



Submission

Submission to
Biosecurity Australia
on the
**Revised Draft Import Risk Analysis Report
for the Importation of Cavendish Bananas
from the Philippines**

June 2007



Growcom
Level 1/385 St Paul's Tce Fortitude Valley
PO Box 202 Fortitude Valley QLD 4006
Tel: 07 3620 3844 | Fax: 073620 3880
www.growcom.com.au

Growcom submission to Biosecurity Australia on the Revised Import Risk Analysis Report for the Importation of Cavendish Bananas from the Philippines

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Executive Summary

Queensland is the primary production region for bananas in Australia. The estimated value of the state industry in 2006/07 is \$360 million. The industry is important to the Australian economy and is the mainstay of many regional economies, particularly in the Coastal Wet Tropics. The banana industry is relatively pest and disease free which provides a significant competitive advantage both in terms of the industry's economic viability and market access.

Growcom is seriously concerned about the introduction of exotic pests and diseases into Australia's primary banana production area, particularly the plant pathogens Moko, Black Sigatoka and Freckle. The entry, establishment and spread of any of these destructive banana plant pathogens in the Queensland Coastal Wet Tropics would result in unrecoverable financial loss to the industry and the surrounding communities.

In relation to the revised IRA for the importation of Cavendish bananas from the Philippines, Growcom has serious concerns about the proposed risk management and operational framework. There is no allowance in the risk assessment for any risk arising from a failure to accurately and consistently apply the proposed risk management measures in respect of every consignment of bananas from the Philippines. As a result, the IRA methodology depends on an operational framework that ensures 100% of critical failures in the application of risk management measures are detected in time for immediate action. Even minor instances of non-compliance would result in the proposed framework ceasing to achieve the level of efficacy assessed by the IRA team. Unless the operational framework ensures that immediate action is taken in every case of non-compliance, Australia's requirements will not be met.

Growcom is also seriously concerned with the high level of non-compliance anticipated by Philippine banana growers and exporters if the proposed framework was put in place. For example, compliance involves the significant cost of weekly inspections and in the event of an outbreak, the very substantial cost of self declaration, thus excluding the growers' block for 12 months from the export program. The current systems based approach provides no incentives for Philippine banana growers to comply, for example any grower being found of not self-declaring any infestation would be penalised in the same way as if they had self-declared – the exclusion of their block from the export program for 12 months.

As a result, the proposed framework provides very substantial economic incentives to encourage non-compliance, with no realistic risk of economic or other penalty to those found to be not complying. Growcom finds this particularly disturbing, especially in light of the risks presented by Black Sigatoka falling just below Australia's ALOP, meaning there is virtually no margin for error where compliance with the proposed risk management measures is concerned. This is not acceptable.

Furthermore, Growcom believes the likelihood of non-compliance occurring undetected is very high given that non-compliance with many of the proposed risk management measures would not be able to be detected through pre-clearance inspections in the Philippines or on-arrival inspections in Australia. As it stands, the proposed framework is not acceptable. A more effective system would be one where non-compliance would affect the privilege to export of the entire industry, with non-compliance by one grower putting at risk the economic benefits available to all growers. The industry then has an overriding incentive to ensure compliance.

As a result of these issues raised throughout Growcom's submission, we do not support the revised IRA for the importation of Cavendish bananas from the Philippines.

Introduction

As the peak body representing the Queensland horticulture industry, Growcom welcomes this opportunity to respond to the revised Import Risk Analysis (IRA) report for the importation of Cavendish bananas from the Philippines. As the majority of Australia's banana production occurs in Queensland, particularly the Coastal Wet Tropics, Growcom has a keen interest in the outcomes of this report as it has the potential to have significant impacts on the domestic banana industry, our members and associated industry stakeholders.

Overall, we are seriously concerned about the introduction of exotic pests and diseases into Australia's primary banana production area, particularly the plant pathogens Moko, Black Sigatoka and Freckle. The entry, establishment and spread of any of these destructive banana plant pathogens in the Queensland Coastal Wet Tropics would result in unrecoverable financial loss to the industry and the surrounding communities.

Growcom is supportive of the submission by the Australian Banana Growers Council (ABGC). We would like to further reiterate some of the points made in this submission and anticipate that this feedback will be taken into consideration by Biosecurity Australia.

About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services to the sector. Growcom is the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with horticultural business operators and are well aware of the outlook, expectations and practical needs of the industry.

The origin of Growcom was in 1924 as a statutory body to represent and provide services to the fruit and vegetable growing industry. Now a voluntary organisation, Growcom has grower members throughout the state and works alongside other industry organisations, regional producer associations and corporate members. To provide services and networks to growers, Growcom has approximately fifty staff located in offices in Brisbane, Stanthorpe, Bundaberg, Bowen, Ayr, Toowoomba and Tully. Growcom is a member of a number of state and national industry organisations and uses these networks to promote our members' interests and work on issues of common interest.

