

Australian Food and Grocery Council SUBMISSION

31 MARCH 2011

TO:

SENATE STANDING COMMITTEE ON RURAL AND
REGIONAL AFFAIRS

IN RESPONSE TO:

SCIENCE UNDERPINNING THE INABILITY TO ERADICATE
THE ASIAN HONEY BEE

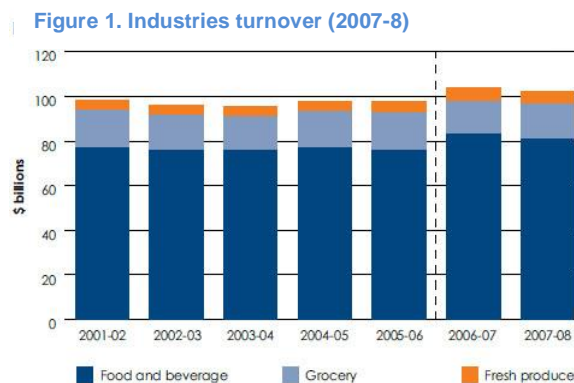


PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry. Membership of AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors. (A full list of members is included as Appendix A.)

AFGC's aim is for the Australian food, beverage and grocery manufacturing industry to be world-class, sustainable, socially-responsible and competing profitably domestically and overseas.

With an annual turnover of \$102 billion (see chart), Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.



Source: ABS, catalogue number 8221.0 and 8159.0*

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector¹ is Australia's largest and most important manufacturing industry, four times larger than the automotive parts sector – the food and grocery manufacturing industry is a vital contributor to the wealth and health of our nation. Representing 28 per cent of total manufacturing turnover, the sector is comparable in size to the Australian mining sector and is more than four times larger than the automotive sector.

The industry's products are in more than 24 million meals, consumed by 22 million Australians every day, every week and every year. The food and grocery manufacturing sector employs more than 288,000 people representing about 3 per cent of all employed people in Australia paying around \$13 billion a year in salaries and wages.

The growing and sustainable industry is made up of 38,000 businesses and accounts for \$44 billion of the nation's international trade. The industry's total sales and service income in 2007-08 was \$102 billion and value-added increased to nearly \$27 billion². The industry spends about \$3.8 billion a year on capital investment and over \$500 million a year on research and development.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with almost half of the total persons employed being in rural and regional Australia³.

It is essential for the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

1 Fast moving consumer goods includes all products bought almost daily by Australians through retail outlets including food, beverages, toiletries, cosmetics, household cleaning items etc..

2 AFGC and KMPG. *State of the Industry 2010*. Essential information: facts and figures. Australian Food and Grocery Council. Oct 2010.

3 About Australia: www.dfat.gov.au

1. INTRODUCTION

The Australian Food and Grocery Council (AFGC) welcomes the opportunity to contribute to the Senate Standing Committees on Rural Affairs and Transport Inquiry *Science Underpinning the Inability to Eradicate the Asian Honey Bee*.

This submission is relatively brief reflecting:

- 1) AFGC does not have specific technical skills in this area. Our membership, being primarily food and grocery manufacturers, does not have expertise in the scientific disciplines relevant to insect eradication; and
- 2) the short time frame of the inquiry. AFGC recognises that the urgency of the matter demands a very rapid resolution, particularly if the inquiry concludes efforts should be made to eradicate the Asian Honey Bee infestation currently present in Queensland.

Notwithstanding this, AFGC wishes to leave no doubt of the utmost gravity with which it views this issue.

This submission will address the terms of reference directly and then present some concluding remarks and recommendations.

2. TERMS OF REFERENCE

2.1. THE SCIENCE UNDERPINNING THE ASSUMPTION THAT *APIS CERANA*, THE ASIAN HONEY BEE, CANNOT BE ERADICATED IN AUSTRALIA

AFGC is not aware that any strong scientific evidence has been presented indicating that it is simply not technically feasible to eradicate the Asian Honey Bee (AHB). AFGC recognises that there are substantial technical challenges associated with:

- providing adequate surveillance to identify AHB individuals and track them to their hives for extermination;
- accessing potential hives in terrain which is difficult to penetrate on foot; and
- determining if, and when, an outbreak of infestation occurs outside quarantine areas.

AFGC understands, however, that this is essentially a logistical, rather than a, scientific issue. The corollary is, therefore, that probability of successful eradication is related to the level of resources provided rather than technical hurdles.

2.2. THE SCIENCE UNDERPINNING THE ASSUMPTION THAT ASIAN HONEY BEE WILL NOT SPREAD THROUGHOUT AUSTRALIA

AFGC is not aware of any strong scientific evidence which supports the proposition that AHB is unable to spread across wide areas of Australia. Certainly, it is unlikely that it will spread throughout Australia to the extent that every habitat is successfully colonised, given the diversity of Australia's topography and climate. There are, however, large areas of Australia which may be colonised by AHB with many of them important for the production of agricultural and horticultural products which will (potentially) be negatively impacted by AHB.

