the risks posed by exotic pests and diseases, as well as established procedures to manage interceptions when they do occur.
  + Biosecurity threats are effectively managed using a risk-based approach.
  + Biosecurity risks are managed offshore, at the border, and within Australia at the point where intervention is most effective.
* Khapra beetle is Australia’s number two National Priority Plant Pest (2019).
  + Khapra beetle is not present in Australia and poses a major threat to Australia’s grains, rice and nut industries as a serious storage pest and potential impacts on international trade.
  + If khapra beetle was to establish in Australia it would have significant economic consequences. An incursion could cost Australia $15.5 billion over 20 years through revenue losses arising from damaged grain in storage and exports.
* Australia has committed $96.9 million over 4 years (2021 to 2024) towards the Hitchhiker Pest Program which will build a stronger biosecurity system to protect Australia from hitchhiker pests in sea containers and goods. A key deliverable of this project amongst other things is enhanced data capture, modelling, and analytics to accurately profile and target imported sea containers and cargoes that pose a risk of hitchhikers including khapra beetle.

## CLEARED BY

*Sarah Bruce, Principal Director, Hitchhiker Working Group*

**ATTACHMENT**

* Nil

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.4a

# Compliance Activities Snapshot

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to provide a snapshot of compliance activities for Quarter 1, financial year 2022-23.

## KEY POINTS

The Compliance Activities Snapshot (**Attachment A**) provides an overview of activities and assessments conducted by the department from 1 July to 30 September 2022.

Further information on the compliance activities can be provided, where possible, to DCCC members upon request via the DCCC Secretariat.

## CLEARED BY

*Nisha Bajpe, Assistant Secretary, Investigations, Compliance and Enforcement Division*

**ATTACHMENTS**

A: Compliance Activities Snapshot – First Quarter Statistics - Financial Year 2022-23

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.5a

**Biosecurity Cost Recovery Arrangement Report**

**For INFORMATION**

## PURPOSE

This is an information only paper for DCCC members to note financial information on the Biosecurity Cost Recovery Arrangement for the financial year 2021-22, and financial year 2022-23 for the period 1 July to 30 September 2022.

## KEY POINTS

The department has been reviewing the biosecurity cost recovery arrangement and will be consulting with industry in late November 2022 on the new cost base. This is one part of the department’s commitment to a sustainable funding and investment model for biosecurity.

**Financial year 2021-22**

The Biosecurity Cost Recovery arrangement ended the year with a deficit of $20.1 million.

* $11.7 million unfunded costs to manage the risks from hitchhiker pests
* $6.1 million from reduced fee for service activities due to covid restrictions
* $2.3 million in budget overspend across the arrangement

**Financial year 2022-23 as at 30 September 2022**

The Biosecurity Cost Recovery arrangement is currently $4.0m above budget for the period 1 July to 30 September 2022. The arrangement is also approximately $4.0m above the same period last financial year.

* $2.0 million above budget for FIDS
* $0.6 million above budget in fee for service activities across all streams
* $1.6 million above budget across Post Entry Quarantine streams including fee for service activities

Due to the change of Government and department restructure, expense budgets are not yet finalised so a surplus or deficit position cannot be provided. We expect to have these for the half-yearly results.

## BACKGROUND

The department has authority to recover certain costs from import industry participants for biosecurity activities that protect our agriculture, our environment, and our way of life.

The Biosecurity Cost Recovery Arrangement reports the revenue raised and expenses incurred by the department to assess and manage the biosecurity risks arising from people, goods, and conveyances (sea and aircraft) entering Australia. These activities also include assessing compliance of imported food with relevant food standards and public health and safety.

