



*Australian Dairy Industry Council Inc.*

**Re: Australian Dairy Industry Council Submission to the Simplified Trade System Consultation Paper**

The Australian Dairy Industry Council (ADIC) appreciates the opportunity to provide comment on the Simplified Trade System Consultation Paper.

Dairy is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of \$4.9 billion and a direct workforce of almost 35,000 across dairy farms and processing<sup>1</sup>. Dairy companies generate approximately A\$15.7 billion in sales. In 2022, 36% of milk production was exported, worth around \$3.8 billion. Any effort to streamline, simplify and/or harmonise regulations, systems and/or processes associated with the Australian dairy supply chain will improve the industry's efficiency and competitiveness in domestic and international markets – and are encouraged.

The ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies Australian Dairy Farmers and the Australian Dairy Products Federation. Australian Dairy Farmers (ADF) is the national advocacy body representing dairy farmers across the six dairying states. Its members comprise the state dairy farming organisations and dairy farmers in all six of Australia's dairy farming states. The Australian Dairy Products Federation (ADPF) is the national peak policy body representing commercial, post farm-gate members of the Australian dairy industry, including processors, traders, and marketers of Australian dairy products. ADPF members process more than 90% of Australian milk volumes and provide dairy products for both domestic and export markets. The ADIC has also consulted with Dairy Australia, the national services body for the Australian dairy industry, on the development of this submission.

Overall, the ADIC supports ongoing work in this area. Our attached submission provides direct responses to the questions posed in the Consultation paper and areas for greater clarity – providing tangible examples where able.

We look forward to working with you on next steps of this important regulatory reform.

Yours sincerely

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Rick Gladigau  
Chair  
Australian Dairy Industry Council

A handwritten signature in black ink, appearing to read 'John Williams', written in a cursive style.

John Williams  
Deputy Chair  
Australian Dairy Industry Council

## [The Simplified Trade System Consultation Paper.](#)

The ADIC recognises the absolute importance of a detailed and robust trade system which provides the appropriate controls and assurances such that Australia remains a responsible member of the global trade community. However, it is essential that the system does not impose unnecessary burden on trade which may render the Australian export sector non-competitive, or pose Australia as an undesirable trading partner. With this in mind, the ADIC welcomes the opportunity to respond to the Simplified Trade System Consultation Paper (STSCP) and offers the responses below to each of the questions posed in the paper.

### High level vision

#### 1. [Does the high-level vision for the future of cross-border trade align with the needs of business? What would you prioritise or emphasise? Are any components missing?](#)

- The vision is supported for its ambitious intentions and does create a goal for an “ideal” trade system framework in which dairy trade could occur. In its purest form, industry requires a system that adds value to trade transactions, whilst not imposing burdensome requirements with little or no benefit. The vision as stated in the paper sets an outcome which would create such a trading environment.
- It would be beneficial to have greater clarity around the proposed roadmap for attaining these outcomes and a timeframe for its delivery, the funding model, and review and assessment process. The Simplified Trade System (STS) is a major undertaking, and such clarity would allow for industries such as the dairy industry to identify the key area/s where it is best suited to contribute to the process and plan for this appropriately – whilst also providing confidence this work and investment will succeed.
- The vision would benefit from encouraging a co-design approach to developing each of the elements referenced in the vision. The dairy industry is already actively participating in co-designed regulatory reform with DAFF through Dairy Australia’s appointment as the delivery partner of the Dairy Export Assurance Program (DEAP). This is delivering mutual benefits to both industry and regulatory agencies and such an approach would be well suited to many of the reforms proposed in the STSCP.
- It is noted that the vision encapsulates a whole of government approach to reform which is supported, however such transformation is unlikely to be delivered within a single parliamentary term and so the statement would be enhanced if it highlighted that there is bipartisan support for this vision.
- Whilst the vision statement highlights a whole of government approach, it stops short of proposing how the transformation process may be led. The existing Task Force will complete its activity as of June 2024, so a suggestion of how the process could be directed beyond this time, such as the formation of a dedicated STS agency, would offer some direction to the vision.
- The current trade system incorporates activity and input from State based regulatory agencies (e.g., in the assessment of compliance for some export assurance processes). The vision makes mention of a “whole of government approach” specifically referencing the Australian Government. The vision could be enhanced by signalling the role other stakeholders such as State regulatory agencies could play in the delivery of a STS.

