

## **The 2021/22 Federal Budget – The important issues for trade professionals**

From a trade perspective, the biggest news from the 21/22 budget concerns biosecurity which will receive a massive \$400 million funding boost. This is crucial for importers who have faced delays with the biosecurity clearance of their goods. It will also help maintain the credibility of Australia's exports. On top of biosecurity, the budget contained interesting anti-dumping developments, a new intermodal terminal for Melbourne and a continued push for trade simplification.

**Biosecurity Funding** – The Government has committed over \$400 million in new funding of various biosecurity programs. This is designed to both protect our agricultural industries and facilitate the faster clearance of trade.

Frontline biosecurity resources and people will see a massive boost with the following initiatives:

- about \$14 million per year to address the risk posed by African Swine Fever;
- \$25.5 million over four years for more modern technology to improve the accuracy and speed of pest detection at the border;
- \$14.5 million over 2 years to address the threat of the Khapra Beetle.
- about \$80 million over 4 years for a variety of biosecurity ICT systems, technology and data analytics. However, only a fraction of this is devoted to the management of container cargo risks (\$1.5 million of a business case to improve systems). One exciting initiative will be the piloting of offshore risk screening using 3D x-ray technology.

Hopefully, these resources can address the real concern that the importing community has had with the timeliness of biosecurity actions at the border. Clearly funding which increases the speed of clearance, without compromising biosecurity, is a win for everyone.

Another massive initiative is almost \$100 million over 4 years to manage the biosecurity risk posed by hitchhiker pests arriving in importer cargo. Little detail is given, other than the program will involve greater port surveillance, make greater use of innovative detection technology and be partially cost recovered from industry. Fingers crossed that this is not code for renewed talk of an agricultural levy on containers.

**Optimistic forecasts for FTAs** – The customs duty forecasts made provisions for the EU FTA, the UK FTA and the Australia-India Comprehensive Economic Partnership. While a quick implementation of the UK FTA is possible, the EU FTA is some way off being concluded and it seems extremely unlikely that an agreement with India will be reached. The impact of the EU FTA can be seen in the forecasted duty from passenger motor vehicles which is set to drop from \$340 million in 20/21 to \$70 million in 22/23.

**Melbourne Intermodal Terminal** - \$2 billion has been committed to deliver a new intermodal terminal in either Melbourne's west or north. The total funding of the project will be \$4 billion. The terminal is designed to help realise the benefits of a dedicated east-coast inland freight line with trains between the site and Brisbane expected by 2027. This should be contrasted to the planned intermodal site in Melbourne's South-East which will have a rail link to the Port of Melbourne and remove trucks from Melbourne's South-East and port area.

**A faster anti-dumping duty system** – Both local industry and exporters will welcome the \$5 million investment into Australia's anti-dumping regime. The funding is designed to make the system faster and easier to navigate. An anti-dumping investigation brings a period of uncertainty as to the duties applying

to imported goods. Any funding that decreases the length of investigations is welcome. Specific funding highlighted was:

- \$1.3 million to the Anti-Dumping Commission to “*provide importers and local manufacturers advice on whether goods are subject to anti-dumping duties*”. Presumably, this is a reference to a system for providing rulings on the application of dumping duties.
- \$300K per year to allow the flexibility to apply different rates of duties for particular variants of imported goods.

The budget papers also suggested changing the dumping system so that goods that are subject to a tariff concession order will be automatically free from dumping duty. This will represent a very convenient method of applying for dumping duty exemptions. Of course, local manufacturers will need to ensure that TCOs do not exist for goods which they manufacture in Australia.

**Air Freight** – As previously announced, the International Freight Assistance Mechanism will continue until 30 September 2021, facilitating the continuation of pre-Covid and new supply chains. With no increase in passenger international travel on the horizon, it is likely that this vital program will need to be further extended.

**Simplified trade** – Simplified trade was a major trade topic in the previous budget and the Government has expanded its funding in this area. Another \$37 million will be committed over 3 years to support initiatives to modernise and improve Australia’s trade system, including a review of the regulatory processes and ICT systems that impact cross-border trade. The same problem remains – it’s a good idea to simplify trade, but how will it actually be done. Is it realistic to see significant improvements while using the ICS, being 20 year old technology?

**Tasmanian Freight Equalisation Scheme** - \$89 million over 4 years will go towards extending the scheme to eligible imported goods with no direct Australia-made equivalent at a rate of \$700 per twenty-foot equivalent from 1 July 2021.

The budget highlighted the importance of manufacturing and agricultural exports in the post-COVID recovery. These industries are reliant on predictable and economic supply chains. Much of this depends on the attitude of the regulatory authorities rather than budgetary funding. Hopefully the Government will adopt a trade facilitative stance over the next 12 months to build upon its investment in biosecurity and manufacturing.

Please contact Russell Wiese at Customs and Global Trade Law if you would like to discuss how the budget affects your supply chain ([rwiese@cgtlaw.com.au](mailto:rwiese@cgtlaw.com.au)).