## CLEARED BY

*Rachel Short, A/g Assistant Secretary, Funding and Revenue Branch, Finance and Investment Division*

## ATTACHMENTS

Attachment A: Biosecurity Cost Recovery Arrangement Report 2021-22

Attachment B: Biosecurity Cost Recovery Arrangement Report as at 30 September 2022

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**Biosecurity Cost Recovery Arrangement**

Financial Performance for 2021–22

as at 30 June 2022

Finance Division \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**The Biosecurity Cost Recovery Arrangement**

The Department commenced partial cost recovery of selected biosecurity activities in 1979 and full cost recovery from 1 January 1991 for activities in scope of the Australian Government’s Cost Recovery Guidelines. Cost recovery isn’t appropriate for all government activities and so there continues to be many of the Department’s biosecurity functions which are not funded through cost recovery. The Department’s biosecurity activities are provided to these key groups:

* **Importers** – inspection, assessment and management of the biosecurity risks associated with imported goods and packaging (including air and sea cargo, containers, international mail, food, live animals and plants). This also includes husbandry activities undertaken by the department, associated with the PEQ of live animals and plants prior to release into Australia (such as horses, dogs, cats, hatching eggs, birds, ruminants, bees, nursery stock and viable seeds).
* **Conveyance operators** – assessments and inspections of vessel and aircraft entering Australia to manage the risks posed by the vessel, contaminants on the vessel, human biosecurity risks, ballast water and biofouling on vessels, and aircraft disinsection (where non-compliant on arrival) and assessment of aircraft for release from biosecurity control.
* **Approved arrangement participants** – administering arrangements, managing compliance regimes, and setting standards for various third-party arrangements managed by the department, such as quarantine approved premises, compliance agreements and imported food compliance agreements.
* **Passengers** – assessment and management of biosecurity risks posed by baggage accompanying passengers. Activities such as inspection and assessment of baggage are only cost recovered when provided outside of designated international airports or seaports.

The Biosecurity Act 2015 is the primary biosecurity legislation in Australia. The Imported Food Control Act 1992 is the primary food importation legislation. Subordinate legislation (including regulations) and supporting policies affect the management of ballast water, approved arrangements and import risk analysis.

The Biosecurity Regulation 2016 provides fees for different biosecurity regulatory activities. Section 592 of the Biosecurity Act allow fees that may be charged in relation to activities carried out by, or on behalf of the Commonwealth, to be prescribed in regulations made under the Act.

The Imported Food Regulations 2019 provides fees for different chargeable services. Section 36 of the Imported Food Control Act allow fees that may be charged in relation to certain chargeable services, to be prescribed in regulations made under this Act.

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**2021-22 Full year result**

The full year result for the Biosecurity Arrangement was a deficit of $20.1 million, including $11.7 million to manage the risk of hitchhiker pests for which industry was not charged and increased costs above budget of $2.3 million across the arrangement. A revenue shortfall of $6.1 million also contributed to the deficit, due largely to the impact of COVID-19 lockdowns and isolation requirements on the delivery of services that generate Fee For Service (FFS) revenue. The 2020-21 surplus funded the hitchhiker measure and revenue shortfall in 2021-22.

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**2021-2022 full year performance for the Biosecurity Arrangement**

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**Key points for the biosecurity arrangement**

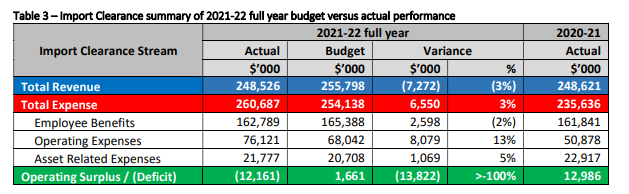
The arrangement’s revenue variance of $6.1 million is primarily due to:

* Full Import Declarations (FIDs)
  + Sea FIDs –$5.5 million below budget
  + Offset partially by air FIDs – $2.1 million above budget
* Fee for service revenue (inspection, audit, assessment, etc.) – down $5.1 million compared to budget, due to covid-related impacts on operations and changes in the complexity of imports.