## Simpler Rules

### Regulatory reform roadmap

#### 2. Which of these regulatory reforms would deliver the most practical benefits for business? are there other reforms you would recommend we prioritise?

- All six reform options described in the STSCP have potential to offer benefits to business, with synergies amongst them, and as such are encouraged to be developed in parallel.
- Work has already commenced in the dairy industry via DEAP to develop reforms based on trust and risk which encourage greater ownership and accountability for assurance by industry, and compliance activity by regulators that is risk proportionate. Such activity is directly targeting reduction of regulatory burden and should be further encouraged and supported by government. Continuing the momentum that exists in this area is a priority for the dairy industry and we would encourage recognition of this work in the STS workplan and similarly ways to support it ongoing (as funding of DEAP is due to conclude in June 2025).
- In the area of compliance and enforcement, alignment across the Government and State based regulators charged with delivering some cross border trade compliance measures has significant potential to produce practical benefits for industry.
- The delivery of high-level service principles should be an ongoing focus of all government agencies, especially where such activities are fully cost-recovered. Whilst the STS should have an emphasis on this reform opportunity, it is hoped that this is already a priority of government.

#### 3. What is your experience in understanding cross-border trade regulation? How accessible do you find this information? How can better guidance on regulatory requirements be provided?

- As the peak body for Australian dairy, the ADIC with the support of Dairy Australia has a strong knowledge of trade regulation, however this is at times theoretical as we are not actively engaged in exporting ourselves. It is a particularly complex task to keep abreast of changes to the trade regulatory environment, and updated quota and tariff information. Whilst government data bases seek to provide relevant information in these areas (e.g., Micor on the DAFF website and the TBT reporting Data Base managed by DFAT), these are not well co-ordinated and do not serve to leverage the synergies that these tools could provide.
- In the research phase of DEAP, the dairy industry provided feedback that for new entrants to the export trade space, information can be difficult to locate and understand. It can create a sense of uncertainty with some potential exporters stating, “you are never sure you have all of the information you need”. DEAP has begun to address this for the dairy sector through the development of a dedicated Welcome-Pack and a Dairy Export Registration Manual which is a guide for attaining dairy export registration. DEAP has also initiated a dedicated role in DAFF called the Export Facilitator to provide direct support to dairy exporters.

#### 4. What duplication in cross-border regulation have you experienced? What are the opportunities to streamline?

- Existing systems for regulatory compliance are based on outdated principles that are not necessarily based on risk. As a result, many compliance audit systems (Federal and State) across multiple agencies all require submission of similar (but not identical) basic descriptions as different departments are wedded to their own specific data collection format. This adds no value to industry.

- There are multiple audit requirements for exporters which are often duplicative in nature for all, or part of the audit processes and in turn costly. Consideration should be given to having audit outcomes that are shared or mutually recognised across agencies. This could include audits performed by third party, government approved audit organisations.

5. [What international best practices or models could be adopted or adapted to improve the cross-border trade regulatory environment?](#)

- Consideration of risk-based assurance processes and the use of data to inform appropriate levels of regulatory intervention to manage trade practices is an emerging trend in the global trade arena. The ADIC, through DEAP is aware that Germany, France, Belgium the United Kingdom, Canada, and the UAE are all at various stages of developing and trialling food safety assurance programs that are risk based and utilise data to inform customised algorithms that produce a risk rating for each establishment. This rating influences the type and level of regulatory intervention that is appropriate for each business. Australia (through programs such as DEAP) are now also examining these approaches for the dairy industry and such work should continue to be supported.
- Both the Australian & New Zealand Customs agencies have invested significantly in digitising cross-border functions. Customs procedures between Australia and New Zealand are world class border management systems.
- Activities to support the principles of these approaches being adopted into international frameworks such as CODEX Alimentarius should also be encouraged to assist in promoting such thinking in the global trading environment.

