

# EXPORTS DOWN, AQIS FEES UP

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# BACKGROUND

- March 2009- Federal Government proposes removal of the 40 per cent rebate on AQIS fees
- Australian Horticultural Exporters Association (AHEA) argues- 100 per cent cost recovery would increase the cost of exporting and make Australia internationally competitive
- AHEA opposes any increase on the basis that AQIS was an inherently inefficient organisation
- AHEA argued for increased efficiency in AQIS operations in order for them to rein in their costs – only then would exporters accept full cost recovery



- On July 1st 2009 AQIS increased fees and charges to recover AQIS's full operating costs of \$ 7.2 million.
- These increased AQIS' fees required approval from both Houses of Parliament.
- In August 2009 - the Bill was defeated in the Senate - 34 to 33 votes.
- The Federal Government then offered the six agricultural sectors affected by the proposed changes in AQIS fees - \$ 127.4 million in a package called the Export Certification Reform Package
- Two thirds of the \$ 127.4 million went toward a temporary rebate to assist exporters get their businesses ready for full cost recovery



# AQIS REFORMS- in the lead up to full cost recovery on June 30

- 1) Increase flexibility through the use of AQIS Authorised Officers (AAO's)
- 2) Increase auditing of export businesses
- 3) Introduce new I.T systems:
  - to enable the process of export clearance
  - to improve data collection for imports
  - no records are kept on inspections/ interceptions of pest or disease!
- 4) Improve EXDOC to ensure less hold ups in electronic certification
  - The electronic system is seriously overloaded on Fri - when exporters are trying to complete inspections & certification for weekend shipments





## AHEA MEDIA RELEASE 21 June 2011

### **AQIS FEE HIKE PUTS THE SQUEEZE ON AUSSIE FRUIT AND VEGETABLE EXPORTS**

The proposed massive increase in Australian Quarantine Inspection Service [ AQIS ] packing shed registration charges may see many growers just give export away as too hard says the Australian Horticultural Exporters Association [ AHEA ]

Currently growers pay \$ 330 per annum to register packing sheds and to comply with the import requirements of all the overseas countries that buy Australian fresh fruit and vegetables.

Under the proposed new charges and following the removal of the 40% Government rebate on costs and charges AQIS will expect growers to pay in excess of \$ 12,300 (that's a 3700% increase) to allow them to pack produce for all overseas markets, including protocol markets such as Thailand, Japan , Korea, China, Taiwan, the USA and New Zealand.

Given the seasonal nature of Australian fruit and vegetable exports those sheds may only pack for 2-3 months of the year , this represents a huge increase in the cost of doing business.

How can these costs be justified ? This is a money grab by AQIS to cover administrative overheads claim the AHEA, and is not related to their actual costs of inspecting and registering the packing sheds for overseas markets .

In 2009/2010, the value of fresh fruit and vegetable exports declined by 25.1 % to AUD \$ 519 million and the industry is expecting a further decline in 2010/2011 due to the extremely wet Summer which affected quality, and the high Australian dollar which reduced our ability to compete against other Southern Hemisphere fruit and vegetable suppliers.

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# AHEA on AQIS REFORM PACKAGE

- o AQIS return to 100 per cent cost recovery offers the industry few cost savings
  - AQIS inspectors cost \$272 per hour
  - The AQIS Horticultural Inspection Program which includes Head Office costs, has risen to \$ 8.6 million per annum
- o The proposed AQIS AAO's are yet to be accepted by Australia's major trading partners
  - Furthermore, increasing inspection costs after two poor seasons is really bad timing!
- o Fresh fruit and vegetable exports are down by more than \$ 200 million over the past two seasons

# BEHIND THE SCENES

- On September the 1st the Minister met with some members of the Horticultural Ministerial Taskforce, which has been working with AQIS on the reforms.
- The position of the AHEA is that until all of our trading partners accept AAO certification the government should continue to pick up Head Office costs of \$ 4 million per annum.
- An Opposition Motion calling on the Government to make AQIS more efficient before bringing in a new fee schedule is likely to be tabled in Parliament this week!
- So watch this space!