



cutting through complexity

Review of regulatory export barriers for Australian vegetable growers

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Horticulture Innovation Australia (HIA), with ongoing guidance and assistance from AUSVEG, commissioned KPMG to investigate and report on the regulatory barriers preventing Australian vegetable growers from reaching their export potential or exporting more efficiently. This involved 11 face-to-face or telephone interviews with business as well as an online survey that collected insights from over 70 businesses. These insights and the survey findings were used to develop the following report.

Context



Opportunity for overall growth in the horticulture sector

The value of Australian vegetable exports increased by 4 per cent in 2013–14 to \$270 million, however the past decade has seen a downward trend.¹ Currently, many of the interviewed businesses use exports merely as a form of hedging against domestic supply. However, as the world's population continues to grow, global demand for food is expected to increase substantially in the coming decades. Average annual growth in the real value of global food demand is predicted to be 1.3 per cent between 2007 and 2050, representing an overall increase of 75 per cent.²



Strong opportunity for export to the South East Asian market

The Organisation for Economic Co-operation and Development (OECD) predicts that Asia could account for 66 per cent of the world's middle class by 2030, up from around 30 per cent today.³ Additionally, it has been estimated that China will account for 43 per cent of all growth world-wide in agricultural demand to 2050.⁴ With these growth projections in the Asian market, and the recent Free Trade Agreements with China, South Korea and Japan, Australian businesses are well positioned to increase their level of trade with Asia.



Australian Government agendas

This project is positioned within the context of two Government priority areas:

1. The productivity and deregulation agenda – The Australian Government's deregulation agenda seeks to reduce red tape (regulatory burden) on business and community groups by \$1 billion annually.⁵
2. The Competitive Agriculture agenda – The Australian Government's Policy for a Competitive Agriculture Sector clearly outlines that competitive and export focused agriculture is important for creating a stronger agriculture sector.⁶

¹ ABARES (2014), *Agricultural commodities: September quarter 2014*. CC BY 3.0 ² Linehan V et al (2013), *Global food production and prices to 2050: scenario analysis under policy assumptions*, ABARES conference paper 13.6, Canberra. ³Kharas, H. (2010), *The Emerging Middle Class in Developing Countries*, OECD Development Centre Working paper No. 285 ⁴Department of Foreign Affairs and Trade (2015), *China-Australia Free Trade Agreement Fact Sheet: Agriculture and Processed Food*, accessed 2 March 2015 <http://dfat.gov.au/trade/agreements/chafta/fact-sheets/Documents/fact-sheet-agriculture-and-processed-food.pdf> ⁵Australian Government (2012), *The Coalition's Deregulation Agenda – media release*, 2 November 2012 ⁶The Coalition's Policy for a Competitive Agriculture Sector (August 2013), accessed 20 February 2015 < <http://www.nationals.org.au/Portals/0/2013/policy/Coalition%202013%20Election%20Policy%20%20Agriculture%20%20final%20%282%29.pdf> >

Key issues identified

The more formal definition of red-tape (relating to paperwork and other administrative requirements), while a focus of this project, was not considered to be the most significant burden to exporters, particularly with the existing trend of moving towards e-forms. Instead, the key issues and barriers to export identified by business were more process-related (for example, understanding the requirements or the ability to meet requirements in a timely and cost effective manner). These key issues are listed below under three groupings: Enabling export readiness, Interactions with the Department of Agriculture (DoA) and Overlap of quality assurance (QA) requirements and cost competitiveness.



Enabling export readiness

Views of the businesses consulted as a part of this study

1. Understanding export requirements

Businesses looking to initiate exporting found it difficult to identify the various requirements of the Australian Government.

2. Identifying trusted contacts or channels for exporting

Businesses looking to initiate or expand their exports lack trust in brokers/agents and are unsure of how to establish trade connections.



Inspection framework

3. Limited response time and availability of DoA hotline to approve docs

Concerns were raised over slow response times of DoA approvals and contact hours that only cover east coast standard business hours.

4. Limited availability of DoA inspectors

Businesses often found it was not possible to book product/shipment inspections at the preferred time due to a limited number of DoA inspectors.

5. Inconsistency of DoA inspectors

Some businesses felt that DoA inspectors were interpreting requirements in different ways, making it hard to understand what was required.



Overlap of QA requirements and cost competitiveness

6. Overlap between government and industry QA systems

As many businesses already comply with various industry QA requirements, re-cutting this information for government was seen as overly burdensome.

7. Cost competitiveness

Sixty two per cent of businesses surveyed claimed that cost competitiveness resulted in a 'significant burden' and prevented their business from expanding their exports

Key solutions identified

Surveyed businesses were asked to provide the number one thing that government could do to assist with easing export related regulatory burden. Solutions to the issues raised were also gathered in the one on one business interviews. The following seven solutions represent practical ideas that were most commonly held by consulted businesses.

- 1 Develop a one-stop-shop information portal
- 2 Greater use of reverse trade missions
- 3 Increase the number of DoA staff available for conducting inspections
- 4 Extend the contact hours for DoA hotline
- 5 Reduce/remove accreditation and/or certification fees
- 6 Consider allowing various forms of industry and government QA accreditations to be treated as interchangeable
- 7 Better utilise business insights when agreeing the specifics of the FTAs



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01

Context / background



Government priority areas highlight the importance of a healthy horticulture sector

This project was positioned within the context of a number of Government priority areas – namely, the productivity and deregulation agenda; and the Competitive Agriculture agenda.

Federal Government red tape agenda

The *Coalition's Policy to Boost Productivity and Reduce Regulation* highlights the Australian Government's goal of reducing red tape by \$1 billion per annum by ensuring regulation is only imposed where absolutely necessary, inefficient regulation is eliminated and the costs of any new regulation are offset.⁷

To give effect to its commitment, the Government has:

- established Deregulation Units, headed by a senior executive officer, in every portfolio
- committed portfolios to complete a regulatory audit by the end of 2014
- included twice-yearly parliamentary repeal days – the first repeal day on 26 March, 2014 saw the introduction of legislation to deliver compliance cost savings of \$700 million. The next repeal day is scheduled for sometime during the spring session of parliament
- incorporated progress with the deregulation agenda into Secretary and Senior Executive Services performance agreements.

Agriculture White Paper

The *Coalition's Policy for a Competitive Agriculture Sector* (August 2013) outlines measures to support a vibrant, innovative and competitive agriculture sector. The agenda clearly outlines why a competitive and export focused agriculture is important for creating a stronger agriculture sector.

To give effect to its commitments, the Government commissioned a White Paper on agriculture. Currently under development, the White Paper will identify paths and approaches for growing farm profitability and boosting agriculture's contribution to economic growth, trade, innovation and productivity.¹¹

⁷The Coalition's Policy to Boost Productivity and Reduce Regulation (July 2013), accessed 20 February 2015

<<http://shared.liberal.org.au/Share/The%20Coalitions%20Policy%20to%20Boost%20Productivity%20and%20Reduce%20Regulation.pdf>>

⁸Department of Foreign Affairs and Trade – fact sheets, accessed 18 January 2015 <<http://dfat.gov.au/trade/agreements/chafta/fact-sheets/Pages/key-outcomes.aspx>>,

<<http://dfat.gov.au/trade/agreements/kafta/fact-sheets/Pages/quick-guide-key-agricultural-products-outcomes.aspx>>, <<http://dfat.gov.au/trade/agreements/jaepa/fact-sheets/Pages/fact-sheet-agriculture-and-processed-food.aspx>>

Government priority areas highlight the importance of a healthy horticulture sector

Increasing and improving trade with Asian markets is also a focus area for the Government.

