

**HOUSE OF REPRESENTATIVES STANDING  
COMMITTEE ON PRIMARY INDUSTRIES,  
RESOURCES AND RURAL AND REGIONAL AFFAIRS**

**ADJUSTING TO AGRICULTURAL TRADE REFORM:  
AUSTRALIA NO LONGER DOWN UNDER  
(June 1998)**

**COMMONWEALTH GOVERNMENT RESPONSE**



## GOVERNMENT RESPONSE

### GLOBALISATION AND LIBERALISATION

As an exporter of 70 per cent of its agricultural products and a nation exporting five times more than it imports, Australia is positioned to gain substantially from trade liberalisation in agriculture. The outcomes of liberalisation are already contributing to economic and employment growth for Australia. Government and industry rely on up-to-date information to underpin trade policies. The Committee recommends that:

1. the Australian Bureau of Agricultural and Resource Economics place high priority on research into the economic impact of trade liberalisation (within Australia and globally) for regional Australia and Australia's primary industries. A major aspect of the research should be aimed at finding direct linkages between trade reform, farm returns and employment. Another major aspect of the research should be to consider the impact of agricultural trade reform on consumer prices.  
(Paragraph 2.76)

#### Government Response

Agreed

The continuation of international agricultural trade liberalisation presents enormous opportunities for our competitive agricultural producers. In recognition of this, top priority is being given by the Australian Bureau of Agricultural and Resource Economics (ABARE) to supporting the international trade negotiations on agriculture currently underway. To do this, the Government provided \$500,000 specifically to ABARE to undertake and disseminate research in 1999-2000 into key issues of importance for the WTO multilateral trade negotiations for agriculture. As the direction of these negotiations becomes evident ABARE will afford greater priority to calculating the direct effects on farm returns. This will involve greater international modelling work and use of ABARE's farm survey framework. Also, as the result of the negotiations become clearer, ABARE will carry out an appraisal of the benefits and costs for the Australian economy of further agricultural trade liberalisation which will encompass the implications for producers, food processors, consumers and employment as recommended by the Standing Committee.

The Committee recognises that there are industries facing serious challenges to their traditional domestic markets as a result of trade liberalisation. The process for structural adjustment to the new business environments must be properly managed by Government and understood by the rural community. A number of options for adjustment assistance are available to industries adversely affected by the impact of trade liberalisation. The Committee recommends that:

2. the Commonwealth Government acknowledges its responsibilities in providing practical industry adjustment measures designed to improve the international competitiveness of industries adversely affected by trade liberalisation. The government should provide more information to the public on the availability of industry adjustment measures.  
(Paragraph 2.84)

#### Government Response

Agreed

The Government recognises the need for individually tailored structural adjustment measures to encourage industry to restructure and to become internationally competitive. Indeed, structural adjustment measures form an integral part of the Government's policies for key industry sectors and are aimed at facilitating the reform process while minimising transition costs. For example, the 1998

pig industry assistance package was squarely focussed on improving the competitiveness of the Australian pig industry in the production and processing sectors so as to enable it to meet import competition and seek new export opportunities.

The Government also works closely with industry bodies and stakeholders to facilitate the free exchange of information, including ensuring public awareness of proposed and available industry adjustment measures. The May 2000 Budget provided \$309 million to extend the Agriculture - Advancing Australia (AAA) initiative and included \$6 million for communications, the latter being spent on advertising, public relations and market research components. A Roadshow is currently in place and touring Australia's major field days, agricultural shows, agribusiness conferences and other relevant rural events. The advertising and other public relations component will commence from late March 2001.

### **AWARENESS AND ATTITUDE**

**In 1996-97 rural exports from Australia increased by 7.4 per cent to \$21 billion. This rate of export growth of Australian primary industries is encouraging. Support for trade liberalisation is wide spread among industry leaders but a stronger export culture needs to be fostered among grassroots producers. There is some concern about the pace of reform and the need to safeguard industries against the effects of rapid change. The Committee recommends that:**

- 3. the Departments of Foreign Affairs and Trade and Primary Industries and Energy, in conjunction with peak industry bodies, undertake a study to determine the motivations for change and the resistance to change among primary producers faced with new business environments as a result of trade reform. The aim of the study should be to provide a better understanding of the motivations of primary producers. (Paragraph 3.25)**

### Government Response

Not Agreed.

A 1999 survey of 2043 farm producers was conducted for the Department of Agriculture, Fisheries and Forestry – Australia (AFFA) in the context of the AAA package of Government initiatives. The survey reported the level of change and innovation adopted by farmers during the previous two years. The biggest changes included that 8% of farmers had purchased new or updated machinery, 7% adopted minimum or no tillage techniques and 5% used different seeding techniques. However, the nature of innovation and change reported is unlikely to have much impact on overall growth in farm profitability. Research indicates that financial and human costs involved in major changes are significant and beyond the reach of many farmers. Other evidence suggests widespread innovation and change occurs when people can identify with practical examples of successful change, collaborate with industry partners to plan for change, gather peer support for implementation and receive financial support to change. Slow application of innovation is likely to increase industry inflexibility and reduce our international competitiveness.

The findings of this survey are being used to further refine programs provided under AAA and feed directly into the development of new programs to support agricultural producers. These include both programs aimed at individual sectors and broader support programs.

**Australian agribusiness reflects the multiculturalism of the wider society. The agribusiness sector is under-utilising the valuable strengths of its people who have knowledge of languages, customs and the way business is done in other countries. The Committee recommends that:**

- 4. coordination and linkages between activities within the Foreign Affairs and Trade, Primary Industries and Energy and Immigration and Multicultural Affairs portfolios be strengthened to develop programs that provide Australian primary producers with a better understanding of the business cultures of overseas countries and the potential within our own multicultural agricultural sector for exploiting export opportunities. (Paragraph 3.31)**

#### Government Response

Agreed

The Federal Government has in place a number of programs that address these issues. The Department of Immigration and Multicultural Affairs' (DIMA) Productive Diversity Strategy seeks to raise awareness of the linguistic and cultural skills, ideas and innovation, knowledge of business networks and experience in business practices often available in people born and educated overseas. AFFA and the Department of Foreign Affairs and Trade (DFAT) will look at what could be done to support and/or complement the Productive Diversity Strategy including in existing programs and strategies such as the Supermarket to Asia Strategy to draw on the resources and advantages provided by Australia's cultural diversity ie the knowledge, experience, contacts and networks of Asians and those of other backgrounds in Australia and Australians in Asia and other countries around the world. In addition, DFAT has also developed a series of Cross Cultural Connections kits. These are designed specifically for Australians of all occupations living, working or doing business overseas.