About the Queensland Banana Industry

The majority of Australia's banana production (around 90%) originates from Queensland, particularly the Coastal Wet Tropics region incorporating Tully and Innisfail. The Queensland Department of Primary Industries and Fisheries estimates that the value of the Queensland banana industry in 2006/07 is \$360 million, which is an increase of 26.3% or \$75 million from 2003/04.

In north Queensland it is estimated that there are around 280 enterprises producing approximately 20 million cartons from 12,500 ha of plantations. Wholesaler marketing centres of Brisbane, Sydney, Melbourne, Perth, Adelaide and Hobart are the main destinations for a

large proportion of the growers' produce. The two major supermarket chains of Woolworths and Coles source product direct from larger growers and the wholesaler trading floor.

The Queensland banana industry is:

- The primary production region for bananas in Australia;
- A major contributor to regional economies and the mainstay of many regional communities, particularly in north Queensland;
- A large, high quality supplier of bananas to Australian consumers;
- A relatively pest and disease free industry, which provides a significant competitive advantage both in terms of the industry's economic viability and market access;
- A labour intensive industry, with labour representing as much as 50% of the overall operating costs; and
- An industry with significant links to the tourism industry, providing income for thousands of backpackers and "grey nomads" each year.

Discussion on the Revised Import Risk Analysis (IRA) Report for the importation of Cavendish Bananas from the Philippines

Growcom is seriously concerned about the introduction of exotic pests and diseases into Australia's primary banana production area, particularly the plant pathogens Moko, Black Sigatoka and Freckle. The entry, establishment and spread of any of these destructive banana plant pathogens in the Queensland Coastal Wet Tropics would result in unrecoverable financial loss to the industry and the surrounding communities. This would also have a substantial impact on the Australian economy, as the banana industry is a important economic contributor as demonstrated in the aftermath of Cyclone Larry.

The proposed risk management and operational framework

Growcom is particularly concerned about the proposed risk management and operational framework outlined by the IRA team in the revised IRA report for the importation of Cavendish bananas from the Philippines. There are multiple risk management procedures outlined that banana growers from the Philippines would be required to undertake in order to obtain a suitable level of risk which is below Australia's Appropriate Level of Protection (ALOP).

The issues that have been identified with the proposed risk management and operational framework include:

- There is no allowance in the risk assessment for any risk arising from a failure to accurately and consistently apply the proposed risk management measures in respect of every consignment of bananas from the Philippines;
- The IRA methodology depends upon there being an operational framework which ensures 100% of critical failures in the application of measures are detected in time for immediate action. Unless the operational framework ensures that immediate action can and will be taken in every case of a critical failure occurring, Australia's requirements will not be met; and

- Minor instances of non-compliance with the proposed risk management measures on an infrequent or even one-off basis would result in the proposed risk management measures ceasing to achieve the level of efficacy assessed by the IRA team, resulting in the restricted risk of the pests under consideration exceeding Australia's ALOP.

These identified issues are of serious concern to Growcom and the Queensland banana industry, especially when taking into consideration the high level of non-compliance that is anticipated by Philippine banana growers and exporters if the proposed risk management and operational framework was put in place. These concerns are further addressed in the sections following.

Compliance with the proposed risk management and operational framework

For a risk management and operational framework to be effective there must inevitably be a reliance on the Philippine banana growers and exporters to undertake the stipulated procedures at every step. Any breach at any point and the pest pathway into our domestic industry is effectively left wide open.

The key problems associated with compliance with the proposed risk management and operational framework includes:

- It provides very substantial economic incentives for those who will have principal responsibility to implement it, to not comply with it. For example, compliance involves the significant cost of weekly inspections and in the event of an outbreak, the very substantial cost of self declaration, thus excluding the grower's block for 12 months from all exports;
- It provides no realistic risk of economic or other penalty to those same people for any detection of a failure to comply;
- It provides no adequate mechanism to counter those economic incentives; and
- Its proposed audits are predominantly of records – which could be expected to be faulty or falsified in any case where the economic incentives have lead to non-compliance. The audit process provides no assurances of the accuracy of records produced by Philippine banana growers. Furthermore, audits are of activities and findings that have occurred in the past, meaning that any detection of infestation would have occurred with bananas that had already passed through the export pathway.