Asian “food bowl“

The Organisation for Economic Co-operation and Development (OECD) predicts that Asia could account for 66 per cent of the world’s middle class by 2030, up from around 30 per cent today.⁹ This represents an unprecedented opportunity for Australian farmers. The Australian Bureau of Resource Economics and Sciences (ABARES) predicts China will account for 43 per cent of all growth world-wide in agricultural demand to 2050.¹⁰

In light of this, some in the Australian Government are hoping to establish Australia as Asia’s food bowl. Evidence suggests that with consistent business and technology improvements, Australian farms could potentially double in export value by mid-century, but the physical volume of agriculture produce is different. There are inconsistent beliefs on whether Australia has sufficient land and water or adequate infrastructure and technology to increase its primary production to a scale where it could viably be seen as a major provider of food for the Asian population.

Recent FTAs⁸ with Asia

Australia has recently entered Free Trade Agreements with China, South Korea and Japan. Over the next few years these will see trade tariffs removed, meaning Australia has the potential to be more price competitive in these markets.

- China FTA – includes the removal of tariffs (up to 30 per cent) on all horticulture products, most within four years.
- South Korea FTA – Many of the products impacted are fruits and nuts, rather than vegetables. Taking advantage of counter-seasonal production, high tariffs on potatoes for chipping (Australia’s largest horticultural export – current tariff 304 per cent), will be eliminated during our exporting seasons.
- Japan FTA - Australia is the first significant agricultural producer to conclude a meaningful deal with Japan, providing Australian exporters a competitive advantage. Includes fast tariff elimination on the vast majority of Australia’s fruit, vegetables, nuts and juice, worth \$114 million in 2013-14.

⁹Kharas, H. (2010), *The Emerging Middle Class in Developing Countries*, OECD Development Centre Working paper No. 285

¹⁰Department of Foreign Affairs and Trade (2015), China-Australia Free Trade Agreement Fact Sheet: Agriculture and Processed Food, accessed 2 March 2015 <<http://dfat.gov.au/trade/agreements/chafta/fact-sheets/Documents/fact-sheet-agriculture-and-processed-food.pdf>>

¹¹Australian Government - Department of Agriculture (2014), Agriculture White Paper <http://www.agriculture.gov.au/agriculture-food/agriculture-white-paper>

Investigating key barriers to export in order to inform development of the best solutions



Identify broad regulatory issues that HIA may wish to explore. A variety of regulatory issues were likely to arise from the consultations and survey responses, which will provide HIA with an understanding of the wide regulatory issues that could be the focus of future reviews.

Identify specific export-related barriers that prevent farmers from producing their goods and delivering them to markets in the most efficient way. This will assist HIA in directing its efforts towards the most burdensome regulatory areas.

Drill down into selected barriers through case studies that explore their root causes, costs and impacts on farmers and practical options that might be considered to address these. The case studies will enable HIA to have specific informed discussions with key stakeholders and decision makers.

More broadly, this project will contribute to the Government's priority policy areas by:

- Better understanding the key regulatory issues facing the sector
- Identifying reform measures that could contribute to a more competitive sector, including supporting export growth
- Supporting the deregulation savings targets of portfolios
- Opening a dialogue between the sector and the Government
- Providing market insights to support HIA and AUSVEG formulate their policy to support the Horticulture sector

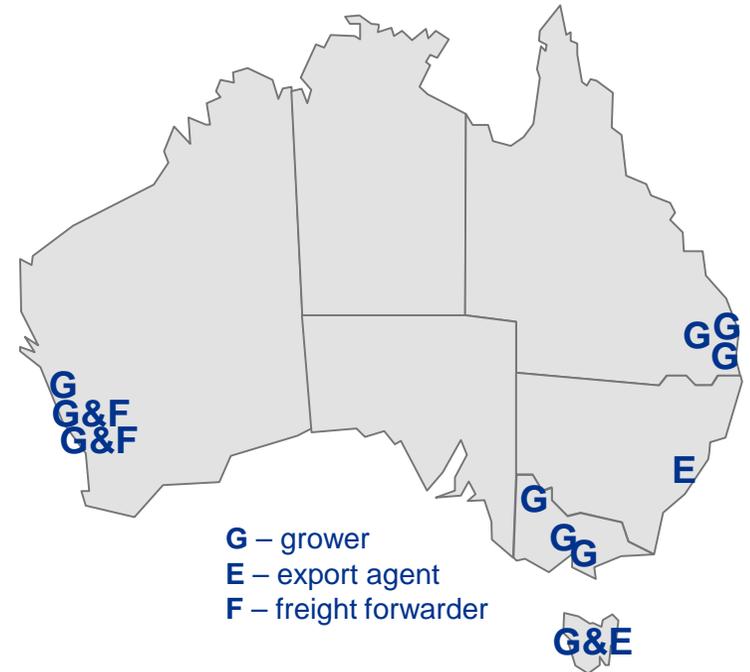


One-on-one interviews

KPMG conducted face-to-face or telephone interviews with a total of 11 businesses which consisted mainly of vegetable growers but also included freight forwarders and an export agent.

These interviews allowed businesses to query the questions put to them and for KPMG to test responses with probing questions, providing specific and practical responses.

A snapshot of the records from these interviews can be found in Appendix B.



Survey

To add support to the issues and solutions discussed in the consultations, a survey was developed and released to AUSVEG's distribution list of 3,500 businesses which included vegetable growers and other businesses along the supply chain. Over 120 businesses began the survey, with response rates for most questions ranging between 30 and 70 responses.

KPMG notes that those businesses willing to participate in interviews and surveys are more likely to be businesses that have experienced specific and material issues with exports. While this is useful for identifying issues that exist, the consultation findings may not be reflective of the broader vegetable growing community.

All businesses need to comply with economy-wide regulations. For example:



In addition to the regulations listed above that are imposed on all, or most, Australian businesses, there are also State based regulations that regulate the operations of food businesses, as well as any specific horticulture legislation that governs domestic markets.

Requirements that are more specific to vegetable exports include non-compulsory industry related quality assurance certificates and compulsory export related forms and inspections.

Non-compulsory industry related quality assurance certificates

Safe Quality Food (SQF)

To maintain certification, the supplier must undergo an annual recertification audit as well as comply with the expectations outlined in the SQF Code.

Freshcare

Freshcare is approved for use by growers and grower-packers supplying 'direct' to both Coles and Metcash.¹² All members must complete an approved Freshcare training course. Once systems are implemented on farm, certification is granted through an audit and is valid for 13 months.

Hazard Analysis and Critical Control Points

Many of Australia's leading food businesses demand their suppliers have a HACCP-based food safety program in place. It typically takes around 6 months to implement the food safety program. Once formal assessment has been passed, the HACCP certificates is valid for 3 years.

GLOBAL G.A.P.

Internationally recognised standard for farm production aimed at efficiency and waste reduction. Certificates issued by approved independent certification bodies who conduct both announced and unannounced onsite farm inspections and audits throughout the year.

Compulsory forms and inspections

Businesses are required to complete a selection of forms and inspections in order to export, some of which are dependent on the importing country. These key items, listed below, are all facilitated by Australia's Department of Agriculture.

- Notice of Intention to Export Prescribed Goods (or electronic equivalent – Request for Permit)
- Request for Plant Exports Inspection Appointment
- Inspection of goods by Authorised Officer at a Registered Establishment
- Phytosanitary Certificate (dependent on importing country)

The degree to which the initial grower is involved in complying with these items varies significantly, depending on size, product and age of business. While some growers sell their produce to an export agent, or have a freight forwarder deal with the regulatory paperwork, larger or more experienced businesses may be able to justify taking control of the whole process themselves through economics of scale.