**Developing an export culture requires long term approaches, as well as more immediate strategies. An investment in the education of future key players in agribusiness is important. The Committee recommends that:**

- 5. the Commonwealth develop scholarship and intern programs to provide opportunities for tertiary agribusiness students, producers and others from rural areas to undertake short term placements in agribusiness trade-related agencies such as Austrade, Research and Development Corporations and Statutory Marketing Corporations. These placements should be incorporated into broader educational and networking programs designed to enhance export skills and awareness. (Paragraph 3.33)**

#### Government Response

Not Agreed.

The Government agrees that it has an important role to play in promoting a culture of on-going learning and skills development in the rural sector, including in enhancing export skills. In recognition of this responsibility steps have been taken to enhance the skills required of agricultural producers in the global trading environment.

The FarmBis program introduced in 1998, is aimed at driving cultural change towards the benefits of continuous learning. It promotes farmers' involvement in targeted learning activities to enable them to identify, acquire and apply the management skills, information and practices they need to become more profitable, competitive and sustainable.

Austrade is active in building skills and knowledge about exporting in regional areas. In 1998/99 Austrade ran 57 'Getting Into Export' workshops around Australia. These popular workshops will continue and are being complemented by 'E-commerce for Export' seminars being conducted in

rural and regional areas. Austrade is also preparing educational packages for use in schools to further enhance the level of understanding of trade and export issues.

These approaches are aimed at providing maximum reach within rural communities for skills and knowledge transfer. This is in addition to the significant resources provided by the Government to establish the network of TradeStart Offices and the Austrade Regional Trade Commissioner network.

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| <p>6. as a long-term educational strategy, the Departments of Foreign Affairs and Trade, Primary Industries and Energy and Employment, Education, Training and Youth Affairs, in conjunction with statutory marketing authorities and industry organisations, develop an export and trade liberalisation package designed for use in schools across Australia. The objective of the package should be to promote awareness of Australia's export objectives, including global trade liberalisation policies. (Paragraph 3.34)</p> |
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### Government Response

Agreed in principle.

While state Governments have primary responsibility for developing schools curricula, the Government has encouraged education authorities in Australia to give greater attention in schools to awareness of trade liberalisation and exporting issues. The National Trade Consultations process, which includes Commonwealth and State Ministers responsible for trade and economic development, established a Working Group on Export Awareness to foster co-operation on this issue. In May 1999, the Minister for Trade, Mr Fischer, wrote to State and Territory Ministers involved in the NTC process asking them to raise the issue of promoting export awareness with their colleagues responsible for education.

DFAT is preparing materials for Australian secondary students on trade policy and trade liberalisation, to be covered within the "Studies of Society and the Environment" (SOSE) school curriculum. Austrade is organising regional education seminars targeted at Year 11 and Year 12 Business Studies/Economics students involving presentations by Austrade, DFAT and other organisations as appropriate. Austrade is also establishing an education unit to prepare materials and co-ordinate events. It already provides a dedicated section of its web site to the provision of information and materials for students.

<p>Awards already exist for achieving excellence in agribusiness exporting, but there is scope to give such achievements greater recognition and raise the public profile of those who are succeeding in agricultural export performance. The Committee recommends that:</p>
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| <p>7. the Commonwealth Government promotes export excellence by sponsoring and raising the profile of a program of awards specifically targeted to primary producers recognising superior achievement in exporting and ensuring the program is recognised nationally as Australia's premier awards for excellence in agricultural exporting. (Paragraph 3.35)</p> |
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### Government Response

Not agreed

Significant recognition is already provided to successful rural enterprises through Government agency sponsored programs such as the Australian Export Awards Program and the Commodity Innovation Awards. The Australian Export Awards Program, organised by Austrade and the Australian Chamber of Commerce and Industry, is one of Australia's most prestigious industry

awards, recognising and rewarding excellence in exporting. It has a specific agribusiness award category.

The Awards receive wide media coverage, with its National and State presentation functions providing a high profile for participants. Enhancing the profile of the existing Export Awards Program, in respect to the agribusiness category, would be the best way in which to further raise the profile of our successful agricultural exporters.

The Government also supports other methods of promoting and acknowledging the export and management efforts of agricultural producers and believes that individual awards programs should be followed up by an ongoing promotion of successful agricultural exporters. The Government's STA Council, for example promotes excellence in exporting through profiling leading exporters in the Supermarket to Asia magazine. An agriculture category is also included in the ABARE-sponsored Commodity Innovation Awards, which recognise excellence and innovation in management.

8. **the Commonwealth Government, in association with state Governments, local Governments and industry, implement public awareness programs to:**
- a) **clearly showcase successful export enterprises to serve as examples to potential exporters; and**
  - b) **to demonstrate the benefits of trade reforms to regional communities, particularly in terms of job creation and local economies. (Paragraph 3.41)**

#### Government Response

a) Agreed

b) Agreed

The Government recognises the need to raise public and industry awareness of the benefits of trade reform. Showcasing is an important way of maintaining a stimulus to encourage potential exporters. As noted in relation to recommendation 7, awards programs such as the Australian Export Awards Program and the Commodity Innovation Awards are a useful means of showcasing successful exporters. These and other successful exporters are also publicised in Austrade publications such as Tr@demark, an electronic magazine circulated widely and available online and through the Government's STA Council *Supermarket to Asia* magazine.

The Government has also supported the development of broader public awareness programs. The AAA package for instance was developed in consultation with States and industry and focussed on rural producer success stories and on establishing self-help guides for producers. Complementing these efforts are broader communication strategies being developed Government agencies such as Austrade's Community Awareness Strategy. The Strategy aims to redress gaps within the broader community about the perceived benefits of trade liberalisation and to raise awareness of Austrade's export assistance programs. A key element of the Strategy is the delivery of information to regional and rural communities.

DFAT is currently preparing additional material to complement its broader communication strategy, to help communicate the importance and benefits of trade to regional Australia, highlighting success stories. This will seek to identify the contribution of exports to regional economic activity, including employment, as well as the challenges regional exporters face and the range of opportunities available to them. A key element of the exercise entails communication with

individual exporters in regional areas, as well as state, regional and business organisations, aimed at better understanding the situation on the ground, identifying issues of concern and obtaining case studies of success stories. A series of brochures covering some 30 regions across Australia have been progressively released since April 2000. This material has also been posted on DFAT's website, on a page entitled "Regional Australia: Exporting to the World", which is being promoted in regional areas and linked to relevant local sites where possible.

