

**DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY - AUSTRALIA**

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I am pleased to forward a supplementary submission by the Department of Agriculture, Fisheries and Forestry - Australia (AFFA) into the *Inquiry into increasing value-adding to Australia's raw materials* which addresses questions asked by members of the House of Representative Standing Committee on Industry, Science and Resources during the public hearing on 18 October 1999.

If you have any questions or wish to further discuss any of the issues raised in the submission please contact Mr Richard Sisson, Director, Microeconomic Reform and Projects on 6272 5558.

Paulette Quang  
Assistant Secretary  
Economic Branch

Supplementary submission to the

House of Representatives  
Standing Committee on  
Industry, Science and Resources

**Increasing value-adding to Australia's raw materials**

Commonwealth Department of Agriculture, Fisheries and  
Forestry - Australia

December 1999

## **Inquiry into increasing value-adding to Australian raw materials - Response to questions**

*Answer to questions from Mr Morris (pp. ISR 62 and ISR 63)*

### Vegetables

As outlined in the main AFFA submission, Australian enterprises seek to add value to horticultural produce, which includes vegetables, in a great diversity of ways.

Value adding in horticulture historically involved processing to produce dried, canned or frozen products. While traditional processing companies continue to play a vital role in adding value, these processes have now been supplemented by advances in value adding through better meeting consumer demand for fresh fruit and vegetables. This can be achieved by matching product attributes (including non-intrinsic attributes such as timeliness of delivery, packaging, etc) to demand, particularly in high value niche markets.

In this regard, the AFFA submission highlighted efforts by Australian horticulture to position itself to capitalise on a number of strategic advantages, including proximity to developing Asian markets, our "clean green" image and an ability to supply counterseasonal produce to important Northern Hemisphere markets. Each of these advantages, coupled with our ability to provide high quality niche market products, allows Australian producers to achieve a price premium.

The submission also noted, that preparing fresh vegetables for immediate consumption and product packaging that is tailored to the specific requirements of the just-in-time convenience consumer can play a prominent role in value adding, for example with fresh cut salads and ready-to-cook mixed vegetables. New delivery systems are creating further value-adding opportunities with fruit and vegetables now able to be home delivered by placing an order through the Internet.

### Transportation

New developments in transportation play a vital role in ensuring that high value fresh produce meets the needs of consumers, particularly in export markets.

As noted by the Committee, within Australia, CSIRO plays a major role in research into improved transportation systems. The logistics industry is implementing new systems throughout the world. Controlled atmosphere refrigerated containers are being used to transport produce such as Pink Lady apples to the UK market. Such developments also apply to the transportation of fresh vegetables, with the combination of atmosphere control and refrigeration required ensuring the maximum retention of quality on long journeys.

However, much fresh produce still requires air transportation to minimise the journey time. Supply chain management, particularly the integrity of the cold chain, is critical to maintenance of quality of fresh vegetables.

Some vegetables, such as potatoes and onions, can be transported without refrigeration, and CSIRO is developing specialised systems to do this. Nevertheless, refrigerated transport will usually result in superior quality products being supplied to the consumer.

The Australian industry has embraced improvements in transport technology, from the use of improved suspension on trucks to the use of temperature monitoring devices which regularly take readings along the route from farmer to export customer and can pinpoint the source and time of any breakdown in the cool chain. Acceptance of such measures has led to a strong and encouraging improvement in the transport of fruit and vegetables.

*Answer to questions from Mr Zahra (pp. ISR 67 and ISR 68)*

As noted in our initial submission, through the National Forest Policy Statement 1992, Governments have agreed to promote the continued development of internationally competitive and sustainable forest industries. The Regional Forest Agreement (RFA) process is just one part of the strategy to achieve those goals, as is the Wood and Paper Industry Strategy (WAPIS).

In conjunction with the RFA process, the Commonwealth and relevant state governments are providing assistance through such mechanisms as the Forest Industry Structural Adjustment Program to assist industry to adapt to changed supply conditions resulting from the commencement of RFAs in particular regions.

While funding for WAPIS is due to cease at the end of this financial year, similar projects will continue to be funded until end-June 2002 through the Natural Heritage Trust.

Another important initiative is the Action Agenda for the Forest and Wood Products Sector, which is currently being developed.

Action agendas are a key element of the government's industry strategy. They are designed to build a dynamic partnership between industry and government, with the common goal of sustainable economic growth in the global environment.

Action agendas aim to identify impediments to growth and to develop strategies to remove them, examine and capitalise on opportunities, and to generate the momentum for industry to act for itself. The process marks a shift in industry policy, recasting the traditional industry/government relationship and establishing the basis for an improved dialogue between industry and government.

It is expected that any funding implications flowing from the specific commitments under the Action Agenda for the Forest and Wood Products Sector will be considered in the 2000-2001 Budget process.

We do not have portfolio responsibility over the funding of CSIRO's forestry research. However, we can advise the Committee that there is currently in progress a review of the levy arrangements in place to fund the operation of the Forest and Wood Products Research and Development Corporation. One issue currently under consideration is whether the Commonwealth should increase its matching of industry contributions from \$1 for every \$2 levied to \$ 1 -for-\$1 matching.

It is likely that relevant outcomes flowing from the FWPRDC review will be incorporated into the action agenda.