Larger businesses wanting oversight and involvement across the entire value chain often register their premises as a Registered Establishment and/or train one or more employees as Authorised Officers to enable them to perform their own inspections, thus reducing re-handling and transport costs.

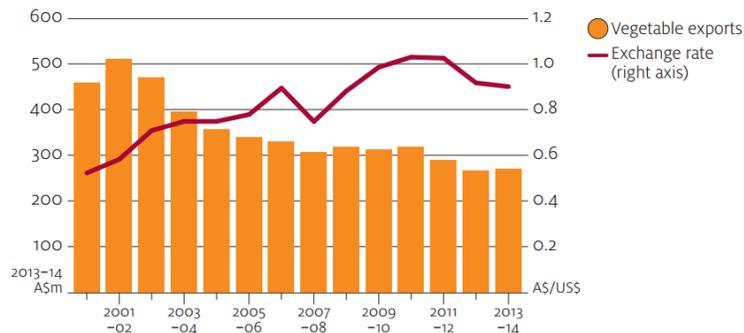
¹²Direct suppliers to Woolworths are required to be certified to Woolworths Quality Assurance

Value of exports

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) report 'Agriculture commodities: September quarter 2014'¹³ stated that:

- In 2013–14 Australian vegetable exports were valued at \$270 million, with fresh vegetables representing 60 per cent of this total.
- The largest markets for Australian fresh and processed vegetables by value in 2013–14 were New Zealand (\$41 million), Japan (\$39 million), Singapore (\$25 million) and the United Arab Emirates (\$23 million).
- The value of Australian vegetable exports increased by 4 per cent in 2013–14 to \$270 million, however the past decade has seen a downward trend (see figure 1).

Figure 1¹⁴ – real value of Australian vegetable exports and exchange rate, 2000-01 to 2013-14



These figures show the substantial portion of horticulture, and overall exports, that vegetable exports represent, but also a declining trend in value exported.

¹³ABARES (2014), *Agricultural commodities: September quarter 2014*. CC BY 3.0.

¹⁴*Ibid.*

¹⁵Australian Government (2014), *Agricultural Competitiveness Green Paper*, p.5

This declining trend is likely due to a number of factors discussed later in this report.

The broader market

Within the global market, Australia has two key comparative advantages:

- Australia's geographical location allows counter-seasonal production of export produce for northern hemisphere markets and has relatively low transportation costs for exporting to Asian markets.¹⁵
- Australia has a strong biosecurity system (and therefore higher quality produce) that allows access to export markets that may be closed to some of Australia's competitors, providing a competitive advantage in higher value markets.¹⁶

Challenges facing the Australian market include:

- Increased competition from other countries, particularly China with their relatively low labour costs, which has weakened demand for Australian vegetable exports. China accounts for around half of world vegetable production and is the world's largest exporter.¹⁷
- Profitability, with the sector achieving an average rate of return over the five years to 2011–12 of 3.2 per cent, markedly lower than the 6 per cent yield on 10-year government bonds – the safest investment in the country.² However, these average rates of return mask considerable variation within the sector, with the highest performing farms performing considerably better.¹⁸

These high performers demonstrate the potential for this industry to be highly profitable.

¹⁶*Ibid.*

¹⁷ABARES (2014), *Agricultural commodities: September quarter 2014*. CC BY 3.0

¹⁸Australian Government (2014), *Agricultural Competitiveness Green Paper*, p.5

Opportunities

As the population continues to grow, global demand for food is expected to increase substantially in the coming decades. Average annual growth in the real value of global food demand is predicted to be 1.3 per cent between 2007 and 2050, representing an overall increase of 75 per cent.¹⁹ ABARES predicts that China, a geographically close but relatively untapped region for export, will account for 43 per cent of all growth world-wide in agricultural demand to 2050.

Currently, many businesses are using exports as a form of hedging their domestic supply, but are not placing as much focus on expanding their exports due to various export related barriers that are discussed later in this report. Some interviewed businesses suggested that China's perception of Australian exports is that they are neither nimble nor fast, making Australia comparatively difficult to work with. Businesses also suggested that the domestic market is extremely over-supplied, resulting in growers often having excess produce or capacity that could be directed to overseas markets.

Addressing some of the issues identified in this review will assist in reducing the export barriers for Australian vegetable growers and encourage businesses to expand the export arms of their business and capture the expanding market in South East Asia.

While the recent development of Free Trade Agreements with China, South Korea and Japan will provide the potential for Australia to become more price competitive in these regions (one of the key barriers), there remains other market access barriers that limit the realisation of the full value of these FTAs.

¹⁹Linehan V et al (2013), *Global food production and prices to 2050: scenario analysis under policy assumptions*, ABARES conference paper 13.6, Canberra.



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02

Key survey findings



An overarching theme of the survey responses (which was also supported by the interviews) was that no one business has had the same experience in relation to exporting horticultural produce. Businesses vary in their level of engagement in the export value chain based on their size, products and business maturity.

The following statistics cover between 30 and 70 business survey responses, and offer broad insights into the current experiences of vegetable growers in relation to export-related issues.

Who responded?

-  58 per cent were vegetable growers, 13 per cent were specialist export agents, 3 per cent were freight forwarders and 26 per cent were 'other'. The 'others' group largely consisted of marketers, vegetable processors and consultancies.
-  Almost half (48 per cent) have been in business for over 20 years.
-  40 per cent of businesses currently employ someone who is certified as an Authorised Officer and one third of businesses are currently registered as a Registered Establishment.
-  43 per cent primarily directly export their produce and 26 per cent primarily use an export agent. The remaining 31 per cent of businesses did not export their produce.
-  Common export destinations mirrored the wider market with most respondents exporting to South East Asia, United Arab Emirates and some areas of Europe.
-  92 per cent exported to a country that required a Phytosanitary Certificate.



The following slides highlight key findings of the survey.

Key survey findings

- 

When presented with a range of broad regulatory areas, one third of businesses rated 'local government approvals' as having the highest regulatory burden, with 'exports' the second most (24 per cent) frequent regulatory area that was thought to have the highest burden.
- 

62 per cent of businesses rated 'labour' regulations in the top three areas of regulatory burden.
- 

43 per cent of businesses indicated that the level of overlap between material/actions required by industry quality and safety certifications and those required by the Australian government was greater than 50 per cent.
- 

While 84 per cent of businesses were looking to expand the export portion of their business, 58 per cent of this cohort indicated there were currently external challenges preventing this from occurring.
- 

The largest barrier to initiating or expanding export operations was 'general cost competitiveness with other exporting countries'. 62 per cent of businesses claimed this imposed a 'significant burden'.

Other tasks that were frequently classed as having a 'significant burden' included 'initial research and identification of importing country requirements' and 'identifying and arranging a registered establishment for inspections, or registering your own premises to become a registered establishment'.
- 

30 per cent of businesses stated that 'having supporting documents certified by relevant personnel' imposed the most significant burden of all regulatory tasks.
- 

When asked for the number one thing government could do to assist with easing regulatory burden, most businesses suggested improvements around the availability and quality of DoA inspectors and the DoA hotline.



Summary of key issues identified through consultation

Using the survey findings, and the deeper insights gathered and discussed in the one-on-one business interviews, the issues listed below were determined to be of most significance to Australian vegetable exporters.

One of the key messages heard in the one-on-one interviews was that businesses often use exports as a means of hedging their domestic supply risk, as opposed to being primarily focused on export markets. While many businesses were looking to expand their export operations for more pro-active reasons, the issues below were put forward as barriers.



