

Joint Standing Committee on Treaties

Free Trade Agreement between Australia and the United Kingdom of Great Britain and
Northern Ireland 2022-2023

QUESTION ON NOTICE / Spoken

QoN 001 – Monday 26 September 2022

Topic: European Union's Approach to negotiations

Mr Josh Wilson MP

Question

CHAIR: Thank you. As far as we are aware with respect to the agreement that is being negotiated with the European Union, will the European Union's approach involve independent economic analysis or economic analysis and modelling similar to what the UK has done?

Ms Bowes: I would have to take that on notice. I'm not familiar with the EU approaches. The UK has adopted its own approach to impact analysis and economic modelling. If I could take that on notice, please.

Answer

The EU has produced a Sustainability Impact Assessment (SIA) of the Australia-EU FTA. The SIA is an EU-commissioned independent assessment of potential economic, social and environmental impacts of the FTA. The SIA and the European Commission's response to it were published on 22 July 2021.

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QUESTION ON NOTICE / Spoken

QoN- 002 – 26 September 2022

Topic: Assessment and tracking of trade agreements

Mr Josh Wilson MP

Question

CHAIR: Do we have a methodology and a structure within the department for an ongoing, longitudinal assessment and tracking of trade agreements over time, and is that something that is published or otherwise accessible?

Ms Bowes: It's not published. It is something we do on an agreement-by-agreement basis based on the export and import figures that I've referred to and the level of investment. We do it really for internal use and to be drawn upon in committee hearings such as this, on particular agreements. That said, we are working closely with our Office of the Chief Economist to look at ways in which we can enhance the modelling of trade outcomes under our free trade agreements. That is an ongoing project; we haven't completed that, but it is an ongoing discussion within the department.

CHAIR: Perhaps if you can take it on notice, it would be interesting for this committee to understand a bit more about that, if it's something that's being looked at that hasn't been determined. I can understand why it is of internal value. Clearly, how can any organisation assess the success of what's occurred without looking at what was expected and what actually happened, know that, in some cases, the gap between those two could be circumstantial? In some cases, it could be that the analysis was wrong, or the expectations were wrong. We hear from the wider community that they would like to understand that too. You can almost imagine—we settled the Australia-US Free Trade Agreement in, I think, 2004 and then there has been ChAFTA and various other things. I can't think of a good reason why the department wouldn't be tracking each of those and why those outcomes wouldn't be publicly available.

Answer

Methods for assessing the economic impacts of an FTA (both ex ante and ex post) range from high-level descriptive statistics and analysis through to detailed and complex quantitative analysis.

The choice of method for assessing economic impacts of a trade agreement will depend upon the relative size and expected gains from the FTA, the strategic importance of the broader bilateral relationship with the partner economy(ies), negotiation timeframes and DFAT resourcing.

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DFAT commissions comprehensive economic modelling of individual FTAs on a case-by-case basis. Economic modelling can quantify the benefits of an FTA where there are clear and significant impacts on prices and quantities of trade associated with tariff reductions or quota increases. However, many benefits are difficult to quantify. These include:

- Increased regulatory certainty
- Contributing to enhanced multilateral and plurilateral trade rules
- Strengthening bilateral and multilateral relationships
- Strengthening economic engagement
- Contributing to expanding economic openness, inclusivity and resilience in our region and globally.

To ensure DFAT is well informed of the benefits and risks of an FTA, DFAT also sources information on opportunities and potential impacts on the macro and sectoral level through extensive consultations and stakeholder engagement. These processes commence before the development of a mandate and continue throughout the negotiations and after entry into force.

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QUESTION ON NOTICE / Spoken

QoN 003 – 26 September 2022

Topic: Frequency of post (FTA) Implementation reviews

Mr Josh Wilson MP

Question

CHAIR: ... A separate issue is that we have stakeholders come to the committee and present their expectations. What the basis is of their expectation is sometimes a bit hard to tell. Often, they are significant sectoral players with resources, so there is no reason to believe that their expectations aren't well based. But it is whether or not, again, within the department, that would be collected and analysed. In the course of the ChAFTA inquiry by this committee, Australian Dairy Farmers asserted that, under that agreement, the Australian dairy industry would grow at 1.5 per cent a year, with an increase of 600 jobs. From what I understand, that didn't occur. There might be lots of reasons why it didn't occur, but I think understanding that is of value.