**Industry and Government must acknowledge joint responsibility for providing information on trade liberalisation to the public. A partnership approach is required to keep the public informed on trade reform issues. The Committee recommends that:**

9. a) **Government departments address the lack of public information on free trade policies by providing information from Government and particularly farmer groups, businesses and individuals to demonstrate benefits of trade liberalisation;**
- b) **the Departments of Foreign Affairs and Trade and Primary Industries and Energy accept responsibility for seeking a partnership with industry bodies to develop community information programs; and**
- c) **that sources other than printed material are used for this purpose, particularly regional television. (Paragraph 3.61)**

#### Government Response

- a) Agreed
- b) Agreed
- c) Agreed

As noted in the response to Recommendations 2 and 8, the Government is undertaking a range of initiatives to widely promote and improve public understanding of the benefits and opportunities arising from trade liberalisation, especially in rural communities. These initiatives are being undertaken in partnership with the States and industry and also include a community- focused information campaign as under the Government's Action Plan for Australian Agriculture. The Action Plan recognises the promotion of the benefits of ongoing trade reform as a key responsibility for both Government and industry.

As noted in relation to Recommendation 8, DFAT and Austrade are also developing a broader media strategy for regional Australia which will highlight the importance of trade liberalisation, along with other aspects of the portfolio's work. This strategy will tie into and build on existing communication programs and mechanisms.

In addition to printed matter in the form of publications and media transcripts etc, agencies such as AFFA, DFAT and Austrade, also publish information on their Internet home page, hold issue-specific roundtables and workshops, and respond directly to community queries in an effort to ensure that trade information is widely disseminated to the general community. Regional radio is also used, with regular segments generated by AFFA's Radio News Service on Government policies and programs. Austrade also actively encourages features on exporters and export-related issues in radio and television programmes, such as the ABC's *Countrywide*. These activities are also aimed at providing information to regional radio and television on trade liberalisation and other issues relevant to rural communities.



## INFORMATION AND TECHNOLOGY

There is an urgent need for primary producers and the general public to be better informed about trade reform and emerging market opportunities. Neither industry nor Government agencies are working effectively in this area. A proactive strategy is urgently needed to deliver public messages in an effective way. The Committee recommends that:

10. a) the Departments of Foreign Affairs and Trade and Primary Industries and Energy, in consultation with professional marketing expertise, adopt a strategic approach for disseminating information on trade liberalisation and export market development;
- b) this strategy fully consider the use of written and electronic media as a means of broadcasting information on trade liberalisation and marketing opportunities. (Paragraph 4.34)

### Government Response

(a) Agreed in part

(b) Agreed

As noted above, DFAT has undertaken a broad communications strategy to explain issues relating to trade liberalisation and export market development. This strategy is proactive in nature. DFAT will use professional marketing expertise if appropriate in the further development aspects of this strategy.

As noted above, DFAT and AFFA also employ unpaid media approaches to communicate trade reform and market success stories such as media releases, speeches and media briefings. For instance, the findings of DFAT's study *Trade Liberalisation: Opportunities for Australia* were very actively promoted in the media by Ministers and the Department, and reflected positively in media commentary and articles. AFFA also has a Radio Service which provides stories almost on a daily basis to regional radio stations for use as a part of their news services. DFAT's and AFFA's Internet websites also provides readily accessible information to stakeholders and the broader community on trade reform issues.

The establishment of local groups of exporters and potential exporters should be encouraged as a means of information exchange. The Committee recommends that:

11. a) the Commonwealth Government encourage facilitation of groups along the lines of Export Clubs focussed on changes to trade and based on the regional export forums of the Supermarket to Asia Council; and
- b) the purpose of these groups be to provide an opportunity for local agrifood exporters and potential exporters to interact with each other, to communicate with Government on trade and marketing issues, and to disseminate information to producers. (Paragraph 4.36)

### Government Response

a) Agreed in principle

b) Agreed in principle

The Government has pursued an "exporters' club" approach through extensive series of roundtable discussions, conducted with local groups of exporters and led by successive Parliamentary

Secretaries for Trade. Significant benefits can be achieved by working closely with grower networks to assist with diversification, improving viability and market approaches. Grower networks can act to strengthen links between the exporters and growers for a more coordinated export effort.

As a result the Government has expanded Austrade programs in regional and rural Australia by establishing the *TradeStart* network to deliver Austrade's international expertise to businesses in regional Australia. *TradeStart* extends Austrade's reach into regional Australia through joint venture arrangements with industry associations, regional development corporations and State Governments.

The Supermarket to Asia Strategy also involves close coordination with States and the development of State Food Councils, which integrate with grower and exporter activities. A subsidiary of Supermarket to Asia, Agri Chains Solutions Ltd delivers the Food and Fibre Chains Program which itself is aimed at improving Australia's export performance by adopting best practice in supply chain management, throughout the food and fibre industries.

**12. the Departments of Foreign Affairs and Trade and Primary Industries and Energy involve industry groups and statutory marketing authorities in the development and implementation of information and communication strategies relevant to particular industries on trade liberalisation issues and market development opportunities (as proposed in Recommendation 10). (Paragraph 4.45)**

#### Government Response

Agreed

Close consultation and cooperation with industry bodies is necessary for the effective development and implementation of any communication strategy. Under the Action Plan for Australian Agriculture, the Government is working with the National Farmers' Federation and industry organisations to promote the benefits of, and pursue the opportunities arising from, greater market access resulting from on-going trade reform. The Action Plan has itself been developed with extensive consultation with key stakeholders in the rural sector including peak industry bodies and statutory marketing authorities. These experiences provide a sound basis from which to develop appropriate information and communication strategies with industry.

**Industry should acknowledge its partnership role with Government departments in providing information to primary producers on trade liberalisation. The Committee recommends that:**

**13. Industry should acknowledge its partnership role with Government departments in providing information to primary producers on trade liberalisation. The Committee recommends that a key element of the strategic approach proposed in Recommendation 10 be the provision of detailed information and special briefings to journalists and the rural media.**

#### Government Response

Agreed

The Government will continue to provide research and reports on trade liberalisation issues to industry groups. DFAT and ABARE reports have been used, for example, by the National Farmers' Federation in advising their membership on developments in and the impacts of trade liberalisation. DFAT's studies on the impact of trade on rural and regional Australia will continue to be actively disseminated, when completed, to regional media.

The Government will also build on its activities under the AAA package for future communications strategies. These have included regular segments on radio and public awareness campaigns identifying Government services and programs available to rural producers and communities. The National Trade Consultation process coordinated by the Department of Foreign Affairs and Trade provides a further avenue for improving Commonwealth/State and industry organisation information and involvement in trade liberalisation. This process incorporates briefing on key trade issues affecting Australian industries.

14. a) **the Commonwealth Government include in its telecommunications Universal Service Obligations a requirement that all Australians, regardless of location, have access to communications infrastructure of a standard sufficient to enable Internet connection and communication at a reasonable cost; and**
- b) **as part of the information strategy proposed in Recommendation 10, the Commonwealth Government ensures the media is made aware of and encouraged to publicise Government grants available to upgrade rural and remote telecommunications infrastructure. (Paragraph 4.70)**

#### Government Response

- a) Agreed
- b) Agreed

The *Telecommunications (Consumer Protection and Service Standards) Act 1999* (the Act) establishes a universal service obligation (USO) to ensure that standard telephone services (including customer equipment), payphone services and other prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business. Standard telephone service prices (eg. connection, rental and calls) as well as payphones call prices are regulated to ensure they are reasonable.

