



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

SUBMISSION ON

**THE IMPLICATIONS OF THE RESTRICTION ON THE USE OF
FENTHION ON AUSTRALIA'S HORTICULTURAL INDUSTRY**

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Agriculture in Tasmania

The total Tasmania gross state product (GSP) was \$23.9 billion for the 2012 year. The GVP of agriculture, forestry and fishing collectively amounted to almost 9% of this total – before input supply services and value-adding, which is well above that for the nation as a whole.

In 2010/11, the farm gate value of production (GVP) of agriculture, forestry and fishing was \$1.98 billion. This comprised:

- agriculture - \$1.150 billion;
- forestry - \$235million; and
- fishing - \$597 million.

This is before considering input supply services and value-adding. Taking into account basic multiplier factors, this means the farm-dependent economy contributes more than \$5.0 billion to the gross state economy - in spite of adverse pressures on the forestry industry.

Over the past 25 years, the average annual rate of increase in farm gate GVP has been close to 4%. Average growth in the farm GVP over the recent past has been slightly slower than average, as a result of reduced export returns due to the high value of the \$A and increasing cost pressures along the value chain.

Milk and milk products followed by livestock and livestock products were the main sector contributors to farm production value. However, this was partly offset by reduced vegetables output associated with severe wet weather at harvest in the first quarter of 2011.

Some 10,500 people were employed directly in agriculture forestry and fishing. A further 8,500 people were employed in services to agriculture and food and fibre value-adding. This is close to 9% of the working population in Tasmania.

The preliminary Tasmanian government Scorecard data for 2010-11 (prepared by DPIPW) indicates the wholesale value of food and beverage production has remained steady, roughly in line with the previous year at \$2.7 billion This demonstrates the important role that the processing sector plays in adding value to farm gate returns and the fortunes of those who live and work in the farm dependent sector.

Furthermore, the inclusion of forestry as a long cycle crop enterprise in farming businesses in the state means that the overall economic contribution must include these figures too. Our best estimate is that in 2009/10 this added a further \$400 million to farm gate income. Clearly, as a result of the uncertainty currently evident in this sector, that figure has fallen significantly since then. Nonetheless, on a long term outlook, forestry remains an integral part of a diversified farm business.

Compared to the previous year, growth in agriculture GVP has broadly offset the fall in forestry GVP.

The vast bulk of our agricultural product is sold interstate and overseas. Farm exports in 2010/11 easily exceeded \$550 million (farm gate equivalent value) when account is taken of pharmaceutical products. The share of exports to Asian destination exceeded 50%. In addition, it is estimated that a further \$1.8 billion of raw and value-added product was shipped to the mainland.

In 2011/2012, total exports from Tasmania were valued at \$3.196 billion. Agricultural products represented some 30% of that total – approximately \$1 billion. Almost 25% of total exports (\$502 million) were destined for ASEAN countries. Agricultural products valued at approximately \$121 million represented 25% of that total. ASEAN countries have become increasingly important destinations too, with overall exports increasing marginally over the past three years; and food exports alone increasing significantly from \$71 million to \$96 million over the period 2009/2010 through 2011/2012. Major products exported to ASEAN countries included dairy (\$42 million); seafood (\$32 million) and wood products (\$20 million estimated from private forestry sector). Key destinations included Japan (35%), China (21%), and Hong Kong (21%).

Farmers are also significant land managers in the state, with almost a third of Tasmania's land area of 68,300 sq km committed to agriculture.

These figures clearly confirm the importance of the sector as an economic driver for the state's economy – and also demonstrate that agriculture is a more significant contributor to the Tasmanian economy than in any other state. With this in mind, it is clear that Tasmania needs to ensure that the agricultural base of the state remains competitive and profitable.

About the TFGA

The TFGA is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Operationally, the TFGA is divided into separate councils that deal with each of the major commodity areas. As well, we have a number of standing committees that deal with cross-commodity issues such as climate change, biosecurity, forestry, water and weeds. This structure ensures that we are constantly in contact with farmers and other related service providers across the state. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

With our purpose being to promote the sustainable development of Tasmanian primary industries, the TFGA is committed to ensuring that the agriculture sector in Tasmania is profitable and sustainable. We are also committed to promoting the vital contribution the agricultural sector makes to the environmental, social and economic fabric of the Tasmanian community.

Background

The use of chemicals to control weeds, pests and diseases is fundamentally important to farmers. If farmers are restricted in their use of chemicals, they will necessarily become less competitive, either because they must then accept reduced productivity or because they must move to more expensive control methods.

There are a number of controls in place to ensure that the safety of people, animals and the environment are protected while still allowing farmers to use chemicals. These safeguards are:

- The registration and approval process for pesticides
- The control of their use by the relevant state government
- The establishment of maximum residue limits
- Testing for residues
- Reporting to government of unintended or unexpected effects of pesticides
- Industry based quality assurance programs and codes of practice
- Stewardship by pesticide manufacturers, distributors and users

The TFGA believes that formal regulation of the use of chemicals for weed, pest and disease control is necessary, both to address community concerns and to provide certainty for farmers in the circumstances. However, any changes to that regulation must recognise the legitimate operational needs of users as well as those of others.

Comment on proposed withdrawal of Fenthion

Fenthion is an older organophosphate insecticide which is mainly used in Australian horticulture for the management of fruit flies. Because Tasmania is free of this pest, the chemical is not used much in production horticulture in this state.

Thus it is likely that the restrictions posed will be of little significance to actual Tasmanian horticultural production.

However, the withdrawal of this chemical will have potentially significant impact on Tasmanian horticulture and to the state as a whole. As an island state, Tasmania places strong emphasis on our unique biosecurity status. The fact that our state remains free of fruit flies is a major advantage not just to our horticultural producers, but also to the state's clean green and environmentally focused economy. We'd like to keep it that way.

For some years, Tasmania has accepted 'at risk' host produce from fruit fly areas with quarantine treatments of fenthion and dimethoate. With the restricted uses proposed, such options will no longer be readily available.

However, the state government has over the last three years been expanding alternative options enabling importers/exporters to treat or access host produce.

At least in the short term, it is likely there will be an increase in methyl bromide fumigation of some fresh produce. However, in the medium to long term, alternatives including heat, chill, radiation and systems approaches to production will need to be adopted.

In the future

We are aware that the APVMA undertakes a number of reviews such as this one every year. Keeping track of these is a major challenge for representative bodies such as the TFGA.

We would propose that the Senate Standing Committee on Rural and Regional Affairs and Transport consider the following approach to assist industry and government communicating and consulting into the future:

- The importance of having industry representatives on APVMA consultative committees (not individuals);
- The importance of “two-way” flow of information between APVMA and industry groups; and
- Establishing a new position in APVMA for a dedicated industry liaison officer.

This type of approach will hopefully assist industry on planning for what is on the horizon in terms of chemical reviews, and assist government (including APVMA) to get the appropriate information out to industry via an industry liaison officer; and to channel industry issues and concern back to the Authority or other relevant agencies.