2.3. THE SCIENCE RELATING TO THE IMPACTS OF THE SPREAD OF THE ASIAN HONEY BEE ON BIODIVERSITY, POLLINATION AND THE EUROPEAN HONEY BEE

AFGC considers that most concerns relating to AHB focus on its potential to displace both wild and domesticated European Honey Bee populations diminishing substantially pollination of food crops, and pasture plants which support the grazing industry. This is based on the very aggressive behaviour displayed by AHB.

The Department of Agriculture, Fisheries and Forestry (DAFF) website states:⁴

“The Asian honeybee is an invasive species which adversely impacts populations of European honeybees by competing for floral resources, robbing managed hives and transmitting disease. It can become a pest in urban areas through establishing nests in houses and by its aggressive stinging behaviour.”

If it becomes established in Australia AHB is also a likely host for the varroa mite – a debilitating parasite of the European Honey Bee. Again DAFF states

“Asian honeybees are a natural host for varroa mite – a parasite that attacks developing bee larvae or adult bees.”

2.4. THE COST BENEFIT OF ERADICATION OF THE ASIAN HONEY BEE

There is little doubt that the AHB will have a substantial negative impact on the European Honey Bee pollination activity with “downstream” consequences for the food industry. Indeed, that quarantine and eradication measures were introduced in the first place indicates AHB is far from being considered benign, should it become endemic.

If AHB does become endemic across substantial areas of Australia the potential impacts include:

- loss of yield from a large number of plant food crops due to a decrease in pollination efficiency;
- loss of yield from important pasture crops with potential downstream effects in terms of production efficiencies in dairy and red meat production; and
- loss of honey production resulting in the need for import replacement to meet domestic market needs.

These losses will, of course, have the greatest impact in rural and regional Australia. There will, however, be negative flow-on effects to all Australians as loss of productivity in the agricultural sector flows through the economy.

There are other potential impacts detracting from the quality of life of all Australians should the AHB become widespread. It is a creature possessing aggressive habits with the potential to degrade enjoyment of outdoor living. This may have some impact on the attractiveness of Australia as a tourist destination.

AFGC is not in a position to quantify the total potential monetary cost of AHB becoming endemic, or indeed the total monetary benefit of the current well organised and efficient use of the European Honey Bee in support of agricultural and horticultural production. Notwithstanding that, **AFGC and its members are critically aware of the fundamental and central role**

⁴ http://www.daff.gov.au/about/media-centre/communiques/response_to_asian_honeybees

efficient pollination of plants plays in food production. Any disruption to pollination has the potential to impose very large losses from reduced yields and productivity. It should be noted that any losses will be recurrent, and not “one off” costs imposed upon the industry. Whilst industry will certainly adapt, and mitigate the loss of productivity it is unlikely that negative effects will be reversed, at least in the short to medium term.

3. CONCLUSIONS

From AFGC’s understanding it is currently agreed that:

1. AHB is an aggressive bee which will displace the European Honey Bee in regions it becomes endemic;
2. in those regions, there will be a loss of pollination efficiency, particularly in food and pasture crops relying on domesticated European Honey Bees, but also in pollination by wild European Honey Bees;
3. this will lead to productivity losses in food and pasture crops; and
4. the domestic honey industry will be drastically affected.

AFGC also understands that there is disagreement on:

1. the extent to which AHB will spread throughout Australia should it become endemic; and
2. the technical feasibility of eradicating of the current infestation in Queensland.

The uncertainty regarding the last two points makes determining the appropriateness of eradication extremely difficult. Certainly, AFGC does not support throwing unlimited resources at problem which may not have a technical solution. On the other hand, when potential losses of hundreds of millions of dollars ongoing are possible, it is prudent to take preventive action.

In so far as there is never complete certainty in science, AFGC considers the only basis for terminating efforts to eradicate the AHB should be strong agreement among the scientific community that eradication was very unlikely to be possible – and that agreement does not exist.

Shortage of resources should not be cause to cease eradication efforts in this case. All resources (within reason) should be made available to eradicate this pest. AFGC is aware that cost estimates for determined eradication program are around \$10m. This seems small compared to the potential losses which may result if AHB spreads across Australia.

Recommendation

AFGC recommends the Commonwealth:

- 1) **makes monies available immediately for the continuation of the Asian Honey Bee eradication program in Cairns;**
- 2) **allocate a portion of those monies to the extensive monitoring of the effectiveness of the program; and**
- 3) **set clear performance indicators for the program in consultation with industry to provide future decisions points for the continuation of the program.**

