



Australian Government
**Department of Agriculture
and Water Resources**

Export Industry Consultative
Committee Members

Dear Members,

I am writing further to last night's Federal Budget to provide information on two key measures that will impact exporters.

Growing Australian Agricultural Exports

The government announced an investment of \$51.3 million between 2018-19 and 2021-22 and an average of \$15.9 million per year ongoing to drive growth in agricultural exports. This budget measure will ensure Australia's continued growth and competitiveness in agriculture and food exports. It will help farmers and exporters seize opportunities in global food chains through growing exports and accessing new markets, and maintaining current market access for our agricultural products in an increasingly complex, competitive and evolving trading environment. The investment will fund the following:

- Extending five agricultural counsellor positions funded under the *Agricultural Competitiveness White Paper* in Vietnam, Malaysia, the Middle East, China and Thailand.
- An additional six agricultural counsellor positions across Europe and the UK, Latin America and our key markets in Asia.
- An additional thirty four technical, food safety and market analysis experts who provide the assessments needed to expand market access.

The agricultural counsellors' network is key to strengthening relationships with trading partners and seeing the benefits of recently negotiated free trade agreements flow through to Australian Agricultural sectors. The six new agricultural counsellors will be strategically positioned where Australia is negotiating or has recently concluded free trade agreements including Europe, the UK, Latin America and key markets in Asia.

In the agriculture portfolio since 1 January 2016, industry have benefited from 72 key market access gains or restorations, along with 63 key market access improvements or actions to maintain market access. These funds will enable the department to build on existing *Agricultural Competitiveness White Paper* outcomes.

Expanded Cost Recovery

Government has decided to recover the costs of a range of export certification activities delivered by the Department of Agriculture and Water Resources that are not currently cost recovered. These activities are directly related to the export certification regulatory framework.

The activities to be cost recovered from 1 July 2019 include:

- Enforcement activities that ensure compliance with Australian regulation and international import conditions. Activities that will be cost recovered include investigations and engagement with clients about compliance, but will not include the costs of infringement notice schemes or undertaking litigation. As you know, effective compliance is critical to ongoing market access.
- Provision of scientific and technical advice to improve or maintain existing export markets. Examples include: the provision of scientific or technical advice to re-open or maintain market access following a pest or disease incursion or change in import conditions; and improving existing market access by seeking to reduce import requirements or simplify certification processes.
- Services provided by overseas counsellors relating to detained consignments, government certification and other issues associated with goods being held at border.

The indicative additional cost recovery expense will be \$23.7 million over the period 2019-20 to 2021-22 and approximately \$7.9 million per year indexed and ongoing. This recovery will ensure that the beneficiaries of government services efficiently contribute to the maintenance of the export certification regulatory system.

This contribution from industry frees up resources for measures such as *Growing Australian Agricultural Exports*. It is expected that the benefits of the new investment will far outweigh the increased recovery from industry, as indicated by the returns from investment in work of this kind noted above.

Throughout the 2018-19 financial year, the department will be consulting with the affected industry consultative committees to determine the appropriate mechanisms to recover these costs. At this time, the department has not settled the allocation of specific amounts to be recovered by each arrangement. The department will undertake a period of public consultation on changes to fees and charges in line with the standard cost recovery implementation process.

Separate to these Budget measures, Government has accepted the requirement to increase charges for a number of export arrangements to rectify structural under-recoveries. The outcomes of this process are expected to be applied in July or August this year, following the passage of legislative instruments.

A teleconference with the established industry consultative committees will be organised within the next week to discuss these measures.

Enquiries relating to these announcements can be directed to costrecovery@agriculture.gov.au

Yours sincerely



Jason Lucas
A/g Assistant Secretary
Finance and Business Support Division
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