Theme	Issue
Enabling export readiness	1 Understanding export requirements
	2 Identifying trusted contacts or channels for exporting
Inspection framework	3 Limited response time and availability of DoA hotline to approve docs
	4 Limited availability of DoA inspectors
	5 Inconsistency of DoA inspectors
Other issues	6 Overlap between government and industry quality assurance systems
	7 Cost competitiveness

The following section outlines each of these issues in more detail.



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03

Issues and impacts



1

Enabling export readiness

Understanding export requirements

Uncertainty around export requirements, including the types of documents needed and the relevant government entities that need to be contacted, was a common theme across both the one-on-one interviews and the survey responses. This issue was particularly prevalent within businesses of smaller size or that are relatively new to the export market, with almost all of these businesses raising this concern.

Most established export businesses felt they had an adequate understanding of the requirements, but it took them a significant amount of time to get to this point (in one reported case two years). Businesses with experienced and dedicated export staff frequently noted that much of their information gathering came from contacting industry peers – with one business stating “we were lucky that another business walked us through it for the first year”. For these businesses, gathering information and understanding the requirements was not seen to be a significant burden.

The main issue was the time and effort required up front to understand exactly what was required by the government on both an annual basis and per shipment. Given the high quality of Australia’s produce, and the varied locations for export, most businesses interviewed/surveyed believed they held their product/s to the highest level of quality assurance regardless of their export appetite or export requirements. As such, they did not consider the *type* of information required for export to be overly burdensome as they were already collecting and providing similar or identical information for other quality assurance standards.

One surveyed business suggested understanding export requirements is a constant problem as the requirements change each year, especially documentation requirements, meaning that even a business that is well established in export trade is required to invest time each year towards understanding export requirements.

Almost 40 per cent of the surveyed businesses, as well as a small number of interviewed businesses, indicated that “MCoR (Manual of Importing Country Requirements) can be a bit hard to use although it is improving”. These businesses used the tool as a starting point but felt the detail included could be confusing and additional research was still required.

It was also noted that “different countries have different requirements making targeting multiple countries problematic.” If the burden of investigating the import requirements of multiple export locations is significant enough, it may prevent businesses attempting to enter certain markets and would limit the overall level of exports from Australia.

Finding out what you need to know from each relevant Australian government department is not easy

Small grower

2

Enabling export readiness

Identifying trusted contacts or channels for exporting

A separate but related issue to understanding export requirements was identifying trusted export contacts or channels. As with the difficulty in understanding export requirements, this issue was also experienced primarily by businesses looking to initiate or expand the export-focused portion of their business, rather than businesses who had well established export processes. As mentioned under issue one, most of the more established exporting businesses interviewed stated that they became aware of export requirements through word of mouth. Some survey responses indicated that while information can be gathered from a range of sources, it was difficult to trust any of them:

- “Their [sic] are plenty of contacts however [it is] difficult to know who to trust and who is reliable – we meet many people at trade shows” (specialist export agent)
- “Finding a good honest contact, using [Australia’s] trade embassy contact etc. takes time lots of it! [sic]. Greatest amount of time wasted!” (Grower)
- “Clear recommendations are difficult to secure, especially from local Australian based competitors for obvious reasons. Often, good recommendations come from overseas competitors or counter seasonal strategic alliance partners. Relationships all of which incur costs to secure and nurture.” (Large other)
- “[It is] hard to find [a] reliable exporter who looks out for your interests as well.” (Large grower)

If the burden of identifying trusted sources of information or channels for export is significant enough, it may prevent businesses from entering or expanding their export trade.

 We do not have the time to visit importing countries and relying on brokers/agents is problematic
Large grower 

3 Interactions with DoA

Limited response time and availability of DoA hotline to approve docs

This issue, raised almost exclusively from businesses located in Western Australia (WA), was mentioned in both interviews and survey responses. Two businesses, both based in WA, raised a concern over the response times of the DoA hotline (specifically in relation to the Authorisation of an Electronic Export Certificate). With the time difference between the west and east coast, this DoA service (now centralised on the east coast) is operating during Australian Eastern Standard Time business hours only. As such, businesses based in WA found it difficult to have requests processed and approved for most of the afternoon.

One business stated that this causes a significant burden as you need to either plan further ahead than what is practically possible and “risk whether the product will be ready [in time for the planned approval time]” or get “it ready then wait for the inspection”, potentially reducing the quality of the product.

Another businesses stated that they were “often calling out of hours and sometimes even in hours and there is no one available”.

As shipments of vegetables involve perishable goods, it is critical that the time between leaving the grower/packer and being shipped overseas is as efficient as possible. Missing shipments due to administrative tasks may result in lost produce, or produce that needs to be redistributed (at a cost to the grower) within the domestic market.

 [The] time difference in WA means it can be panic stations trying to get sorted

Large grower



4

Interactions with DoA

Limited availability of DoA inspectors

Three of the 11 businesses interviewed specifically noted that they thought there was a declining trend in the number of DoA inspectors, making it more difficult to arrange an inspection at the preferred time of the business.

Survey respondents also raised this concern, noting:

- “DoA officials are difficult to get hold of. Overtime charges cost our business serious dollars each year and will potentially make us uncompetitive. Produce grows seven days a week so clearance should be available seven days a week.” (Large specialist export agent)
- the inspection itself is “not difficult. Just a time hassle, particularly on week ends and over public holiday periods” (Large grower)
- “a nightmare, if the stuff arrives on time the inspector has been called away for something more important so the goods miss the connection, [this is] a problem if there are only a couple of flights per week to a particular location, then it runs into a weekend so the delay blows out to 3-4 days before the material can be moved out of Australia. This happened to us virtually every time we sent a consignment overseas, it made it all too difficult and we gave up” (Other)

If the burden of booking in DoA inspectors at a preferred time is significant enough, it could discourage businesses from exporting produce. In one case, as noted in the quote below, the issue forced a business to certify a staff member as an Authorised Officer (AO) to ensure greater reliability in the inspection process.

“ I am now a qualified AO as it was becoming very difficult to arrange inspectors in the timely manner that is required for our fresh produce, so it is now an additional job we have to do in house. ”
Large grower

5 Interactions with DoA

Inconsistency of DoA inspectors

A number of businesses interviewed noted inconsistencies across the DoA inspectors allocated to them, specifically in relation to their interpretation of the requirements eg. what is and is not a dangerous bug. Similarly, this issue was also raised by survey respondents:

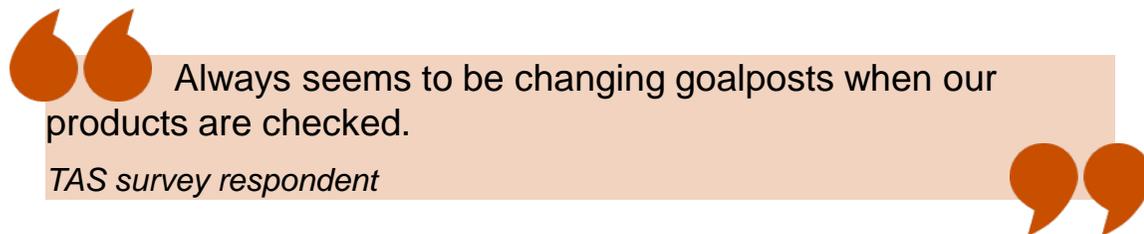
- “Perhaps there are occasionally inspectors that are more relaxed than others, or than they should be, but this higher or lower level of adherence to the prescribed protocol gives appearance of inconsistency or incompetence.” (Other)
- “no-one has experience in this process [and] when they get experience they move on to another job and we have to explain the process over again. I have lost count of the number of officers at state and federal level we needed to train in the process every time we wanted to export.” (Other)

One business also noted that there was inconsistency in relation to the number of DoA inspectors sent to the inspection. The business felt they had no influence on whether one or two inspectors arrived, but were required to pay for both when two were sent at \$36 per quarter hour.