AFGC MEMBERS LIST AS AT 25 MARCH 2011

Arnott's Biscuits Limited
Asia-Pacific Blending Corporation P/L
Barilla Australia Pty Ltd
Beak & Johnston Pty Ltd
Beechworth Honey Pty Ltd
Beerenberg Pty Ltd
Bickfords Australia
BOC Gases Australia Limited
Bronte Industries Pty Ltd
Bulla Dairy Foods
Bundaberg Brewed Drinks Pty Ltd
Bundaberg Sugar Limited
Byford Flour Mills T/a Millers Foods
Campbell's Soup Australia
Cantarella Bros Pty Ltd
Cerebos (Australia) Limited
Cheetham Salt Ltd
Christie Tea Pty Ltd
Church & Dwight (Australia) Pty Ltd
Clorox Australia Pty Ltd
Coca-Cola Amatil (Aust) Limited
Coca-Cola South Pacific Pty Ltd
Colgate-Palmolive Pty Ltd
Coopers Brewery Limited
Danisco Australia Pty Ltd
Devro Pty Ltd
DSM Food Specialties Australia Pty Ltd
Earlee Products
Eagle Boys Pizza
FPM Cereal Milling Systems Pty Ltd
Ferrero Australia
Fibrisol Services Australia Pty Ltd
Fonterra Brands (Australia) Pty Ltd
Food Spectrum Group
Foster's Group Limited
Frucor Beverages (Australia)
General Mills Australia Pty Ltd
George Weston Foods Limited
GlaxoSmithKline Consumer Healthcare
Go Natural
Goodman Fielder Limited
Gourmet Food Holdings
H J Heinz Company Australia Limited
Harvest FreshCuts Pty Ltd
Healthy Snacks
Hela Schwarz
Hoyt Food Manufacturing Industries P/L
Hungry Jack's Australia
Jalna Dairy Foods Pty Ltd
Johnson & Johnson Pacific Pty Ltd
Kellogg (Australia) Pty Ltd
Kerry Ingredients Australia Pty Ltd
Kimberly-Clark Australia Pty Ltd
Kraft Foods Asia Pacific
Laucke Flour Mills
Lion Nathan National Foods Limited

Madura Tea Estates
Manildra Harwood Sugars
Mars Australia
McCain Foods (Aust) Pty Ltd
McCormick Foods Aust. Pty Ltd
McDonald's Australia
Merisant Manufacturing Aust. Pty Ltd
Nerada Tea Pty Ltd
Nestlé Australia Limited
Nutricia Australia Pty Ltd
Ocean Spray International Inc
Parmalat Australia Limited
Patties Foods Pty Ltd
Procter & Gamble Australia Pty Ltd
Queen Fine Foods Pty Ltd
QSR Holdings
Reckitt Benckiser (Aust) Pty Ltd
Safcol Canning Pty Ltd
Sanitarium Health Food Company
Sara Lee Australia
SCA Hygiene Australasia
Schweppes Australia
Sensient Technologies
Simplot Australia Pty Ltd
Spicemasters of Australia Pty Ltd
Stuart Alexander & Co Pty Ltd
Subway
Sugar Australia Pty Ltd
SunRice
Swift Australia Pty Ltd
Tasmanian Flour Mills Pty Ltd
Tate & Lyle ANZ
The Smith's Snackfood Co.
The Wrigley Company
Tixana Pty Ltd
Unilever Australasia
Vital Health Foods (Australia) Pty Ltd
Ward McKenzie Pty Ltd
Wyeth Australia Pty Ltd
Yakult Australia Pty Ltd
Yum Restaurants International

Associate & *Affiliate Members

Accenture
Australian Pork Limited
ACI Operations Pty Ltd
Amcor Fibre Packaging
*ASMI
AT Kearney
BRI Australia Pty Ltd
*Baking Association Australia
CAS Systems of Australia
CHEP Asia-Pacific
CSIRO Food and Nutritional Sciences
CoreProcess (Australia) Pty Ltd
CROSSMARK Asia Pacific
Dairy Australia

Food Liaison Pty Ltd
FoodLegal
*Foodservice Suppliers Ass. Aust.
*Food industry Association QLD
*Food industry Association WA
Foodbank Australia Limited
*Go Grains Health & Nutrition Ltd
Grant Thornton
GS1
Harris Smith
IBM Business Cons Svcs
innovations & solutions
KN3W Ideas Pty Ltd
KPMG
Leadership Solutions
Legal Finesse
Linfox Australia Pty Ltd
Logan Office of Economic Dev.
Meat and Livestock Australia Limited
Monsanto Australia Limited
New Zealand Trade and Enterprise
RQA Asia Pacific
StayinFront Group Australia
Strikeforce Alliance
Swire Cold Storage
Swisslog Australia Pty Ltd
The Food Group Australia
The Nielsen Company
Touchstone Cons. Australia Pty Ltd
Valesco Consulting FZE
Visy Pak
Wiley & Co Pty Ltd

PSF Members

Amcor Packaging Australia
Bundaberg Brewed Drinks Pty Ltd
Schweppes Australia Pty Ltd
Coca-Cola Amatil (Aust) Limited
Foster's Group Limited
Golden Circle Limited
Lion Nathan Limited
Owens Illinois
Visy Pak

Australian Food and Grocery Council

Level 2, Salvation Army House
2-4 Brisbane Avenue
Barton ACT 2600

Locked Bag 1
Kingston ACT 2604

T: (02) 6273 1466
F: (02) 6273 1477
afgc@afgc.org.au
www.afgc.org.au



one voice - adding value