### [Enabling paperless trade](#)

6. [What is your experience with paper-based and electronic records in how you interact in cross-border trade with the Australian Government?](#)

- The current system is complex and cumbersome and requires that most dairy exporters utilise the services of external freight forwarding companies, or establish expensive significant in-house competence to navigate and execute the trade process that can be cumbersome and expensive. We see value in continuing to look for opportunities to move to complete paperless and data-driven trade.
- One of the largest dairy exporters from Australia (alone) estimates they spend A\$2.77m annually sending pieces of trade document around the world.
- There are several digitally based innovations currently being worked on such as the upgrading of NexDoc in DAFF. The dairy industry was one of the first commodities to switch to the revamped documentation system however it had some challenges in its implementation and industry users report that it has failed to deliver the administrative improvements they were hoping for.
- The continued program of E-certification arrangements negotiated at a bilateral level by DAFF is positive and encouraged. It allows for greater efficiencies in the clearance of product at the importing country border and offers greater protection against emerging issues such as food fraud and contributes positively to industry capability for effective traceability.
- As a major ADIC stakeholder, ADF is currently delivering a three-year project (from 2022-23) that is seeking to enhance transparency and traceability in the dairy supply chain. The ambition is to implement a framework to deploy interoperable technology and systems to more efficiently track and trace product throughout its supply chain, and report on

movement across the supply chain more effectively. An audit and gap analysis against the Dairy Traceability Guideline, identification and assessment of technology options, and development of a framework outline has been completed and will be released via a public report in August 2023. This will provide the basis for a proof-of-concept trial and extension work over the proceeding years. Some of the insights and recommendations contained in the report align with the objectives and purpose of the simplification of trade agenda.

7. [How many paper-based documents would you transfer between your business and Australian Government in cross-border trade interactions per year? On average, how much time do these processes take?](#)
  - This is difficult to assess as an industry peak body without engaging with all dairy businesses. This information is best determined and provided by individual companies involved in international trade – which we can help facilitate as needed.
8. [Are there other approaches, instead of Model Law on Electronic Transferable Records \(MLETR\), that would support the adoption of digital solutions and/or transference of electronic records in cross-border trade interactions with the Australian Government?](#)
  - The ADIC is not aware of the details of MLETR or experiences of its use, so do not deem it appropriate to comment on this question.
9. [What factors should the Australian Government consider if it were to adopt the MLETR? Are there inter-jurisdictional considerations that should be considered by the Australian Government in looking into whether to implement the MLETR domestically?](#)
  - The ADIC is not aware of the details of MLETR or experiences of its use, so do not deem it appropriate to comment on this question.

#### **Align border regulations, initially focusing on Fit and Proper Person (FPP) tests**

10. [Please describe your experience of the varying levels of administrative burden placed on your business in order to provide the information required to satisfy Fit and Proper Persons \(FPP\) tests.](#)
  - For dairy businesses to be compliant with the Export Control Act 2020, and therefore the conditions of the DAFF issued Dairy Export registration, relevant staff must satisfy the requirements of the Fit and Proper Person Test (FPP). This has recently been made accessible online and has improved the process. If the same person is required to gain FPP approval for other agencies such as ABF then the information required, and the format in which it needs to be provided is different. This adds unnecessary burden through resource utilisation and cost, for no additional value to the business.
11. [What digital or other opportunities exist to streamline collection of all your requisite FPP information, and would they enable you to integrate possible future FPP monitoring requirements into your business' own fraud and risk management process?](#)
  - The online portal used by DAFF to collect relevant information to assess FPP could be replicated for other agencies. If necessary, it could include additional fields deemed essential to the specific agency, however, should have the capacity to auto populate fields already completed by an applicant elsewhere.
12. [Would you support your FPP test information being shared between relevant agencies and, if so, would there be any concerns or risks you'd want to see mitigated?](#)

- In principle the concept of sharing FPP information between relevant agencies is supported with some specific caveats. Issues around data security and protection of privacy are paramount. Transparency is also essential whereby a specific user should be informed of the intent to data share, for what purpose, and to whom. It may be considered that a default position would be for a user to need to opt in to data sharing and may be asked to provide permission for sharing for each individual request.