Ms Bowes: If I might add one element, the regulatory impact assessment or statement that we do is followed up, generally five years after entry into force of the agreement, by a post-implementation review. That is a requirement under our Office of Best Practice Regulation framework. So that is another mechanism five years after entry into force, pursuant to which we can assess the impact of the outcomes of the agreement.

CHAIR: But only at the five-year mark?

Ms Bowes: I think it's generally five years. I will have to take on notice if it's more regular or subsequent to that, but it's certainly at the five-year mark.

Answer

The frequency of Post Implementation Reviews (PIR) is determined by the Office of Best Practice Regulation (OBPR). The timeline for completion of a Post Implementation Review depends on the reason for its trigger.¹ Where a Free Trade Agreement has been assessed by the Office of Best Practice Regulation as having substantial or widespread impact on the Australian economy, a PIR will be required by OBPR within 5 years of implementation.

OBPR have assessed that a Post-Implementation Review of A-UKFTA will be required within five years of the Agreement being signed.

¹ Office of Best Practice Regulation, [Post-implementation Reviews Guidance Note \(pmc.gov.au\)](https://www.pmc.gov.au/post-implementation-reviews-guidance-note), 28 September 2022

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QUESTION ON NOTICE / Spoken

QoN 004 – 26 September 2022

Topic: EU Geographical indications

Ms Lisa Chesters MP

Question

MS CHESTERS: Do you know how many GIs the UK agreed to with the EU? Are we talking four or five? How many terms?

Mr Nixon: I could take that one on notice. The EU has many GIs, so I wouldn't want to take that question right now.

Answer

Under the terms of the Withdrawal Agreement, the UK agreed to protect all EU GIs that were protected in the EU at the time the UK left the Union. We understand that amounts to more than 3000 EU GIs for wines, spirits and foodstuffs.

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QUESTION ON NOTICE / Spoken

QoN 005 – 26 September 2022

Topic: Written submission by Supply Nation

Senator Dorinda Cox

Question

Senator COX: Did Supply Nation give a written submission to the department?

Ms Bowes: We'll have to take that on notice.

Answer

We did not receive a written submission from Supply Nation on the A-UKFTA.

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QUESTION ON NOTICE / Spoken

QoN 006 – 26 September 2022

Topic: Supply Nation and IgNITE Consultation

Senator Dorinda Cox

Question

Senator COX: In your evidence last week, you told us you did provide a briefing or a consultation. Was that to both Supply Nation and IgNITE?

Ms Bowes: We spoke directly with IgNITE on a couple of occasions, if I remember rightly.

Senator COX: Was it directly about the Indigenous inclusion chapter or was this about other things? I just want to clarify that.

Ms Bowes: My first conversation was focused very much on the interest in land, and then there was also discussion about botanicals, but that was in the context of the EU FTA. In the second half of last year there was an exchange via email on Indigenous inclusions.

Senator COX: Noting your answer to Mr Pike around the UK negotiator, was that consultation provided in collaboration with the UK negotiator?

Ms Bowes: No. That particular discussion that we had with IgNITE was not together with the United Kingdom negotiator, but he and those organisations would have been invited to the broader joint briefings. We can confirm that on notice.

Senator COX: Sorry, they were or they could have been?

Ms Bowes: They should have been, because we open them up to all of our stakeholders, but I will confirm that on notice.

Answer

Indigenous organisations Supply Nation and IgNITE were invited to joint briefings with the Australian and UK Chief Negotiator on the A-UKFTA including the Australia-UK joint post round briefing following the third round of negotiations in December 2020.

IgNITE CEO Darren Godwell was invited to participate in multiple consultations on the A-UKFTA negotiations from July 2020. The Chief Negotiator A-UKFTA hosted individual consultations and broader A-UKFTA discussions and events throughout 2020, 2021 and 2022 which Mr Godwell was invited to attend.

IgNITE was invited to provide a submission on 14 August 2020 on the A-UKFTA. A written submission was received by DFAT on 9 February 2021. IgNITE were also invited to attend the Peak Bodies Consultations meetings on trade negotiations and other trade issues on 15 December 2020, 23 June 2021 and 8 December 2021. The peak bodies consultations included an update on the A-UKFTA with opportunities for all stakeholders to direct questions to the A-UKFTA Chief Negotiator.