These inconsistencies make it hard for businesses to know exactly what is required of them. Businesses are likely to implement process changes to ensure they meet the compliance requirements of inspectors with the most strict interpretation of the requirements. It is unlikely that these changes, and associated costs, reflect the initial intent of the regulations and so may cause businesses to invest more time and money than necessary.

OECD identified ‘effective, consistent and fair operational processes and practices’ as one of four key elements for better regulatory outcomes.²⁰ While this is not evidence of an issue, it highlights that consistency in regulatory approach is equally as important as designed rules and governance frameworks. Although no solutions to address inconsistency in DoA inspectors were raised through the consultation process, it is likely that further investigation into such solutions would improve the regulatory experience for businesses.

The Government’s Regulatory Performance Framework notes that “poorly administered regulation can impose unnecessary costs that reduce productivity. These costs inevitably flow through to business more widely and to the community even where their initial impact is on a particular business. These costs may negatively impact the viability of domestic businesses, especially those exposed to overseas competition.”²¹



²⁰OECD (2014), *The Governance of Regulators*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing.

²¹Australian Government (2014), *Regulator Performance Framework*, accessed 10 April 2015 <https://cuttingredtape.gov.au/sites/default/files/documents/regulator_performance_framework.pdf>

6 Other issues

Overlap between government and industry quality assurance systems

As mentioned previously, most businesses interviewed/surveyed believed they held high standards of quality assurance and would do so regardless of their export appetite or export requirements. As such, the information required by DoA in relation to quality assurance (eg. place of origin, product treatments) is usually something the business already collects for other purposes, and so the collection itself is not overly burdensome. However the requirement to re-cut and distribute the information to another organisation (DoA) was thought to be an unnecessary time cost by both interviewed and surveyed businesses.

Businesses felt that there were duplicative financial costs as well, in the form of quality assurance audits. Particularly where the business is already registered as a Registered Establishment. Annual audits are part of most business' quality assurance (QA) programs, yet similar audits are required for Registered Establishments.

Particular frustration was felt where the QA certificate that the business already holds is over and above the DoA requirements:

- “Time consuming, required to have unnecessary audits as we have QA to Woolworths standard yet still have to have a DoA audit which we need to be present for as well as pay for the officers time. The QA that we have is over and above the DoA requirement so that should exempt us.” (Large grower)

Forty three per cent of businesses surveyed indicated that the level of overlap between material/actions required by industry quality and safety certifications and those required by the Australian government was greater than 50 per cent.



It's a double up with our QA programs

Large grower



7

Other issues

Cost competitiveness

Cost competitiveness was the most frequently raised export barrier in both one-on-one interviews and the survey. Sixty two per cent of businesses surveyed claimed that cost competitiveness resulted in a 'significant burden' and prevented their business from expanding their exports.

A number of issues related to cost competitiveness were mentioned, some of which were within the scope of this review and some were not. Areas that present as broader issues for multiple industries, and fall outside the scope of this review as they do not relate to Agriculture specific policy, are discussed on the following slide.

In scope cost issues raised by survey respondents included:

- certification and accreditation costs associated with registering as a Registered Establishment or having staff train to gain accreditation as an Authorised Officer – “For the small quantity of exports that we do, the registration costs are excessive” (Small grower); and
- quality assurance audit fees – “Our... QA program expenses all make it hard to be competitive with Asian countries and the USA” (Large grower)

In addition to 'fee for service' rate of \$36 per quarter hour for activities such as assessing applications, site inspection and audits, Registered Horticulture Establishments also incur an annual charge of between \$2,844 (tier 1) and \$8,530 (tier 3)²². While training staff to become an AO does not have a direct fee, businesses indicated that substantial time was required to complete the eLearning modules and engage in on-the-job training.

In some instances, these direct financial costs and/or their associated time costs were considered too high to warrant action (i.e. registering as a Registered Establishment or training staff to become AOs). With these costs needing to be recovered, Australian prices are increased, making our products less attractive when compared with the product of other exporting countries.

 We regularly lost out to Europe, New Zealand, North America, South America and China
Small grower 

²²Department of Agriculture website, assessed on 14 March 2015 <<http://www.agriculture.gov.au/export/plants-plant-products/fees-charges/plant-exports-fees-and-charges>>

Other issues

Other matters raised

The following matters were raised by interviewed businesses but do not focus on Agriculture (or similar) regulation. For completeness, they have been listed below with a brief description.

High labour costs

This issue was the most frequently raised out of scope issue from the consultation process. It was thought to be a larger impact on cost competitiveness than the issues discussed on the previous slide. Businesses noted that in addition to the direct cost of labour on their farms, high labour costs were also passed through to other elements of their supply chain, such as packing costs.

High transport costs

In addition to the indirect labour costs that are passed through to transport costs, Australia's geography also places the country at a competitiveness disadvantage in terms of transport costs. As many growers are situated great distances from distribution points, transport costs are comparatively higher than other exporting regions.

Increased foreign investment in Australian agricultural assets

A small number of interviewed businesses raised concerns over foreign investors buying agricultural land in Australia and starting up as direct competitors. Businesses suggested this was occurring because of the difficult nature of partnering with Australian businesses (inflexible, too many requirements, etc.). This broader issue, experienced by many sectors, is one the government is already looking at through a threshold for land acquisition”

“During its electoral campaign the Coalition promised to reduce the threshold for Foreign Investment Review Board (FIRB) review of purchases of agricultural land from \$252 million to \$15 million. On 11 February 2015 the Australian Treasurer announced that its promise will be implemented from 1 March 2015. After 1 March 2015 purchases of agricultural land by non-government owned foreign persons which result in the cumulative value of agricultural land held by that buyer exceeding \$15 million will require the approval of the Federal Treasurer (as advised by FIRB).”²³

²³Hay, A. and Girdler, S. (2015), *Red tape to be applied to foreign acquisitions of agricultural land*, Clayton Utz insights



cutting through complexity

04

Suggested solutions and benefits



Both the survey findings, and the deeper insights gathered and discussed in the one-on-one business interviews, provided a range of potential solutions to ease the export-related burdens that are impacting the vegetable growing industry.



The table below lists the most common stakeholder suggestions and the potential issues that they would help to address.

Solutions	Potential issues addressed						
	Enabling export readiness		Inspection framework			Other issues	
	1	2	3	4	5	6	7
1. Mutual recognition of certifications	✓						✓
2. Develop a one-stop-shop information portal	✓	✓					✓
3. Greater use of reverse trade missions		✓					✓
4. Support for Authorised Officer accreditations				✓			✓
5. Extend the contact hours for DoA hotline	✓		✓				✓
6. Cost reduction						✓	✓
7. Better utilise business insights when agreeing the specifics of the FTAs	✓						✓

Businesses did not provide any solutions that directly address issue five - inconsistency of DoA inspectors. As this issue has the potential to reduce business productivity and result in indirect costs to the community (as discussed on page 23), it is suggested that further investigation be performed regarding potential solutions.