The Internet is accessible over the Standard Telephone Service (STS), though the speed may vary from customer to customer. The upgrade of infrastructure in regional Australia to support untimed local calls for which the Government has allocated \$150 million is likely to provide for faster Internet access.

The digital data service obligation (DDSO) commenced in October 1999 and supplements the USO to provide all people in Australia with access to high speed data services, particularly for accessing the Internet. The digital data service obligation is of particular benefit to people in rural or remote areas of Australia, who may not otherwise have access to digital data services.

The General DDSO requires a 64 kilobits per second (kbps) ISDN service to be made available to 96% of the population upon request. The Special DDSO applies to the remaining 4% of the population who do not have access to ISDN services, primarily those customers living more than 4km from a metropolitan exchange or 6 km from a country exchange. The Special DDSO provides for the supply on-demand of a satellite downlink service comparable to a 64 kbps service and broadly equivalent to an ISDN service. A subsidy of 50% of the cost of necessary customer premises equipment, capped at \$765, is available to Special DDSO customers. The purpose of the rebate is to ensure that those customers in rural or remote areas are not disadvantaged by higher customer equipment costs compared to those receiving a general digital data service. DDSO pricing is subject to commercial pressures, and DDSO prices in urban and regional areas are comparable.

Additionally, the Government has contributed \$759 million from both tranches of the partial sale of Telstra to support telecommunications development in regional, rural and remote Australia. The main objectives of this funding are to bridge gaps between urban and non-urban Australia in terms of telecommunications services, access and costs. Funding support has been structured to target service provision issues that regional communities identify as a high priority.

Several aspects of the \$759 million are directly or indirectly aimed at facilitating Internet access for regional, rural and remote Australians:

- \$250 million (over five years) Networking the Nation (NTN) program. Applications for this funding are made by communities and assessed by a Board appointed by the Commonwealth Government, against the program's selection criteria. Some of this funding has been provided for Internet projects;
- \$36 million (over three years) additional to the NTN program to facilitate the provision of Internet access for people in rural or regional areas, at a reasonable cost and at a reasonable bandwidth;
- \$70 million (over five years) additional to the NTN program to build additional rural communications networks;
- \$20 million (over three years) additional to the NTN program to improve telecommunications access for remote island communities; and
- \$150 million (over three years) to facilitate untimed local calls within extended zones in remote Australia.

Once implemented, these initiatives will deliver on the Government's policy to provide untimed local call access to the Internet for all Australians, wherever they reside.

The Government regularly makes media releases on issues related to communications infrastructure. In addition the Government is developing a comprehensive marketing strategy to ensure that people residing in non-urban areas of Australia are fully aware of opportunities and initiatives to improve communications services to the community.

An important part of this strategy (already developed) promotes the \$759 million Government funding initiatives. It includes an information kit which is provided to potential applicants, the media and other interested people, a toll free 1800 number, a web page which provides comprehensive information on the program, targeted advertising using a range of media, and ongoing media liaison. NTN funding rounds are advertised extensively on the web and in Australian newspapers.

<p><b>15. the Commonwealth Government's FarmBis program includes provision in its funding arrangements for primary producers living in remote regions to have the costs of participation in training courses subsidised to an equivalent level as those attending from non-isolated regions. (Paragraph 4.72)</b></p>
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### Government Response

Agreed in principle

The Government is keen to see that all producers in rural and regional Australia have access to all Government programs including the FarmBis program. Within the agreed framework for the FarmBis program, the Government suggests the administrative arrangements covering the FarmBis program in the States would include the formation of a State Planning Group. One particular

responsibility of the State Planning Group's are to advise on the level of contribution from participants to access the FarmBis program. The membership for the State Planning Group's include representatives from peak farmer organisations, other industry and community groups persons with education and training expertise, the Commonwealth and the State. Representatives from the State form the minority. Majority industry representation on the State Planning Group's allow them to give appropriate advice to the State in determining a suitable level of participant contributions for accessing the program in all regions within their jurisdiction. This will ensure that all agricultural producers will be able to receive assistance that accounts for their individual circumstances.

**The emerging importance of electronic commerce and the Internet is expected to bring significant business opportunities for primary producers. The Committee recommends that:**

16. a) **the Departments of Industry, Science and Tourism, Foreign Affairs and Trade, Primary Industries and Energy and Communications and the Arts, in consultation with industry and statutory marketing authorities, explore the potential benefits to agrifood exporting arising from the development of the United Nations Global Trade Point Network; and**
- b) **report back to the Government on opportunities to promote the electronic trading service to existing and potential exporters. (Paragraph 4.88)**

#### Government Response

a) Not Agreed

b) Not Agreed

FoodConnect Australia was launched by the Federal Minister for Agriculture, the Hon Warren Truss on 17 April 2000. FoodConnect is an electronic commerce system for the agrifood industry and a major initiative of Supermarket to Asia Council and Telstra

FoodConnect Australia involved building and pilot testing a prototype electronic trading platform for the agrifood industry, through a team of major telecommunications and finance sector companies. The pilot project is now complete and it is expected that the commercial site will be launched in the near future. As a commercial operation, FoodConnect Australia may consider possible linkages to the United Nations Global Trade Point Network where that linkage would provide a commercial benefit to its clients.

The National Office for the Information Economy (NOIE) also plays a key role in facilitating the rapid adoption of online commerce and business systems and technologies to improve the international competitiveness of Australian business. NOIE provides reports on the activities of organisations providing electronic services as well as updates on the uptake of these services and technologies by Australian industries. NOIE provides a mechanism to examine developments and opportunities from global information exchange including possible benefits stemming from the UN Global Trade Point Network.

## TRADE BARRIERS, MARKET ACCESS AND QUARANTINE

While the Uruguay Round succeeded in bringing agricultural trade into the General Agreement on Tariffs and Trade (GATT), the degree of actual progress on reducing and eliminating trade barriers was unsatisfactory. Restrictive barriers continue to prevent Australian exporters gaining access to, or being competitive in, various world markets. Further, there is an increasing reliance on the application of non-tariff barriers to counter the effects of tariff reductions. The European Union remains a highly protected market for Australian agricultural products and the incorporation into the EU of several central and eastern European countries could expand the application of subsidies for agricultural production. The farm policies of the United States, particularly its Export Enhancement Program, also impede Australia's ability to compete on fair terms in world markets. The Committee recommends that:

17. the Department of Foreign Affairs and Trade take a much more aggressive approach to bringing down the use of subsidised agricultural exports by the European Union (notwithstanding the incorporation of new members into the European Union) and by the United States, and to improving access for Australian produce to those markets. (Paragraph 5.11)

### Government Response

Agreed

Australia and the Cairns Group of agricultural exporting countries are determined to see substantial reductions in global domestic support and protection levels emerge from WTO negotiations on agriculture. The Group's 'Vision' for agriculture negotiations outlines the Group's ambitious reform goals in three key reform areas within the Uruguay Round framework, including the elimination of export subsidies, deep cuts to all tariffs and the elimination of all trade-distorting subsidies.

