

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 118

Topic: Food Inflation

Hansard Page: E74 (03/06/2010)

Senator XENOPHON asked:

Senator JOYCE—Have we got the highest food inflation in the Western world or not?

Mr Paine—I could not answer that. I do not know the facts on that.

Senator JOYCE—Have we got comparatively high food inflation?

Dr Kennedy—We had comparatively high food inflation, I think, over the period running up to around early 2008, and since that period I think, comparatively speaking, our food inflation has been relatively low compared to the OECD. As Mr Paine was saying, there have been a number of factors at play—but, yes, we did. That question is difficult because it is again always dependent on the time period over which you are calculating these things. We would be happy to produce those international comparisons I have just described in general.

Senator JOYCE—This is interesting. Has our proportion of consumption of imported food increased or decreased over the same period of time?

Mr Paine—I do not know off the top of my head what the facts are. Irrespective of what they are, that might not have all that much to do with the changes in prices, but we are happy to try to find out.

Answer:

Treasury was asked if the proportion of consumption of imported food increased or decreased over recent time periods. While data with respect to *consumption* of imported food is not available, the ABS publication 5368.0 – International Trade in Goods and Services provides information on the importation and exportation of *food and live animals*.

It is important to note that imported food is not necessarily consumed in Australia. Some imported food products are processed and then exported. It is also important to note that food exports in Australia are more volatile than food imports (which is expected due to factors such as drought) which results in periods of negative growth in exports. Also, growth in imports comes off a much smaller base than exports. Australia remains a net exporter of food by a large factor.

- Annual exports of food (food and live animals) to May 2010 was \$19.7 billion compared to annual exports of food to May 2000 of \$16.7 billion.

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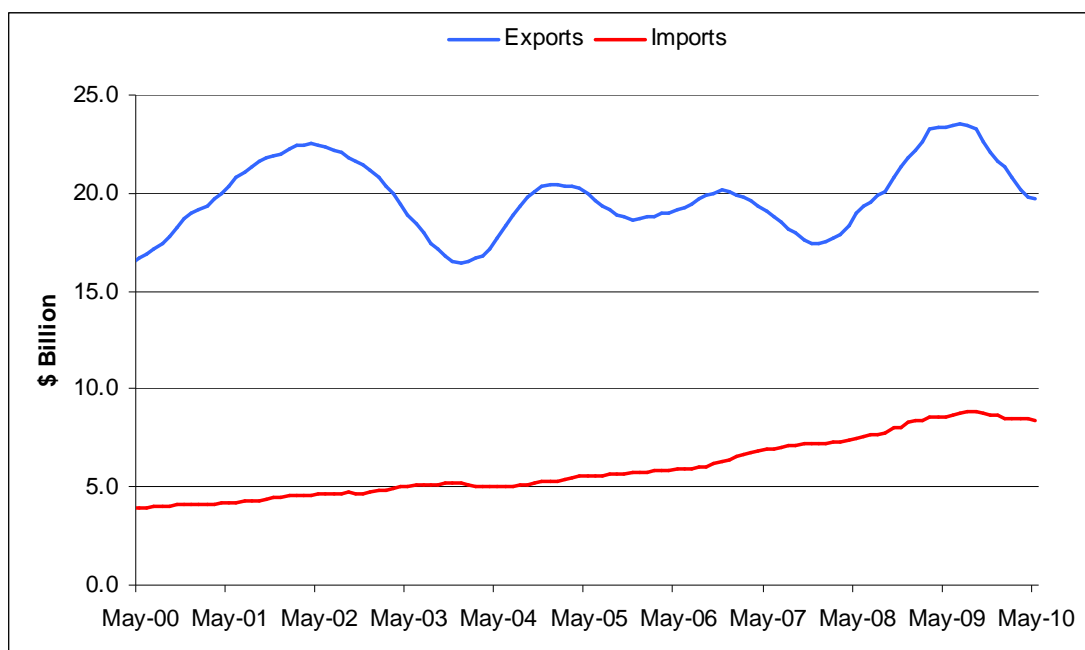
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Annual imports of food to May 2010 was \$8.4 billion, compared to annual imports of food to May 2000 of \$4.0 billion.

- Annual exports of food from May 2000 to the May 2008 grew at an average annual rate of 1.6 per cent. From May 2008 to May 2010, annual exports of food grew at an average annual rate of 2.0 per cent.
- Annual imports of food from May 2000 to May 2008 grew at an average annual rate of 8.3 per cent. From May 2008 to May 2010, annual imports of food grew at an average annual rate of 6.1 per cent.



Source: 5368.0 – International Trade in Goods and Services, Tables 12a and 13a, Monthly (annualised to the end of the month)