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Laura Berry CEO of Supply Nation was a member of the Ministerial Advisory Council and recipient of an invitation to attend meetings held on 9 July, 12 August and 25 November 2020, 26 March and 29 October 2021 and 17 March 2022 all included a briefing on the A-UKFTA.

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QUESTION ON NOTICE / Spoken

QoN 007 – 26 September 2022

Topic: Indigenous Stakeholder Engagement

Senator Dorinda Cox

Question

Senator COX: I've been contacted by three other stakeholders who were watching live last week and now want to engage in this process, because they didn't know it was being undertaken. They had significant issues around only two stakeholders being engaged in a process like this because it is of great significance. It might be one where we have IPP targets for procurement for government, but we have commercial businesses, and we have individual UK investors coming to us currently, individually, not through the UK network, seeking to invest, particularly in renewable energy projects in Australia, which then are not facilitated through our free trade agreement. This is the feedback that we are getting from stakeholders. I would ask the committee if it would consider hearing evidence from some of those other stakeholders, particularly First Nations peoples and communities, to ensure that we are hearing more than just two stakeholders. We appreciate that they're your existing relationships, but a broader discussion is happening.

Ms Bowes: Senator Cox, if I could add one element. Our engagement on the agreement does not stop with signature; we are still engaging with stakeholders throughout the process, particularly on implementation. Negotiation is one element but implementing and getting the best outcomes for our stakeholders is really important. So we would welcome engagement with those stakeholders as well to identify where best their interests can be taken up through the agreement.

Senator COX: I think it's very—if I could use the word—'rich' for our foreign minister to be overseas talking about a voice for First Nations people at the UN and not having a very clear and articulated inclusion chapter in our fair trade agreement and in all free trade agreements. I think it speaks volumes about our engagement with First Nations people, and we are crying out to have that voice heard. That is the very significant message they've asked me to convey both to the committee and to DFAT. We're out there talking about it, but we're not actually making sure that it's part of the template that we use going forward.

Ms Bowes: Thank you, Senator.

CHAIR: Thank you, Ms Bowes. If it's helpful or possible, could you come back to the committee with any relevant contact details that might help facilitate that further interaction?

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Answer

Stakeholders are welcome to get in touch with DFAT regarding the A-UKFTA via ukfta@dfat.gov.au or via the FTA Enquiry Line phone +61 2 6261 1888.

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QUESTION ON NOTICE / Spoken

QoN 008 – 26 September 2022

Topic: Maritime Union and ACTU Consultation

Mr Matt Burnell MP

Question

Mr BURNELL: A little while back, you mentioned that there were two dates where consultation occurred between yourselves and the Maritime Union of Australia around the cabotage issue. Correct me if I'm wrong, but were those dates 22 December 2021 and—I didn't catch the day— March 2022?

Mr Johnson: That was on 10 March.

Mr BURNELL: That was on 10 March 2022. Can you confirm the date on which we signed the agreement?

Ms Bowes: It was on 17 December 2022.

Mr BURNELL: It was on 17 December. So we were in consultation after signing the agreement? Can you understand the level of discontent that might be coming from those labour market representatives, whereby they feel that the consultation process was really not consultation and we're now in a briefing process around what the outcomes were of the negotiation? Is that a fair statement to make?

Ms Bowes: We also engaged with the Maritime Union under the auspices of the ACTU prior to the signature of the agreement.

Mr BURNELL: On what dates were those discussions held?

Ms Bowes: I engaged with the ACTU prior to the launch of the negotiations. I can take on notice exactly when, but it was in May 2020, in the course of the negotiations. And then, towards the end—and this is where the Maritime Union came in—in November 2021 we had a meeting with the ACTU and some of its affiliates, and that's actually where we engaged closely with the Maritime Union.

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Answer

Consultations with the ACTU on the A-UKFTA took place prior to, during and towards the conclusion of the negotiations. Consultations with the MUA occurred under the auspices of the ACTU and individually with the MUA.

Please see table below.

ACTU	Call	27 May 2020
ACTU	Call	30 March 2021
ACTU/MUA	Video conference	25 November 2021
ACTU	Call and emails	16 December 2021
MUA	Videoconference	22 December 2021
MUA	Videoconference	10 March 2022

The ACTU was also consulted under the auspices of the International Labour Affairs Committee organised by the Attorney-General's Department on 20 October 2020 and 25 May 2021.