The Australian Government will continue to take every opportunity to register its concerns bilaterally and multilaterally at the highest possible levels to the large users of agricultural subsidies, the EU and US. Australia is and will continue to press for much tighter disciplines on subsidies and greater market access for our products in WTO agriculture negotiations currently underway.

There is concern that the Asian economic crisis may slow or reverse the trade liberalisation process in affected countries. Australia needs to ensure its long-term trade objectives in the Asian region are not compromised by reversion to protectionist policies. The Committee recommends that:

18. as a matter of urgency, the Department of Foreign Affairs and Trade review the likelihood of key Asian markets adopting a more protectionist agricultural trade stance, and that it respond quickly to minimise any adverse impacts on Australian exports. (Paragraph 5.12)

### Government Response

Agreed

The Government has been alert to the possibility of key Asian markets adopting a more protectionist agricultural trade stance and has been actively working towards safeguarding Australian export interests. The Government has continually highlighted the benefits that further trade liberalisation can bring by facilitating economic recovery in countries affected by the crisis and has emphasised the dual responsibility the international community has in ensuring markets remain open to East Asian exports. In addition, the Government has contributed to International Monetary Fund packages to Indonesia and the Republic of Korea to minimise impacts to exporters.

As Australia's exports of food are fivefold over its imports, it is in Australia's interests to see the adoption of international rules for the application of the World Trade Organization (WTO) Sanitary and Phytosanitary Agreement and to ensure that any remaining restrictions on trade are legitimate. The Australian public needs to be reassured that a strong stance is adopted in trade negotiations. The Committee recommends that:

19. a) the Commonwealth Government significantly increase its efforts to ensure compliance with the Sanitary and Phytosanitary and Technical Barriers to Trade Agreements amongst Australia's trading partners and pursue the removal of unjustifiable trade restrictions on Australian agricultural and food exports;
- b) the Departments of Foreign Affairs and Trade and Primary Industries and Energy provide public information (including publication on the Internet) on Australia's quarantine negotiations as part of the communications strategy referred to in recommendation 10;
- c) the Department of Foreign Affairs and Trade publish, and continue to update, its trade barriers data base on the Internet (subject to commercial in confidence limitations); and
- d) the Commonwealth Government and industry ensure that sufficient resources are provided to embark on World Trade Organization dispute settlement procedures as the need arises. (Paragraph 5.28)

#### Government Response

- a) Agreed
- b) Agreed
- c) Not Agreed
- d) Agreed

The Government has vigorously pursued Australia's interests in ensuring international compliance with WTO Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) obligations through bilateral contacts, consultations, and meetings of the WTO SPS and TBT Committees. This includes participation in the review of the SPS Agreement with a mind to improving its implementation by members. These efforts have resulted in the removal of quarantine barriers on a number of products in a number of markets.

However, the Government recognises that the processes for negotiating a relaxation or removal of quarantine restrictions can involve detailed technical research and can be lengthy. In response to this the Government established the Horticulture Market Access Quarantine Committee and the Grains Industry Market Access Quarantine Committee. These bodies, which are chaired by industry representatives, work closely with AQIS and DFAT in identifying priorities and progressing negotiations on quarantine market access (see also responses to recommendations 20 to 24).

Australian Quarantine and Inspection Service (AQIS) annually publishes in its annual report a list of SPS access achievements and developments. This information is published on the Internet and ([www.aqis.gov.au](http://www.aqis.gov.au)) is regularly updated. The site also outlines AQIS's international activities as well as recent positive SPS outcomes for Australian industries.

DFAT collects certain data on trade barriers maintained by other countries. However, the information is incomplete in many respects. For example, many countries do not publish information on trade barriers, whilst other information may only be provided to the Department on a confidential basis. A database developed within these constraints would therefore not only be resource intensive to set up and maintain, it would be of limited real value to industry. Nevertheless, every effort is made to respond comprehensively to specific enquires by industry

regarding trade barriers for particular products. Depending on the complexity of the inquiry, a fee for service may also be charged. In addition to these sources, there are also other avenues available to identify national tariffs. The APEC Internet website (www.APEC.org) for example, contains tariff and other trade related information. Austrade also operates an Export Hotline (Phone 13 28 78 local call) which provides details of trade barriers for many countries.

While many trade concerns are addressed through bilateral consultations as well as through the WTO Committee processes, the dispute settlement procedures are an integral part of the implementation of the WTO Agreement for Australia. The Government will continue to ensure that adequate resources are devoted to dispute settlement actions to remove barriers faced by Australian agricultural exporters. Decisions to undertake such actions will be made subject to consultation with and the support of relevant industries.

**Industry and Government must adopt a close partnership in the evaluation of market access priorities. It is essential that the objectives of Australian trade negotiators are consistent with the needs of industry. The Committee recommends that:**

- 20. the Departments of Foreign Affairs and Trade and Primary Industries and Energy expand the Horticultural Market Access Committee model (as described in paragraph 5.31) across all major primary industries to ensure a comprehensive and fully consultative approach is adopted in identifying market access priorities. (Paragraph 5.34)**

#### Government Response

Agreed in principle

The Horticultural Market Access Committee (HMAC) was established on the initiative of the Australian Horticultural Corporation to provide a focus on exports and market access for a group of widely disparate industries in the horticulture sector. There is also a Grains Industry Market Access and Quarantine Committee (GIMAQC) which is a Government-industry body which evaluates priorities for market access for grains.

While there were specific needs for bodies such as the HMAC and GIMAQC to be established, the Government believes that it is open for any industry association to take the initiative to form a similar market access committee. DFAT and AFFA are supportive of industry approaches to further develop and expand this relationship through the establishment of market access committees.