**1. Import clearance**

The combined volume variance of air and sea importation activities for 2021-22 was 56,950 units below budget, driven by a 5.6% decrease in Sea FIDs compared to budget. Air FIDs exceeded budget for much of the year, however, due to their lower value and a significant drop-off in April and May, this increase did not compensate for the lower volume of Sea FIDs. The result was an overall reduction in revenue of approximately $3.4 million across the two charge points.

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As shown in Tables 4 and 5 below, document assessments and inspections have been lower compared to both current year budget and prior year actuals. The impacts of covid-19 have meant inspectors have been unable to visit importers due to temporary closures at premises or own staff having to isolate.

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Air and Sea FIDs represent around 64% of revenue for the biosecurity arrangement. Comparisons for the past three financial years are shown in Figures 1 and 2 below

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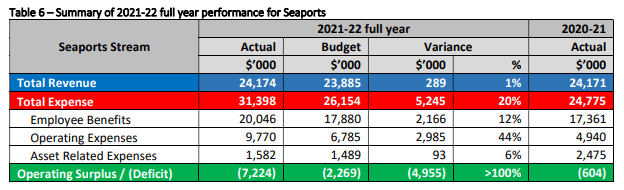
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**2. Seaports**

The number of cargo freighters for 2021-22 increased compared to the previous financial year, however, volumes fluctuated considerably from one month to the next. One notable exception was a significant drop in vessel arrivals in February 2022, as shown in Figure 3 below.



**Key points for seaports**

* Vessel (≥25m) arrivals – an increase of 2.0% or 343 vessels on 2020-21.
* The highest year-on-year growth in vessel arrivals (≥25m) was in May (16.0%) and lowest was in February (-21.3%).

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**3. Post Entry Quarantine**

(PEQ) Facility, Mickleham PEQ combined 2021-22 revenue is above budget by $919k or 6.1%. The 2021-22 revenue is higher than the 2020-21 actuals, indicating overall activity has increased this financial year. The revenue position is not homogenous across the streams: in the plant stream, revenue was slightly below budget while revenue for the horse and non-horse (imports of cats, dogs, birds and hatching eggs) streams exceeded budget. Increased revenue was matched by slightly higher expenses resulting in a deficit of $753k for the financial year. The majority of the increased expenditure is in operating expenses, which includes utilities, supplies and system costs required to run the PEQ facility and invoice importers.

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Tables 8 and 9 below show the revenue and volumes for the key commodities that pass through the PEQ facility. Comparisons are with current year budget (table 8) and with last financial year actuals (table 9). Based on 2020-21 actuals we had expectations of higher volumes for each commodity and these were exceeded with the exception of plant imports.

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**Biosecurity Cost Recovery Arrangement**

Financial Performance for 2022–23

as at 30 September 2022

Finance Division \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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The Australian Government acting through the Department of Agriculture, Water and the Environment has exercised due care and skill in preparing and compiling the information and data in this report. Notwithstanding, the Department of Agriculture, Water and the Environment, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this report to the maximum extent permitted by law.

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**The Biosecurity Arrangement**

The Department commenced partial cost recovery of selected biosecurity activities in 1979 and implemented full cost recovery from 1 January 1991 for activities in scope of the Australian Government’s Cost Recovery Guidelines. Cost recovery isn’t appropriate for all government activities and so there continues to be many of the Department’s biosecurity functions which are not funded through cost recovery. The Department’s biosecurity activities are provided to these key groups:

* **Importers** – inspection, assessment and management of the biosecurity risks associated with imported goods and packaging (including air and sea cargo, containers, international mail, food, live animals and plants). This also includes husbandry activities undertaken by the department, associated with the PEQ of live animals and plants prior to release into Australia (such as horses, dogs, cats, hatching eggs, birds, ruminants, bees, nursery stock and viable seeds).
* **Conveyance operators** – assessments and inspections of vessel and aircraft entering Australia to manage the risks posed by the vessel, contaminants on the vessel, human biosecurity risks, ballast water and biofouling on vessels, and aircraft disinsection (where non-compliant on arrival) and assessment of aircraft for release from biosecurity control.
* **Approved arrangement participants** – administering arrangements, managing compliance regimes, and setting standards for various third-party arrangements managed by the department, such as quarantine approved premises, compliance agreements and imported food compliance agreements.
* **Passengers** – assessment and management of biosecurity risks posed by baggage accompanying passengers. Activities such as inspection and assessment of baggage are only cost recovered when provided outside of designated international airports or seaports.