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QoN 009– 26 September 2022

Topic: Perspective of Maritime Union on outcome

Senator Deborah O'Neill

Question

Mr Johnson: I don't think they agree on the outcome. Just from the evidence that they gave last week, they clearly remain concerned, and we haven't allayed those concerns. But it's our view that all that cabotage and coastal trading is carved out and protected, so it doesn't provide any additional access or otherwise for vessels flying the UK flag to Australia's cabotage arrangements.

Ms Bowes: I'll just add that last week, I think, the Maritime Union were asked about the consultation process. I'm just finding the relevant extract, but I think we can take on notice what they said. I know they did refer to the consultation process in their evidence last week.

Senator O'NEILL: I haven't had a chance to read the transcript. I don't think it's available yet, so I'll look at that with interest. Thank you.

Answer

The relevant extract can be found on [page 53 and 54 of the Committee Hansard](#).

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QUESTION ON NOTICE / Spoken

QoN 010 – 26 September 2022

Topic: Stakeholder Consultation

Mr Josh Wilson MP

Question

CHAIR: Thank you. I only have one more thing to raise, so this is the opportunity for any other committee members to think now if they have something else, because otherwise, after this, I will bring this hearing to a close. It just goes, Ms Bowes, to what was discussed before—the issue Ms Chesters was discussing in relation to the manufacturing sector and consultation. I think you were suggesting that some of the consultation occurred through the department of industry. We obviously don't have the department of industry here, so I'm in your hands up to a point. I think it would be useful for this committee to have something in writing from the department of industry about the nature of that. It is interesting, as things turn out, that we haven't heard— certainly through the public hearing process; I don't know how many submissions we've had—from parts of our stakeholder world that, in fact, may be more likely to be affected than some other parts. We haven't heard from them and we're not conscious of that, because if it was done through the department of industry rather than your good selves—we haven't been given any information. Perhaps, if you can't facilitate the provision of that information, come back to the secretariat and we will seek it directly, but for the sake of this inquiry I think it would be useful for us to have something that tells us how that occurred. Presumably, from what we can gather, those parts of the affected Australian business and manufacturing world are relatively sanguine about the outcome, because we haven't heard from them through this process.

Ms Bowes: We can do that. We can also go through our records to identify, specifically, any engagement we had, apart from the industries we discussed earlier. I would note though that, through our peak bodies' processes, we have engagement with peak bodies that represent manufacturing industries. We raised and briefed about that on the UK FTA. That's one aspect where we did have that direct engagement. We can certainly take that on notice.

Answer (Joint response by DFAT and the Department of Industry, Science and Resources

The Department of Foreign Affairs and Trade and the former Department of Industry, Science and Resources engaged with hundreds of companies and stakeholders during and before negotiations of the A-UKFTA to inform our negotiation approach. A significant number of these organisations and individuals were from the manufacturing industry. These included:

Australia Chamber of Commerce and Industry (ACCI)

Advanced Fibre Growth Cluster Geelong

Austin Engineering

Australian Aluminium Council (AAC)

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Australian Automotive Aftermarket Association (AAAA)
Australian Fashion Council
Australian Food and Grocery Council (AFGC)
Australian Industry Group
Australian Hide Skin and Leather Exporters Association (AHSLEA)
Australian Tea Tree Industry Association (ATTIA)
Autotest Products Pty Ltd
BlueScope Steel
Bradken
Bruck Textiles
Business Council of Australia
Capral Aluminium
Chemistry Australia
Davies, Craig Pty Ltd
Disc Brakes Australia
Elphinstone Pty Ltd
Engineered Touring Solutions Pty Ltd
Future Batteries Industry CRC (Co-operative Research Centre)
Geofabrics Australasia Pty Ltd
HeliMods
Holinger Engineering
Infrabuild Steel
Jabiru Aircraft Pty Ltd
Jayco Corporation Pty Ltd
Mackay Consolidated Industries Pty Ltd
Minerals Council of Australia (MCA)
New South Wales Business Chamber
Pedders Suspension & Brakes
R. A. Bell
REDARC Electronics
Rheem Australia
Rialto Linen

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Steel Association

Textor Technologies

Toni Maticevski

Turbosmart

Victoria Carpets

Victorian Automotive Chamber of Commerce

Wesfarmers

Wilson Transformer Company

Zella DC