**Australian trade negotiators must be fully equipped with the necessary commercial resources and skills to confidently and aggressively pursue the removal of all trade barriers of significance to Australian interests. The Committee recommends that:**

- 21. market access specialists with proven commercial and industry experience be appointed to positions within the Departments of Foreign Affairs and Trade and Primary Industries and Energy to have responsibilities in trade negotiations for each major Australian agricultural industry. (Paragraph 5.39)**

#### Government Response

Not agreed

Australia's current trade negotiators are carefully chosen and trained for the complex task that they are required to undertake. Successful negotiations require the closest liaison with industry interests to develop a sound understanding of each sector and their trade liberalisation priorities. While a knowledge of the relevant industry sector is a pre-requisite for a trade negotiation, a trade negotiator



must also have a clear understanding of the institutional and legal framework within which the negotiations are being conducted, as well as the background of the various agreements relevant to a particular negotiation and to the negotiating positions of key players. Also essential is a broad overarching understanding of Australian trade policy, this enables them to make concessions and trade-offs where appropriate. The Government works closely with industry representatives in the development of negotiating positions. Industry contribution is provided through formal consultative arrangements such as the Agricultural Trade Consultative Group, jointly chaired by the Minister for Trade and Minister of Agriculture, Fisheries and Forestry. Industry representatives were also included as part of Australia's delegation to the 1999 WTO Ministerial Conference in Seattle.

The Government also regularly commissions consultants to undertake research into issues relevant to enhancing opportunities for Australian agricultural exports. Such consultancies contribute to identifying our interests, including in the development of positions for WTO agriculture negotiations.

**22. as a matter of priority, the Commonwealth Government strengthens all consultative arrangements in place involving Commonwealth and State Governments and industry to ensure Australian negotiators enter forthcoming trade negotiations fully informed of industry priorities. (Paragraph 5.40)**

#### Government Response

Agreed

The Government strongly endorses this recommendation and points towards the comprehensive set of arrangements it has put in place since March 1995 to involve State Governments, industry and the community in the policy process. These have included the establishment of the STA Council, Market Development Task Force and the Agricultural Trade Consultative Group. The ATCG in particular focuses on ensuring industry views are fed directly into Australia's position in WTO agriculture negotiations. AFFA is also providing a quarterly newsletter to Members of SCARM's Trade and Agribusiness Advisory Group (TAAG) to update States and Territories on WTO developments and the progress of agriculture negotiations.

Complementing these processes, the Department of Foreign Affairs and Trade and AFFA held a round of sectoral agricultural industry consultations throughout 1998/99. Both AFFA and DFAT also meet regularly with industry groups to discuss objectives and positions for agriculture negotiations.

**There has been insufficient progress made on gaining access to markets for processed product. Tariff escalation works contrary to objectives for improving Australia's performance in exporting value added product. The Committee recommends that:**

**23. tariff escalation be a major focus for Australian trade negotiators in future negotiations in order to reduce and minimise the adverse impact on value-added export products. (Paragraph 5.44)**

#### Government Response

Agreed

The Government is seeking significant tariff reductions on food products affected by tariff peaks and tariff escalation in WTO agriculture negotiations. These issues have been highlighted by the food and beverage industries as a major priority for negotiations and do form part of our objectives for the negotiations. Reflecting the importance of the agri-food sector to the Australian economy in

generating export earnings, the Government is devoting considerable resources to resolving market access issues for the food and agricultural sector more generally including through the appointment of a market access facilitator for processed food.

**The lengthy process for market access negotiations can offer an impression to producers that minimal efforts are being made to win access to markets. Improved efforts need to be made to ensure grassroots producers are kept informed of market access developments during the process. The Committee recommends that:**

24. a) the Department of Primary Industries and Energy improves communication between the various interested parties and grassroots producers to ensure producers are aware of negotiating priorities and progress on issues on a regular basis (this should include use of the database to be published on the Internet, referred to in recommendation 19);
- b) the Department be responsible for improving communication arrangements to ensure producers have easy access to negotiators to contribute to the identification of agricultural market access issues; and
- c) that the consultation and communication arrangements not be limited to peak producer organisations, but also involve key regional community groups and other Government departments. (Paragraph 5.46)

#### Government Response

- a) Agreed
- b) Agreed
- c) Agreed

The Government will continue to broaden consultative mechanisms available to producers and communities and integrate industry into the priority setting process for WTO agriculture negotiations, and at the bilateral and regional levels. AFFA currently communicates with a wide variety of industry bodies and Government departments both on market access negotiations and other general industry issues. AFFA, DFAT and Austrade all provide general and specific information on trade reform, recent market access gains, developments in international organisations as well as obstacles faced by our agricultural exporters.

Individual contact details for specific industry areas within these portfolios are provided for easy access to producers and communities and regularly updated. Industry organisations are encouraged to promote these services to individual producers. In addition, peak industry bodies use their own established communication networks to inform their constituents of market developments.

However, it is important for primary producers and rural industries to fully participate in the activities of industry associations to ensure that their views are incorporated into the negotiation process. Access to grassroots producers is best achieved through their current memberships in industry peak bodies, and by informative articles in key rural and regional publications.

**Given the increasing importance of biosecurity issues in international trade, it is imperative that Australia is well prepared for possible pest and disease incursions and can respond quickly to biosecurity issues affecting trade. Industry and Government are not well served by the current fragmented approach and narrow base of expertise. The Committee recommends:**

25. a) a Minister responsible for biosecurity be appointed, with authority to draw on expertise from both Government and non-Government organisations as necessary in order to provide a timely response to biosecurity matters;
- b) the role of this Minister be to coordinate and take overall responsibility for the exclusion, eradication or effective management of unwanted pests and diseases in Australia;
- c) a Biosecurity Council, headed by an independent Chairman and comprising representatives of all key stakeholders with biosecurity and trade responsibilities be established to identify biosecurity priorities and to determine responsibilities for newly identified risks; and
- d) the Biosecurity Council report directly to the Minister responsible for biosecurity. (Paragraph 5.66)

### Government Response

a, b, c & d) Not agreed

Biosecurity matters are fundamental to underpinning access into the Australian market and form the basis of an extensive array of quarantine and environmental controls with appropriate infrastructure and coordination mechanisms. Australian quarantine and biosecurity arrangements have recently been strengthened with additional resources being allocated in response to the Nairn Review of *Australian Quarantine: A shared responsibility*. This report essentially endorsed the adequacy of Australia's quarantine framework and recommended how policies could better address emerging bio-security risks.

Under current arrangements the Minister for Agriculture, Fisheries and Forestry is responsible for all biosecurity matters with the exception of communicable diseases, and has full responsibility for the exclusion, management and eradication of unwanted pests and diseases. Communicable diseases are dealt with through close consultative arrangements between the Minister for Agriculture, Fisheries and Forestry, AQIS, the Australian New Zealand Food Authority (ANZFA) and the Minister for Health and Aged Care.

Across the portfolio, management committees have also been established in response to the Nairn Review to look at key biosecurity risks and priorities and are involved in close consultation with industries and other stakeholders. For example, the Plant Health Management Committee (consisting of AQIS, industry and AFFA representatives) looks closely at a uniform approach to pest and diseases management affecting AFFA stakeholders.