1 Mutual recognition of certifications

As outlined in the 'broader regulatory environment for Australian horticulture' section, businesses currently hold a range of industry quality assurance certificates. These are often requested by larger clients such as major supermarket chains, but are also used to signal quality to intentional clients. In many cases these QA programs overlap or exceed the various DoA export requirements. Furthermore, there are levels of overlap between different government required certifications.

Example

A Certificate of Origin (CoO) is a document that certifies the place of growth, production or manufacture of goods and is required when exporting to specific countries. The CoO contains an express certification by government (Austrade) and is insisted upon by many overseas importers.

The Australian Phytosanitary Certificate E16 (PC) is issued in accordance with internationally accepted templates and is used to certify that the plant/plant products have been inspected according to appropriate procedures, that they are considered free from various pest types, and that they conform with phytosanitary regulations of the importing country.

One large grower and freight forwarder suggested that the requirements of these two certificates overlapped to the extent that it would be appropriate to allow mutual recognition of the two. If the Australian government were to enter discussions with importing countries to arrange the acceptance of a PC as a CoO, it would reduce the:

- number of agencies that businesses would need to liaise with; and
- amount of paperwork required for a single shipment.

Further investigating the degree of overlap, and allowing existing industry QA certifications to act as a substitute for government imposed QA requirements (where it is deemed suitable) could significantly reduce the regulatory burden on Australian exporters of vegetable product.



As Australian businesses generally have higher standards than international ones, there may be scope to align Australian accreditations better with international ones.

Large grower



2 Develop a one-stop-shop information portal

Developing a one-stop-shop portal for information provision and guidance material would involve drawing on existing databases and tools, such as the Manual of Importing Country Requirements (MICoR) and the Export Documentation System (EXDOC) to create a single point of contact for Agriculture export related enquiries and processes. While more established businesses were found to use MICoR to varying success, many newer businesses were unaware of this tool. This suggests there are opportunities to promote the awareness and functionality of the MICoR.

In addition to combining information from these locations, a new portal would need to address the concerns of the existing tools around usability – “MICoR can be a bit hard to use”, “[we] use EXDOC which is not user friendly or remotely configured”. This solution expands on existing DoA efforts to present information in a clearer format with easy to understand language, as per their website. One practical change to the current DoA website could be to rename the Plant Exports National Document Hub. This current title could infer it is a one-stop-shop for information, rather its actual form - an email address for certification approval.

Implementing this solution would address the following issues:

- *Understanding export requirements* – providing all information in the one location will assist businesses in accessing and understanding the steps required to export their vegetable produce.
- *Identifying trusted contacts or channels for exporting* – a government run or government approved tool would provide a trusted source of information for businesses to rely on.
- *Cost competitiveness* – providing businesses with accurate and consolidated information will reduce the time costs associated with researching and investigating export requirements.



For us there seemed to be no single point or place where you could learn what was required.

Small grower



3 Greater use of reverse trade missions

Attending trade missions was frequently mentioned by survey respondents as a cost (albeit a small one) of the research and information gathering stage of building their export business – “small burden in costs to travel to the target market and attend trade shows”. It was also suggested that the sheer number and variety of potential importers present at these trade shows made it difficult to identify the most relevant and suitable businesses to approach.

Reverse trade missions, where potential importers come to Australia and preview only the types of businesses that make the product they are interested in importing, were highly valued by the businesses interviewed as part of this review. The idea of increasing the number of reverse trade missions, which was raised early on in the one-on-one interviews, was met with strong support when tested with other businesses. The key benefits of this solution are that it addresses the issue of identifying the most relevant trade partners and allows Australian businesses to demonstrate, first hand, the high quality produce and processes that help justify the higher price of Australian products.

The Victorian Government has committed to establishing four ‘reverse super trade missions’ over the firm term of Government, highlighting that this solution aligns with existing government priorities.²⁴

Implementing this solution would address the following issues:

- *Identifying trusted contacts or channels for exporting* – reverse trade missions transfer the identification of export channels from businesses to organisations that are arranging the trade missions (eg. DoA, Austrade). Meeting potential importers in person and having them view the farms and factories of Australian businesses will also facilitate trust development.
- *Cost competitiveness* - bringing relevant potential importers to Australian businesses will reduce the time costs associated with looking for trade partners.

“Reverse trade missions were a great opportunity to demonstrate first-hand the quality of produce and procedures of Australian goods [paraphrased].
Large grower”

²⁴Victorian Government (2014), *Labor to open up overseas markets at home and abroad*, 6 October 2014 <<https://www.viclabor.com.au/media-releases/labor-to-open-up-overseas-markets-at-home-and-abroad/>>

4

Support for Authorised Officer accreditations

Many businesses suggested increasing the number of DoA staff available for conducting inspections to address the shortage discussed under issue four. Given the Government's move towards greater self-regulation through Authorised Officers, this is unlikely to happen. In order to realise the benefits associated with this move (namely greater flexibility and control in the inspection process for businesses, and subsequent cost savings) the Government may wish to investigate ways to motivate businesses to accredit staff, particularly small to medium sized export businesses who are currently finding their levels of exports do not warrant the time taken to train one of their staff as an Authorised Officer. This could be through improved training material, simpler application processes or financial incentives in the short term.

Implementing this solution would address the following issues:

- *Limited availability of DoA inspectors* – Increasing the number of DoA staff available for inspections would directly address the availability issue.
- *Cost competitiveness* – This solution would allow more businesses to arrange inspections at their ideal time, meaning the likelihood of product wastage due to delays in inspection would reduce. This option may also reduce the number of businesses who feel it is necessary to spend money training their staff to become Authorised Officers.

5

Extend the contact hours for DoA hotline

With the hotline operations being centralised on the east coast of Australia, extending the contact hours would allow businesses in other Australian time zones to receive the same level of service as east coast businesses.

Implementing this solution would address the following issues:

- *Understanding export requirements* – Having greater accessibility to the DoA hotline will enable more businesses to have their queries addressed, and in a timely manner.
- *Limited response time and availability of DoA hotline to approve docs* – This solution directly addresses this issue by increasing the availability of DoA staff.
- *Cost competitiveness* – Having greater accessibility to the DoA hotline will reduce the time costs associated with businesses obtaining information or various approvals. This could also reduce the indirect delay costs associated with products missing their shipments.

6

Cost reduction

A range of government imposed fees are incurred by businesses who export vegetable products, as described under issue seven. While ‘per shipment’ fees were not considered to be overly burdensome by the businesses that were interviewed or surveyed, fees and time costs associated with accreditations and certifications were. Recent increases in these fee types were noted by the growers interviewed/surveyed and reflect the Government’s move towards a full cost recovery model which uses an activity-based costing approach. Many businesses felt that the small amount of product they exported was not sufficient to warrant the outlay of these (increased) fees, with one business surveyed (a specialist export agent), suggesting these costs be reduced by “at least 50 per cent”.

The rationale behind Registered Establishments and Authorised Officers is to allow businesses to be more self-reliant and have greater control and efficiency in their inspection process. Given the Government’s push towards this self-regulatory environment, and its activity-based cost recovery model, it is unlikely that the associated fees will be reduced. However, given that these costs have been raised as issues by many of the interviewed/survey businesses, the Government may wish to re-evaluate the pace at which the transition to a self-regulatory environment occurs. Having smaller, incremental cost increases, could provide greater motivation for businesses to gain these accreditations and certifications, and thus require less assistance and resources from the government going forward. Further, distributing the cost recovery of export-related service fees more evenly across the supply chain may prevent the full impact of the increased costs being placed on growers.

Implementing this solution would address the following issue:

- *Cost competitiveness* – Reduced or removed fees could be passed through to export prices by growers, making them more cost competitive.