## Reducing the cost of engaging in cross-border trade

### 13. How can we reduce the cost of cross-border trade administration?

- There are multiple ways in which cost reduction in the administration of international trade could be delivered. Many of these are highlighted in the STS vision. Two clear examples of this are the integration of digitally based systems which would greatly facilitate information and data sharing across agencies. Secondly, the implementation of risk-based approaches to compliance activity such as those being explored by DEAP will result in a reduction of administration and audit activity and therefore cost, as the assurance process is streamlined.

### 14. How can information on the tariff concession system be more accessible and what are the opportunities to simplify the tariff concession system?

- The definitions for product categories in the current tariff concession system are often unclear and make it difficult for industry to consider how tariff opportunities could inform innovation in product development to best leverage any advantage which may exist.
- The current tariff concession information is not readily accessible in a usable format. This may result in some exporters, especially those with limited trade experience, being unaware of the opportunities that exist to leverage tariff advantages or having the knowledge of the process needed to follow to avail themselves of the opportunity.

## Australian border controls

### 15. Are there any border controls that you consider have a high regulatory burden on your business?

- To become an exporter of dairy products in Australia you must achieve registration with DAFF. This is appropriately a rigorous process, however the current system is burdensome and prohibitive for some applicants. DEAP is working to address this challenge through the development of targeted resources to improve the understanding of what is required, and why this so. Since the implementation of DEAP resources (including the creation of the Export Facilitator role with DAFF), the average time it takes to become export registered has reduced from 10 months to 4 months, saving significant time and money, and allowing export trade to commence faster.
- Programs such as DEAP are delivering positive outcomes for industry and the Australian economy and should continue to be supported.
- Australian customers of dairy products from New Zealand need to obtain import permits as well as NZMPI health certification for products produced in New Zealand should they be intended for pet food use. This is also the case of product is imported for human consumption but may be downgraded for non-human consumption. The cost of this additional documentation must be included in pricing as a contingency which potentially impacts competitiveness. This adds cost and complexity for Australian customers of high-value products such as protein concentrates that are not produced in Australia. This approach is

time consuming and adds cost and complexity. Nor does it reflect the realities of modern global supply chains and multi-source inputs.

16. How many border controls would your business typically interact with? Please identify the impact of border controls on your business.

- As the ADIC is not specifically engaged in the trade of goods, it is not in a position to answer this question. The number of interactions will vary across different dairy businesses, and they would be in the best position to provide this data.

17. Are there any specific border controls that could be streamlined?

- A specific example of an opportunity exists in the area of exporting of live dairy heifers.
- A report commissioned by research bodies LiveCorp and Meat & Livestock Australia, in association with Dairy Australia, highlighted the live heifer export trade employed 830 full time equivalent staff and generated \$258 million in 2020-21, of which \$180 million was retained by dairy farmers. Australian dairy cattle are favoured in-market because of good genetics, stringent health protocols, disease-free status, resilience to variable climates, good animal welfare and occupational health and safety practices. Export certification and regulation pathways include an export licence, checks by certified veterinarians, approvals from governments in both countries, and periods in quarantine in both origin and destination countries. Some destination countries have additional restrictions, such as China's restriction on only importing cows from the Bluetongue virus free area of southern Australia. The export of livestock to international markets from Australia has become increasingly regulated. There are various factors involved, from certification to administration to quarantine requirements. As a result, there are a number of private companies experienced in helping both exporters and importers manage the process from farm to farm, providing assistance ranging from administrative advice to transport ships. A more streamlined system would reduce cost and improve competitiveness of the trade.
- Both Australia and New Zealand operate "Trusted Trader" programs, however these are run in silos with Customs and Quarantine agencies having separate but similar programs. The pre-requisite to join each of their respective programs almost mirror each other. This highlights the need to interact and attempt to harmonise programs with key trading partners where possible for greater mutual benefit.