In 2000, AFFA was restructured with animal, plant and fish health as well as food safety responsibilities amalgamated into *Product Integrity Plant and Animal Health*. . This change will significantly simplify communication and consultation arrangements and focus industries on a paddock-to-plate approach to food safety, and improved pest and disease management. This new structure also provides greater accessibility for industry and other stakeholders in biosecurity and food safety mechanisms.

## TRADE IMPEDIMENTS WITHIN AUSTRALIA

There is little sense in pursuing intensive market access negotiations to open markets for Australian products if businesses are unable to compete in international markets due to high costs incurred in the supply chain. Australian Quarantine and Inspection Service (AQIS) inspection charges contribute to costs incurred by Australian exporters. Overseas competitors are not always subject to full cost recovery for the equivalent service in their country of origin. The WTO currently does not include inspection charges in the Aggregated Measurement of Support reduction commitment. The Committee recommends that:

26. Australia puts forward a strong case in trade negotiations:

- a) by establishing the significant market distorting effect of Government-subsidised provision of inspection services in other countries and arguing for their transferral to a cost-recovery basis; and
- b) by arguing that the subsidised provision of inspection services be removed from the Agreement on Agriculture "green box" exemptions and be fully accounted for in calculations of the Aggregate Measurement of Support. (Paragraph 6.43)

### Government Response

- a) Not agreed
- b) Not agreed

The Government believes that Australian industries have a vested interest in ensuring that Australia maintains its reputation as a high quality exporter of agricultural goods and that therefore costs of inspection services should be borne by exporters who stand to gain most from this reputation.

In respect of the WTO, inspection services fall under General Services in the Agreement on Agriculture's so called *green box* (Annex 2 - Domestic Support: The basis for exemption from the reduction commitments). *Green box* measures are exempt from reduction commitments under the agreement on the basis that they are non or minimally trade distorting, are generally available to all agriculture and do not involve a direct payment to individual producers. The General Services category of the *green box* also includes a range of activities other than inspection services funded by Governments, including Australia, such as the provision of training services, extension and advisory services, research, and marketing and promotion services. The Government does not believe that these measures, when correctly implemented, are trade distorting but rather reflect legitimate domestic support activities.

Producers from labour intensive industries such as horticulture can find it difficult to attract sufficient labour at critical times to harvest highly perishable product. The seasonal nature of harvest work limits the availability of a sufficient labour supply from the local region and growers consequently rely heavily on itinerant workers. The Committee recommends that:

27. the Department of Employment, Education, Training and Youth Affairs require new employment service providers (Job Network Members) to develop strategies which will improve the ability of primary producers, particularly in horticultural industries, to meet their labour requirements. (Paragraph 6.52)

### Government Response

Agreed

In reforming the employment services market the Government, through what is now the Department of Employment, Workplace Relations and Small Business (DEWRSB), was sensitive to the needs

of the agricultural sector and introduced a service called Project Contracting under Job Network. Through Project Contracting arrangements, selected Job Network Members are paid a fee to promote the satisfactory supply of labour to harvest regions that require considerable numbers of out-of-area workers to supplement local labour.

The Harvest Trail Working Group was also established by the Government to take an industry wide perspective of harvest labour issues and to identify ways to encourage seasonal workers to work year round along a more integrated 'harvest trail'. The working group comprises Members of Parliament, representatives from grower organisations, and relevant Area Consultative Committee Chairs. It consulted widely and in August 2000 issued the report "*Harvesting Australia*". The recommendations are currently being considered by the Government.

**The Committee also recommends that:**

28. **the Department of Immigration and Multicultural Affairs encourages the uptake of harvest work among Working Holiday Makers and increases the number of young workers to the country under the Working Holiday Maker Scheme by widening the scope of countries participating in the Scheme. (Paragraph 6.53)**

Government Response

Agreed

The Government has accepted the recommendation of the Joint Standing Committee on Migration in its report "*Working Holiday Makers: More than Tourists*" that previously successful harvest labour strategies be implemented in regions which continue to rely extensively on Working Holiday Makers (WHM) for seasonal labour. The Working Holiday Maker scheme has increased significantly over the last five years, from a participation rate of 35,000 to almost 75,000. Eight countries have concluded Working Holiday Maker Agreements with Australia, and negotiations are under way with 17 others. In August 2000 the Harvest Trail Working Group also released "*Harvesting Australia*" which looked at industry-wide harvest labour issues. The recommendations are currently being considered.

Nevertheless, the Government believes that it is important that employers in the horticulture and tourism industries do not place undue reliance on WHMs to meet labour needs or employ WHMs to avoid providing satisfactory working conditions, training and remuneration to Australian workers. Effective coordination of harvest labour recruitment should occur within the context of the new employment services market. An employer awareness campaign is currently being conducted by the Department of Immigration and Multicultural Affairs (DIMA) to assist employers to check the work rights of people in Australia temporarily. In addition the Government recently announced several measures which will assist employers to detect illegal workers, including a telephone information service, an enhanced employer awareness campaign and warnings issued to employers by Department of Immigration and Multicultural Affairs staff.

**Australians are not yet proficient at consolidating containers of fresh product for export to provide cost advantages. The Committee recommends that:**

29. **that the Minister for Transport and Regional Development refers the problem of the lack of consolidation of fresh foods into export containers to the sea and air freight export councils, as they are established, for consideration. (Paragraph 6.79)**

Government Response

Agreed

The issue of consolidation of perishables was raised at the October 1998 meeting of the Integrated Logistics Network (ILN) - a group consisting of State/Territory and Commonwealth Government representatives involved in Transport Logistics Management, including Executive officers of the Air and Sea Freight Councils. It was agreed that this matter was a suitable issue for further consideration by the councils. A number of councils, in collaboration with state/territory Governments, are now undertaking research and case studies on this issue.

**New technologies are becoming increasingly utilised to prolong the shelf life of harvested horticultural products. Perishable products previously unable to enter certain export markets because of the high costs of airfreight are now able to reach those markets more competitively due to a combination of the technologies and the relatively cheaper costs of sea freight. The Committee recommends that:**

- 30. the Commonwealth Government liaise with exporting and transport industries to facilitate the commercialisation of research and development into packaging designed to extend the shelf life of perishable products, while maintaining product quality. (Paragraph 6.83)**

#### Government Response

Agreed

The Integrated Logistics Network, Trade and Logistics Team of the Department of Transport and Regional Services (DTRS) and Supermarket to Asia have as a key priority, to educate about and promote the uptake of new technologies that will improve the efficiency and effectiveness of the transport and logistics chain with industry.

The Integrated Logistics Network has also undertaken to investigate packaging innovations that are currently available including research into best practice packaging technologies for specific products, and will disseminate this information to relevant parties. The ILN and Trade and Logistics Team of DTRS will work with the Air and Sea Freight Councils in the various states to continue to promote improved packaging for perishables and develop options for their commercialisation. These activities will be augmented by the projects sponsored by the Supermarket to Asia Council.