7

Better utilise business insights when agreeing the specifics of the FTAs

While it was widely agreed that the recent Free Trade Agreements with China, South Korea and Japan were a positive thing for trade growth, it was commonly mentioned by interviewed businesses that the benefits from these FTAs can only be realised if the correct protocols are set up to accompany them. These businesses highlighted the need to develop protocols around market access and quarantine restrictions that currently exist.

There was also a broader feeling amongst interviewed businesses that a greater level of involvement from businesses was required when developing such protocols. It was believed that insights from those who are operating deep within the industry on a day-to-day basis would result in more practical solutions and protocols being developed.

The sample of businesses spoken to as part of this review suggests that there would be a sufficient number of businesses willing to be more involved in protocol development should this solution be considered going forward.



cutting through complexity

Appendix A

Method







cutting through complexity

Appendix B

Business case
studies



Overview

Business profile

- State
- Annual turnover and/or Full-Time Employee (FTE) count
- Main produce of business
- Age of business in years

Export profile

- Years exporting
- Percentage of produce exported
- Whether the business is a Registered establishment or employees a registered Authorised Officer?
- Export (and potential export) countries/regions

Businesses were involved in different steps of the supply chain to various extents. This dashboard highlights the high level role/s that the business plays.

Key issues and impacts

• The relevant key issues raised in the consultation, along with their business impacts, have been summarised into dot points.



Suggested solutions and benefits

• Where respondents were able to provide solutions to the specific issues facing their business, or broader solutions for the industry as a whole, these were summarised along with their outcomes or benefits.

Perceived level of government imposed regulatory burden

KPMG has attributed a Low/Medium/High score for each of the three levels of government (local, state and federal, based on the perceived level of government imposed export-related regulatory burden.

Case study 1

Overview

Business profile

Jurisdiction: VIC

Size: \$3.5m annual turnover, ~35 FTEs

Main Products: Zucchini, Tomato, Pumpkin, Kale, Broccoli, Cauliflower.

Age of business: 4 years

Export profile

Years exporting: 4 years

Percentage of produce exported: < 5 per cent

Registered establishment? Not provided

Employee/s registered as Authorised Officer? Not provided

Export markets: Singapore

Potential markets considered: China, Japan and Hong Kong

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- High cost of labour reduces competitiveness with other exporting countries.
- Difficult to identify the correct channels for exporting (ie. finding export agent) which can delay or limit export activity.



Suggested solutions and benefits

- Developing a more risk-based approach to quality assurance would continue to ensure high standards without being overly burdensome on already compliant businesses.
- A national (streamlined) standard of quality assurance would remove the double-handling of similar paperwork and reduce unnecessary administration time for both the grower and government.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
LOW

Case study 2

Overview

Business profile

Jurisdiction: NSW

Size: 12 FTEs, export for 200-300 businesses

Main Products: N/A

Age of business: 30 years

Export profile

Years exporting: 30 years

Percentage of produce exported: 100 per cent

Registered establishment? Not provided

Employee/s registered as Authorised Officer? Not provided

Export markets: Singapore, Malaysia, Indonesia, Thailand, Vietnam, Hong Kong, Europe.

Potential markets considered: Not provided

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Most well established businesses have no issues in this area, however new growers can find it difficult to understand the requirements that need to be met and how the end-to-end process works.
- Occasionally, different inspectors interpret regulations in different ways (e.g. what they consider to be a dangerous bug), however this has improved in recent times.

Suggested solutions and benefits

- This respondent felt there were no material issues to be addressed.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
LOW

Case study 3

Overview

Business profile

Jurisdiction: VIC

Size: 150 FTEs

Main Products: Celery, leek, baby leaf

Age of business:

Export profile

Years exporting: 1.5

Percentage of produce exported: Not disclosed

Registered establishment?
Yes

Employee/s registered as Authorised Officer? No

Export markets: United Kingdom, South Africa, New Zealand.

Potential markets considered: China, United Arab Emirates

- Grower**
- Export Agent**
- Freight Forwarder**

Key issues and impacts

- The biggest issue for growers is understanding what they need to do in order to be export ready.
- Varying Micro Residual Level (MRL) labelling requirements of different countries
- Issues around being registered by local government in the same way a café or restaurant would be – unnecessary requirements for a farm that does not alter it's product.

Suggested solutions and benefits

- A one-stop-shop portal for Australian growers to outline the various requirements of different importing countries, including who to contact in those regions for more information. Promotion of such a tool is just as important.
- As Australian businesses generally have higher standards than international ones, there may be scope to align Australian accreditations better with international ones.
- Remove local council role around quality assurance.

Perceived level of government imposed regulatory burden

Local
MEDIUM

State
LOW

Federal
LOW

Case study 4

Overview

Business profile

Jurisdiction: VIC

Size:

Main Products: Baby leaf, salad mix, rocket, lettuce

Age of business: 25 years

Export profile

Years exporting:

Percentage of produce exported: < 5 per cent

Registered establishment?
No

Employee/s registered as Authorised Officer? No

Export markets:
Singapore, Japan, Hong Kong, Thailand

Potential markets considered: Currently none

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Difference in MRL definitions between importing countries
- Cost of labour and on-costs (e.g. payroll tax) makes it hard to compete globally and these costs flow through to price of produce
- Variation / subjectiveness of inspectors



Suggested solutions and benefits

- Reverse trade missions were a great opportunity to demonstrate first-hand the quality of produce and procedures of Australian goods. As Australian growers are often priced out of markets, justifying the higher prices is extremely important.
- Combine the Victoria-wide standards to reduce the number of annual audits to two.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
MEDIUM

Case study 5

Overview

Business profile

Jurisdiction: QLD

Main Products: Carrots, beans, onions

Age of business: 45 years

Export profile

Years exporting: 20 years

Percentage of produce exported: 15 per cent

Registered establishment? No

Employee/s registered as Authorised Officer? No

Export markets: Singapore, Hong Kong, Malaysia

Potential markets considered: China, Korea

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- The registration fees to become a registered establishment have grown substantially over the last 6 years due to the cost recovery model, which has meant the business no longer registers or trains employees as AOs. Instead, they use a secondary premises to perform inspections, which inflicts the price of 'double-handling'.
- The Australian government is too risk averse in relation to export biosecurity which means products are tested on both sides of the trade which is time consuming and unnecessary.
- Future issue: Foreign buyers are beginning to buy farms and produce their own vegetables for exporting, but at a lower cost as they hire their own (cheaper) labour.



Suggested solutions and benefits

- Remove the packing establishment fee and only pay for audits.
- Increase the number of Authorised Officers to reduce waiting time for inspections.
- Vegetable growers, rather than peak bodies, need to be involved in developing protocols for exporting to countries with higher quality assurance requirements.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
HIGH

Case study 6

Overview

Business profile

Jurisdiction: QLD

Size: < 10 FTEs, ~\$12m annual turnover

Main Products: Onions, pumpkins, broccoli

Age of business:

Export profile

Years exporting: 1 year

Percentage of produce exported: < 5 per cent

Registered establishment?
No

Employee/s registered as Authorised Officer? No

Export markets:
Singapore

Potential markets considered:

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Business is considering to re-instate their status as a registered establishment, but has concerns over whether it is worthwhile given the significant increase in establishment costs in recent times.
- The Australian government is too risk averse in relation to export biosecurity which means products are tested on both sides of the trade which is time consuming and unnecessary



Suggested solutions and benefits

- Remove DoA inspection for goods to Japan as a) Japan will inspect anyway and b) Japan does not accept DoA inspection. This would save the business and DoA time and money.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
MEDIUM

Overview

Business profile

Jurisdiction: WA

Size: 60 FTEs

Main Products: Pre-packed corn, beans

Age of business: 40 years

Export profile

Years exporting: 12 years

Percentage of produce exported: < 5 per cent

Registered establishment?
No

Employee/s registered as Authorised Officer? No

Export markets: New Zealand, Dubai

Potential markets considered: Asia

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Inspector numbers are decreasing, making it harder to organise inspection times.
- Future issue: Foreign buyers are beginning to buy farms and produce their own vegetables for exporting, but at a lower cost as they hire their own (cheaper) labour.