## Modern Digital Systems and Processes

### Trade Single Window (Digital Systems)

18. What global best-practice examples of digital improvements might be relevant in the Australian context?

- The ADIC is not aware of any specific example of a Trade Single Window digital system it could propose as suitable for the Australian context. It is apparent in the STSCP that the task force has knowledge of digital systems being trialled and/or implemented by Governments in other countries, as such ADIC encourages understanding the benefits of these systems to businesses engaged in trade to see how appropriate they are for Australia.

19. What are the priority improvements from a whole-of-government digital services perspective you would see delivering early benefits to business?

- The ADIC supports the suggestion in the STSCP that an iterative process to achieve ongoing benefits to business is the appropriate approach. Business needs time to implement new digital based systems which will require a significant capital investment and must offer a

suitable return. Consideration of system platforms will also be essential and need to be compatible with whole of supply chain digital frameworks in order to extract the greatest benefit.

### Entity management and digital identity

20. Do you or your business currently use services like myGovID for digital identification?

- The ADIC is not currently aware of businesses in the dairy sector who use myGovID for digital identification.

21. How might use of digital identification in cross-border trade interactions impact your business?

- The principal of unique digital identification is generally supported and has application in several areas of interest to the dairy industry. The ability to demonstrate rapid and accurate traceability of products and ingredients is relevant to the demonstration of modern and effective assurance systems. Increasingly, it is also becoming important to trade competitiveness. Equally, food fraud is an issue of growing concern in the global trade environment and is in scope for global food standards setting bodies including Codex Alimentarius. Digital identification has potential application in helping to reduce the incidence of food fraud.
- As for all digital identification systems, matters of privacy, security and transparency are paramount considerations for adoption by industry.

### Cross-Border Trade Data Sharing

22. Does the Framework reflect your views on how the Australian Government should approach improvements to the collection and use of cross-border trade data?

- The ADIC is supportive of the approach to the collection and use of international trade data as outlined in the Framework. In particular we encourage an approach which sees all Government agencies follow an iterative path whereby the implementation of new systems, and the upgrading of redundant or outdated systems consider compatibility with systems in other trade related agencies as a priority.

23. Are there benefits or concerns with the sharing of data collected by trade agencies beyond government to facilitate trade (e.g., with foreign governments or third parties that facilitate trade, such as financiers)?

- The concept of data sharing beyond government agencies raises significant concerns regarding privacy and security.
- Interpretation of data and potential for it to be misused is also a concern if it is to be shared beyond government. This is particularly concerning for data used to demonstrate food safety and export assurance credentials. For example: a single data point considered on its own may imply a system is either in or out of control, however if the purpose of the data is to combine it with other data in a considered algorithm, then the assessment of the system status may be very different. Data and context need to be understood together.

### Streamlining the Cargo Intervention Model

24. What benefits might Australian businesses see from a streamlined cargo intervention model? What data can you share with us about your experience with the current model?



- A streamlined cargo intervention model is encouraged. More efficient risk-based approaches to product inspection as well as digital based processes which shorten the boarder transit times, have potential to reduce logistics costs for all dairy exporters. In particular, it may develop exporting opportunities for shorter shelf-life high value products by creating access to more cost-efficient freight mechanisms.

25. What opportunities do you see for industry collaboration and involvement in co-design of the cargo intervention model?

- The dairy industry has a strong track record of collaborating with government to achieve mutually beneficial change. DEAP is a prime example of this. Where appropriate and relevant, the industry would welcome the opportunity to engage on the cargo intervention model.