**A number of primary industries were critical of the current taxation arrangements in Australia which adversely impact on industry competitiveness. The Committee notes that the Government is currently reviewing existing taxation arrangements and recommends that:**

- 31. a major outcome of reforms to the tax system should be a reduced tax burden on export products, thereby improving the competitiveness of Australian primary industries in overseas markets. (Paragraph 6.88)**

#### Government Response

Agreed

The Reforms to the Australian taxation system that came into effect on 1 July 2000 eliminated or reduced a range of taxes that imposed a cost burden on Australian primary industries.

The Government's indirect tax reforms have produced a fairer, more efficient, less complex taxation system. The introduction of a goods and services tax (GST) has resulted in the abolition of many of the anomalies and distortions apparent in the wholesales sales tax system. Registered businesses are

able to claim input tax credits for GST paid on inputs. This means lower business costs for all businesses, including primary industry and exporters. This along with the fact that exports of goods and services are GST-free, means that Australian exports are more competitive in overseas markets.

Primary producers and exporters will also benefit from reforms to business taxation, including the reduction in the corporate tax rate from 36 per cent to 34 per cent in 2000-01 and to 30 per cent in 2001-02.

About 99 per cent of primary producers will see their compliance burdens reduced and their access to existing concessions effectively maintained through the operation of the Simplified Tax System (STS) from 1 July 2001. Under the STS, assets costing \$1,000 or more with an effective life of less than 25 years will be pooled and depreciated at a rate of 30 per cent. Those costing less than \$1,000 will be able to be written off immediately, thereby reducing the need for asset registers.

Until the STS commences, about 99 per cent of primary producers have retained access to accelerated depreciation provisions and are able to continue to immediately deduct plant items costing \$300 or less.

The Government's reforms to the business tax system do not affect special primary producer provisions for landcare expenditure, water facilities, grapevines and horticulture plants. Further, income distributed from non-fixed trusts that will be taxed like companies from 1 July 2000 will continue to attract the primary producer averaging provisions and the farm management deposit arrangements.

### MARKETING STRATEGIES

Increased exposure to the volatility of world markets has prompted many agribusinesses to review their marketing strategies. Networks are providing an effective vehicle for information exchange between producers. This includes technical research information, market information or general industry information. Networks are also building critical mass through amalgamation, resulting in the potential for lower costs across the supply chain and coordination of supply. Coordinated marketing strategies from a network of exporters can reduce the number of competitors in a market and reduce marketing costs. The Committee recommends that:

32. the Department of Primary Industries and Energy, in partnership with industry, increase awareness among primary producers and exporters of the advantages of networks which can aggregate supply and co-ordinate marketing in a strategic way. The Department and industry should encourage primary producers to establish partnerships along the supply chain, nationally and internationally, to improve market information mechanisms. (Paragraph 7.36)

### Government Response

Agreed

The competitive advantages of coordinated marketing strategies from a network of producers are being promoted through AFFA's Competitive Performance project, an initiative supporting the implementation of the Supermarket to Asia Strategy. With support from the Rural Industries Research and Development Corporation, the former DPIE published the *Competitive Performance* book in 1997 and conducted a series of workshops promoting the lessons of the book in 1997 and 1998. The practicalities of improving domestic and overseas market access and competitiveness through networking were specifically addressed in two of the Competitive Performance case studies.

In 1999 the Government also introduced the New Industries Development Program and the Food and Fibre Chains Program which provide assistance to industry to establish and improve the management and marketing of agricultural goods throughout the chain.

**Statutory authorities should improve their efforts in informing producers about the trade reform process. The Committee recommends that:**

- 33. statutory marketing authorities improve efforts to inform their levy-paying producers of the significance of trade liberalisation and electronic commerce. Statutory marketing authorities should also ensure that they provide producers with information on marketing activities undertaken by the authorities in response to changes in world markets. (Paragraph 7.43)**

### Government Response

Agreed

The Government works closely with the National Farmers Federation (NFF) and statutory marketing authorities (SMAs) to provide the most up date information available, and to develop strategies to inform their membership of the importance of trade to individual industries. This type of activity is also part of the accountability arrangements between SMAs and their industries.

Many SMAs already provide regular updates on the outlook for the industry, market developments and new strategies and programs being implemented to take advantage of these opportunities to their members. SMAs such as the Australian Dairy Corporation (ADC), Meat and Livestock Australia (MLA) and the Australian Wheat Board Limited also regularly update their Internet sites providing trade information as well as other services relevant to their industry.

The Government encourages SMAs to ensure that they continue to provide targeted communications strategies not only on trade and marketing issues but also in changes to agricultural practices and will closely liaise with these bodies to ensure they are provided with up to date information on the international trading environment and systems such as the Internet.

**Feedback from industry indicates an inconsistent performance by Austrade in serving Australian agribusiness. The value of Austrade service is heavily dependent on the individual engaged for the contract. There is also a serious lack of attention to the needs of smaller clients. The Committee recommends that:**

- 34. the Commonwealth Government review the role and activities of Austrade in the context of providing export marketing services to agribusinesses. The review should examine the perception of Austrade among agribusinesses and identify measures to encourage greater delivery of Austrade services to smaller clients. The review should also examine the role of Austrade in relation to the development of electronic trading facilities for primary industries. (Paragraph 7.59)**

### Government Response

Not agreed.

Austrade recognises the importance of consistent and effective service delivery to all clients and has instigated a number of initiatives to specifically serve the needs of small to medium enterprises (SMEs) in regional and rural Australia. Austrade's Client Service Policy sets out the services provided by Austrade world-wide, together with service standards and a subsidised fee scale. Austrade's performance indicators measure performance annually, as does an independent client satisfaction survey – both of which show a very high level of satisfaction with Austrade's services. In 1998/99 Austrade helped 12,000 Australian firms, including more than 1,000 firms new to exporting. Of the firms Austrade helped to make export sales, nearly 80 percent were SMEs.



As mentioned above, Austrade has established the TradeStart network comprising 18 offices through regional Australia and is running e-commerce workshops to address the needs of SMEs in regional and rural Australia.

A number of commercial providers are also looking at on-line trading, including Supermarket to Asia's FoodConnect. FoodConnect is the on-line trading facilitator for Australian agribusiness. STA Ltd maintains a close working relationship with Austrade through the synergies and complementarities between the work of the two organisations. In the recent Evaluation of the Supermarket to Asia Strategy, a recommendation was made that Austrade continue its involvement in the Supermarket to Asia Initiative in those specific projects and practical activities which are focused on building new business for existing exporters to Asia or with encouraging new exporters to Asia.