Suggested solutions and benefits

- DoA hire more inspectors to allow greater flexibility for growers to arrange inspection times around their delivery schedule.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
MEDIUM

Case study 8

Overview

Business profile

Jurisdiction: WA

Size: 60 FTEs (one farm only)

Main Products: Carrots, Celery, Potato, Onions

Age of business:

Export profile

Years exporting: 50 years

Percentage of produce exported: 50 per cent

Registered establishment?
Yes

Employee/s registered as Authorised Officer? Yes

Export markets: Dubai, Oman, Kuwait, Singapore, Malaysia.

Potential markets considered:

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Due to Australian government concerns over springtails, business cannot export celery to Phyto countries while other countries can. Business has already spent ~\$50k investigating solutions.
- Political issues have reduced the ability to export to Indonesia.
- Labours costs (e.g. high payroll tax) pricing Australia out of export markets.

Suggested solutions and benefits

- Change a single line in the legislation by removing reference to pests and Phytosanitary Certificate requiring countries.
- Reduce payroll tax

Perceived level of government imposed regulatory burden

Local
LOW

State
MEDIUM

Federal
MEDIUM

Case study 9

Overview

Business profile

Jurisdiction: TAS

Size:

Main Products: Onions

Age of business:

Export profile

Years exporting: 15 years

Percentage of produce exported: 50 – 60 per cent

Registered establishment?
No

Employee/s registered as Authorised Officer? No

Export markets: Europe, Taiwan, Hong Kong, Indonesia

Potential markets: More in South East Asia

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Charges for registering an establishment have increased significantly in recent times; making it harder for (particularly) smaller business to afford.
- Limited availability of inspectors means that booking an inspection at the ideal time can be difficult at times.



Suggested solutions and benefits

- While the FTAs are a good start, without quarantine protocols in place there will be no change in the way Australia exports.
- Make it easier to operate with Indonesia.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
HIGH

Case study 10

Overview

Business profile

Jurisdiction: WA
Size: 35 – 40 FTEs
Main Products: Carrots
Age of business:

Export profile

Years exporting:
Percentage of produce exported: 85 per cent
Registered establishment? Yes
Employee/s registered as Authorised Officer? Yes

Export markets: Singapore, Malaysia, Thailand, Seychelles, United Arab Emirates
Potential markets:

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Overlap in required information across PC and Certificate of Origin.
- Reduced DoA AO staff numbers has resulted in occasional difficulties in arranging inspectors at the preferred time and location. Has also delayed the business certifying more AOs.
- Obtaining final export approval from DoA has been difficult for WA due to the time difference, with DoA being hard to contact once east coast standard business hours have ended.
- CoO has reverted from being an online platform to manual, meaning an additional trip (time delay) on the business.



Suggested solutions and benefits

- Develop e-Phytosanitary Certificates for all PC countries so that businesses no longer need to travel to Chamber of Commerce and submit manually. This would result in both a time saving and a financial saving.
- Springtails should be taken off the list in the legislation of prohibited bugs
- Enter discussions with importing countries to accept PC as CoO.
- Market access issues need to be resolved before FTAs can become valuable. Currently Australian carrots are prohibited in China and South Korea – protocols need developing.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
HIGH

Case study 11

Overview

Business profile

Jurisdiction: QLD

Size: 300 – 500 FTEs

Main Products: Processed beetroots, baby leaf

Age of business: 3rd generation family business

Export profile

Years exporting: 6 months

Percentage of produce exported: < 5 per cent

Registered establishment? No

Employee/s registered as Authorised Officer? No

Export markets: Hong Kong, Singapore, New Zealand

Potential markets: Malaysia, Taiwan, Japan, South Korea, China.

Grower

Export Agent

Freight Forwarder

Key issues and impacts

- Once a businesses export operations are established, the process is relatively straight forward and hassle free. The largest issue is the difficulty in understanding how to start your export business: what steps need to be taken, which permits need to be obtained and who is the correct port of call for each step.



Suggested solutions and benefits

- DoA to provide more simplified and user-friendly guidance for businesses looking to enter the export market.
- Reverse trade missions particularly useful for connecting with potential clients, but any form of trade missions are valuable.

Perceived level of government imposed regulatory burden

Local
LOW

State
LOW

Federal
LOW



cutting through complexity

Appendix C

Survey questions



Survey questions

1. **Business name**
2. **Business type (grower, specialist export agent, freight forwarder, other)**
3. **Does your business export its vegetable produce?**
4. **Which countries do your business export to, and what products are exported?**
5. **Of the countries you export to, which require a phytosanitary certificate ?**
6. **Please rank the broader regulatory areas in terms of red tape impacts, with number one being the area you spend the most time/money complying with:**

(i) Local government approvals	(v) Plant and equipment approvals and licences
(ii) Labour	(vi) Packaging and labelling requirements
(iii) Work health and safety matters	(vii) Transport and logistics
(iv) Chemical use and approvals	(viii) Exporting
7. **Of the various quality and safety certifications that your business holds, please approximate the degree of overlap in the material/actions required between certifications required by the Australian government and those required by industry.**
8. **Is your business looking to expand the export portion of its business?**
9. **In thinking about the barriers/challenges to initiating or expanding your business's export activities, regarding the activities listed below what is the level of burden you consider they impose/d on your business:**

(i) Initial research and identification of whether your goods are considered as prescribed goods	(v) Identifying and arranging a registered establishment for inspections, or registering your own premises to become a registered establishment.
(ii) Initial research and identification of importing country requirements	(vi) Initial research into the overall exporting process and requirements
(iii) Identifying trade contacts from importing country	(vii) Registration to become, or have an employee become, an Authorised Officer (if applicable)
(iv) Identifying agent or exporter	(viii) General cost competitiveness with other exporting countries

10. You indicated that the activities below impose a burden on your business. Please provide a brief description of the burden and the impact it has on your business.

11. For the tasks listed below that your business deals with, what is the level of burden you consider they impose on your business

(i) Submitting Notice of Intention to Export Prescribed Goods (or electronic equivalent – Request for Permit)

(iii) Submitting a Request for Plant Exports Inspection Appointment and arranging a produce inspection time from a DoA Authorised Officer

(ii) Having supporting documents (e.g. relating to commodity treatment, pest-free area status or growing phase inspections) certified by relevant personnel (state government primary industry staff, crop monitors or company employed entomologists)

(iv) The product inspection process, including obtaining a Phytosanitary Certificate if required

12. You indicated that the activities below impose a burden on your business. Please provide a brief description of the burden and the impact it has on your business

13. You indicated that the activities below impact your business. Please provide the number one thing that government could do to assist with easing this burden.

14. What is the impact of the solution provided above?

15. Annual sales: (optional)

16. Years operating

17. Is your business currently registered as a Registered Establishment?

18. Does your business currently employ someone who is certified as an Authorised Officer?

19. Do you wish to make any other comments?

20. Would you be happy to be contacted should we wish to clarify any of your responses?

21. Contact details



cutting through complexity

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