The Biosecurity Act 2015 is the primary biosecurity legislation in Australia. The Imported Food Control Act 1992 is the primary food importation legislation. Subordinate legislation (including regulations) and supporting policies affect the management of ballast water, approved arrangements and import risk analysis.

The Biosecurity Regulation 2016 provides fees for different biosecurity regulatory activities. Section 592 of the Biosecurity Act allow fees that may be charged in relation to activities carried out by, or on behalf of the Commonwealth, to be prescribed in regulations made under the Act.

The Imported Food Regulations 2019 provides fees for different chargeable services. Section 36 of the Imported Food Control Act allow fees that may be charged in relation to certain chargeable services, to be prescribed in regulations made under this Act.

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**2022-23 Budget**

**Revenue assumptions**

The 2022-23 revenue budget has been developed within the context of easing domestic pandemic restrictions, which are expected to direct consumer preferences away from purchasing imported goods and towards services such as holidays, alongside an uncertain global economy. The budgeted revenue reflects only modest growth in 2022-23 with the exception of a select few imports known to be increasing, such as horses. While a review of the Biosecurity Cost Recovery Arrangement is underway and a new cost base and prices are expected to be introduced, the revenue budget assumes the current fees and charges for 2022-23. The government measure to manage the risk of hitchhiker pests remained unfunded at the time of budget development and any corresponding increase to prices to fund this measure is not assumed in the budget.

**Expense budget**

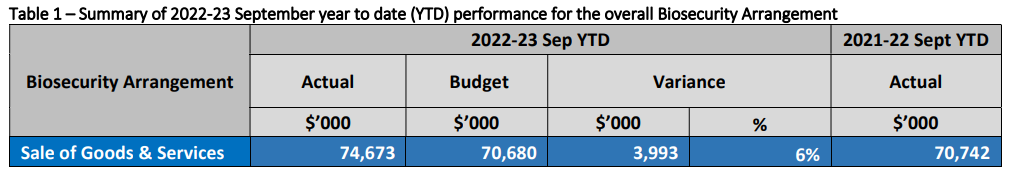
The impact of the May 2022 election, subsequent Machinery of Government changes to the Department’s organisational structure and timing of the October federal budget, has prevented an expense budget being finalised for 2022-23 at the time of writing. Consequently, the following 2022-23 report does not include a surplus or deficit position of the arrangement or for an individual stream as this cannot be known until expense budgets have been set. We expect this to be in place for the next report.

**Review of the arrangement**

As advised in previous industry consultative committee meetings, the department is conducting a comprehensive review of the biosecurity cost recovery arrangement. The arrangement was last reviewed in earnest in 2015, in line with the new Biosecurity Act 2015 and Biosecurity Regulations 2016. Much has happened since then, including the impacts of the global pandemic, changes to risk profiles for imports and import pathways, the change of government and increased costs for regulatory activity. The department is nearing completion of the review and will shortly be consulting with industry on the new arrangement costs and benefits. Stabilising our cost base is the first phase in developing a sustainable funding and investment model for biosecurity. Industry is encouraged to participate in the discussion as advised on the department’s website at [www.haveyoursay.agriculture.gov.au](http://www.haveyoursay.agriculture.gov.au).

**2022-2023 30 September year to date performance for the Biosecurity Arrangement**

From a revenue perspective, the arrangement is slightly exceeding budget expectations in the first three months of the new financial year, as shown in Table 1 below.