The efficacy of a large proportion of the risk management program would be wholly reliant upon actions undertaken by the Philippines Bureau of Plant Industry (BPI) and Philippine plantation and packing station workers. If actions by any of these stakeholders fail to comply with the proposed risk management procedures or fail to properly perform their responsibilities, then the proposed risk management measures will not have the efficacy assumed by the IRA Team.

This is particularly disturbing considering the fact that Biosecurity Australia's own modeling puts the risk presented by Black Sigatoka only slightly below Australia's ALOP even when all risk management measures have been successfully applied. This means that there is virtually no margin for error where compliance with these risk management measures is concerned.

Growcom submits that prior to any final decisions being made, Biosecurity Australia must provide a detailed explanation of how the risk of the exporters not fully complying with the risk management system would be managed. It is imperative that this involves the Australian Quarantine Inspection Service (AQIS), who would be ultimately responsible for developing procedures for implementing the risk management system and monitoring compliance.

The type of information that the Australian banana industry needs to know includes:

- How compliance with areas of low pest prevalence will be verified for every shipment from every registered export block;
- What international recognised competency standard will be required by those workers and/or inspectors seeking to identify plants with early stage symptoms of Moko in export blocks;
- How will AQIS ensure that all pseudostems and peduncles that exhibit vascular discoloration either at harvest or at packing are discarded; and
- How will AQIS ensure that chlorine levels in floatation tanks are maintained at levels required to be effective.

This information is required as it will determine whether the risk management measures are in fact feasible. If compliance can not be verified consistently across all shipments, then the risk is increased to levels that would most likely exceed Australia's ALOP. As a result, the final IRA decision must include consideration of how compliance by exporters with the proposed risk management system would be monitored and enforced. This is critical in ensuring that Australia maintains its relatively pest and disease free status and to ensure the future viability of the domestic banana industry.

Likelihood of non-compliance and associated consequences for the domestic banana industry

The proposed risk management measures are not part of the current standard commercial practice in the Philippines and compliance with them would impose a significant initial and ongoing financial and operational burden on individual Philippine banana growers. In addition, the current systems based approach provides no incentives for Philippine banana growers to comply, for example any grower being found of not self-declaring any infestation would be penalised in the same way as if they had self-declared – the exclusion of their block from the export program for 12 months.

The quarantine measures require competence, diligence and honesty from a large number of workers engaged by banana growers and packing houses, ranging from those who will conduct pest surveys through to those who undertake packing in packing houses. It must be noted that these workers are economically dependant on Philippine banana growers. There are no measures in the operational framework which would assure the competence, diligence or honesty of those engaged in on-farm and packing house measures.

Currently the risk management measures are all based on individual blocks and packing houses, which would result in individual growers assessing the balance of incentives and risks which they personally face. If non-compliance is detected, the impact will be isolated to the individual farm.

As a result, the operational framework proposed leaves each grower with:

- A powerful economic incentive to be seen to comply;
- A strong incentive not to in fact comply if there is a risk that compliance will result in the detection of an infestation; and
- No incentive to care at all what their neighbour might do.

A more effective system would be one where non-compliance would generally affect the privilege to export of the entire industry, with non-compliance by one grower putting at risk the economic benefits available to all growers in the area. The industry then has an overriding incentive to ensure compliance.

Pre-clearance inspections in the Philippines and on-arrival inspections in Australia would provide an opportunity to remove fruit from the export pathway which has been compromised by non-compliance of some of the proposed risk management measures. However, non-compliance with many of the proposed risk management measures would not be able to be detected through pre-clearance and on-arrival inspections, such as the proposed post harvest treatment measures for Moko and Black Sigatoka. Growcom submits that the likelihood of non-compliance occurring undetected is very high given that non-compliance with many of the proposed risk management measures will not be able to be detected through pre-clearance inspections in the Philippines or on-arrival inspections in Australia.

The integrity of the proposed risk management system requires intensive and ongoing compliance monitoring and corrective action so that fruit which is compromised by non-compliance with the proposed risk management measures can be immediately detected and removed from the export pathway. Growcom submits that without this intensive, continuous and effective ongoing compliance monitoring, there is very real likelihood that Philippine banana growers would seek to avoid complying with the proposed risk management measures. As it is, the risk management and operational framework is not acceptable.

Conclusion

Growcom has serious concerns about the proposed risk management and operational framework as outlined by the IRA team. This framework has serious flaws that we believe will result in a high level of non-compliance of stipulated risk management procedures by Philippine banana growers and exporters. Furthermore, Growcom believes that the likelihood of non-compliance going undetected is also very high given that non-compliance with many of the proposed risk management measures will not be able to be detected through pre-clearance inspections in the Philippines or on-arrival inspections in Australia. As a result, Growcom is not supportive of the revised IRA for the importation of Cavendish bananas from the Philippines.