**Key points for the biosecurity arrangement**

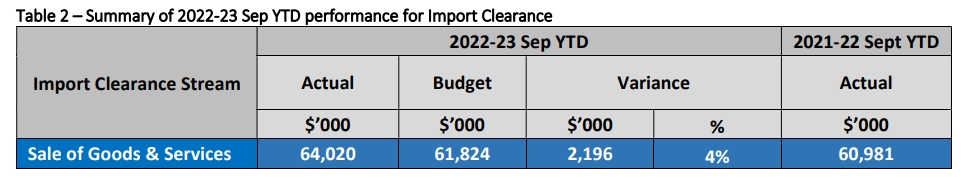
The arrangement’s revenue variance of $3.993 million is primarily due to:

* Full Import Declarations (FIDs)
  + Air FIDs –$293k above budget
  + Sea FIDs – $1.7 million above budget
* Fee for service revenue (inspection, audit, assessment, etc.) – up $639k compared to budget.

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**1. Import clearance**

The combined volume of air and sea importation activities for 2022-23 Sep YTD is above budget (42,764 units), driven by a 7.4% increase in Sea FIDs compared to budget. Both Sea and Air FIDs were slightly below budget in July but were above budget in August and September. This has led to an overall increase in revenue of approximately $2.0 million across the two charge points. However, with the continued inflationary pressures in the Australian and global economy, import activity is expected to slow, particularly in the first half of 2023. This should see the current over-recovery fall back to budget expectations.



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**2. Seaports**

The number of cargo freighters for 2022-23 Sep YTD decreased compared to the 2021-22 Sep YTD. Volumes have remained relatively consistent each month, with the exception of a slow start in July 2022.

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**Key points for seaports**

* Vessel (≥25m) arrivals – a decrease of 2.9% or 130 vessels on 2021-22 Sep YTD, per Figure 3 below.

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**3. Post Entry Quarantine (PEQ) Facility, Mickleham**

PEQ combined 2022-23 revenue is above the Sep YTD budget by $1.6 million or 54%. The 2022-23 Sep YTD revenue is $567k higher than the 2021-22 Sep YTD revenue, indicating overall activity has increased this financial year. The revenue position is homogenous across three streams – plant, horse and non-horse. While revenue is up, we also expect corresponding expenses to also be higher to match revenue.

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# DCCC Meeting 93 – 22 November 2022

# Agenda Item 6.5b

# Biosecurity Cost Recovery Arrangement Review Update

**For INFORMATION**

## PURPOSE

This is an information-only paper for DCCC members to note progress of the review of the Biosecurity Cost Recovery Arrangement.

## KEY POINTS

As advised in the information paper for Biosecurity Cost Recovery Arrangement Review provided at the last DCCC meeting, work on the Biosecurity Cost Recovery Arrangement review was delayed due to the election.

A new cost base has been derived and new prices modelled. A consultation paper with the new modelling will be released late November 2022 and a consultation period open for industry feedback. Meetings for discussion on the new modelling will also be organised and advised accordingly.

Stabilising our cost base is the first phase in securing a sustainable funding and investment model for biosecurity.

A sustainable funding and investment discussion paper is currently open for comment on the department’s website at [www.haveyoursay.agriculture.gov.au](http://www.haveyoursay.agriculture.gov.au)

## BACKGROUND

* The department began a comprehensive review of the Biosecurity Cost Recovery Arrangement in July 2021 to realign costs and effort with current operations. The Arrangement was last comprehensively reviewed in 2015 in combination with the release of the Biosecurity Act 2015. Much has changed for the department and industry since then. The change of government is also impacting our review work and subsequently, consultation with industry has been slowed while we take the new government’s views into account.
* The Biosecurity Cost Recovery Arrangement covers the department’s regulatory effort to assess and manage the biosecurity risks arising from people, goods, and conveyances (sea and aircraft) entering Australia. These activities also include assessing compliance of imported food with relevant food standards and public health and safety.

## CLEARED BY

*Rachel Short, (A/g) Assistant Secretary, Funding and Revenue Branch, Finance and Investment Division*

**ATTACHMENT**

* Nil

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