

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2011

Agriculture, Fisheries and Forestry

Question: 27

Division/Agency: APD – Agricultural Productivity Division

Topic: Impact of Foreign Ownership on Food Security

Proof Hansard Page: 116 (21/02/2011)

Senator Nash asked:

Senator NASH—Maybe this is more a question for ABARES. Do you look at it in the context at all of what impact foreign ownership might have on food security? Is there any work done on that?

Mr Glyde—There is some work that the Rural Industries Research and Development Corporation and ABARES have been commissioned to do; to look at some of the facts and figures and questions in relation to foreign investment in Australian agriculture. I would again be happy to provide you with the details of that, the terms of reference for that study. That work has commenced but is not completed.

Answer:

In November 2010, Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, asked the Rural Industries Research and Development Corporation (RIRDC) to report on the role and history of foreign ownership in the development of Australian agricultural land and the factors driving foreign investment in this country. RIRDC, in collaboration with the Australian Bureau of Agricultural and Resource Economics and Sciences, will evaluate the economic impact of foreign investment in Australian agricultural industries and agribusiness, and review the extent to which similar countries monitor and/or regulate foreign investment in agricultural land.

The study will consider the following specific areas:

- the role and history of foreign investment in the development of agriculture in Australia, including a consideration of differences between commodities and the origins of that investment
- the domestic and international factors driving foreign investment in Australian agriculture
- the various ownership structures of agribusiness firms for various sectors of the Australian agriculture industry, and changes in those structures over time
- monitoring and regulation of foreign investment in agricultural land in selected other countries.

This study will be complemented by a project which the Assistant Treasurer, the Hon. Bill Shorten MP, has asked the Australian Bureau of Statistics to undertake. The Bureau will examine rural land and water ownership to get a better statistical picture of foreign investment in Australia.

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Agriculture, Fisheries and Forestry

Question: 28

Division/Agency: APD – Agricultural Productivity Division

Topic: Ministerial contact with supermarkets about the reduction in retail milk prices

Proof Hansard Page: 118 (21/02/2011)

Senator Colbeck asked:

Senator Colbeck—Have you [addressing Senator Ludwig] had any conversations with Coles and/or Woolworths in relation to the recent campaign, particularly from Coles, on the pricing of generic milk at \$1 a litre?

Senator Ludwig—My office has.

Senator Colbeck—Your office has? You have had no conversations at all?

Senator Ludwig—I know that my office has had discussions with both the dairy industry and Coles. I can check—and I will take it on notice—what other contact they may have had with industry stakeholders.

Answer:

My office has been in contact with Coles, Woolworths, peak dairy industry bodies and drinking milk producers.

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Question: 29

Division/Agency: APD – Agricultural Productivity Division

Topic: Penalties for Country of Origin Labelling

Proof Hansard Page: 127 (21/02/2011)

Senator NASH asked:

Mr Souness—Under state and territory food acts, they are based on an agreed food act and there are a number of penalty points that are assigned to various provisions within state food acts. That was done to standardise the penalties. I do not know the particular penalty for country of origin labelling non-compliance, but there are ascribed penalty units that are standardised across Australia for these sorts of provisions as well.

Senator NASH—Does anybody know what the penalty is?

Mr Glyde—We can take that on notice.

Answer:

The Council of Australian Governments' Intergovernmental Food Regulation Agreement states that:

States and Territories shall set penalties, whether by dollar amounts or by penalty units, for offences in the legislation ... that are the same as, or as close as possible to (recognising the limits imposed by that jurisdiction's general penalty provisions scheme), the penalties for offences that are contained in Annex A of this Agreement ...

Annex A—Model Food Provisions prescribes penalties of up to \$50 000 for individuals and \$250 000 for corporations for breaches of the Australia New Zealand Food Standards Code which includes country of origin labelling provisions.

As at 7 March 2011, the maximum penalties prescribed by each jurisdiction's food legislation for breaches of county of origin food labelling provisions are provided in the table below.

Jurisdiction	Maximum Penalty	
	Individual	Corporation
Model Food Provisions	\$50 000	\$250 000
Vic	\$40 000	\$200 000
Qld	\$50 000	\$50 000
SA	\$50 000	\$250 000
WA	\$50 000	\$250 000
ACT	\$55 000	\$275 000
NSW	\$55 000	\$275 000
Tas	\$65 000	\$325 000
NT	\$66 500	\$332 500

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Question: 30

Division/Agency: APD – Agricultural Productivity Division

Topic: Trans-Tasman Mutual Recognition Agreement

Proof Hansard Page: 128 (21/02/2011)

Senator NASH asked:

Mr Souness—In negotiation of that treaty, the Trans-Tasman Mutual Recognition Agreement. I think that is probably best directed to the Department of Foreign Affairs and Trade.

Senator NASH—This is a new one. We do not normally get sent to the Department of Foreign Affairs and Trade.

Mr Souness—It is a treaty arrangement that is much broader than just food. TTMRA covers a lot of trade between Australia and New Zealand. I am sorry; I would not have the information. Customs look after the Commerce (Trade Descriptions) Act and treaty arrangements fall under the domain of Department of Foreign Affairs and Trade. The combination of the two might be difficult to unravel, but essentially it means that food coming in from New Zealand still has to have country-of-origin labelling on it despite New Zealand not mandating country-of-origin labelling.

Senator NASH—I have one last question on this, Chair. Would you mind then taking on notice for me and perhaps you could request from the appropriate department some background information on exactly how and why that occurred?

Answer:

The Department of Agriculture, Fisheries and Forestry has prepared this response with input from the Department of Foreign Affairs and Trade (DFAT).

DFAT advises that the exclusion of the *Commerce (Trade Descriptions) Act 1905* (CTD Act) from the Trans Tasman Mutual Recognition Arrangement (the Arrangement) in respect of prohibited imports has been in place since the Arrangement commenced operation on 1 May 1998.

In relation to goods, the Arrangement provides that a good that may be legally sold in Australia may be sold in New Zealand (NZ), and a good that may be legally sold in NZ may be sold in Australia, regardless of differences in standards or other sale-related regulatory requirements between Australia and NZ. This supports the trade liberalising aim of the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) by removing regulatory impediments that were mainly based on national historical or institutional arrangements, rather than an objective assessment of risks to public health, safety and the environment.

However, it was envisaged that there would be circumstances where mutual recognition would not be appropriate. Part VII of the Arrangement therefore excludes certain laws that, but for the exclusion, would otherwise be affected by the operation of the Arrangement.

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Question: 30 (continued)

These include laws relating to customs controls to the extent that they are covered by the mutual recognition principle set out in paragraph 4.1.2 of the Arrangement, that are specified in Schedule 1. Schedule 1 lists the CTD Act in relation to prohibited imports, which are those covered imports not bearing the prescribed trade description. Imported goods that require a trade description must be marked, *inter alia*, with the name of the country in which the goods were made or produced. Goods requiring a trade description are set out at section 7.1(a) of the *Commerce (Imports) Regulations 1940* (Regulations) made under the CTD Act and include articles used for food by humans, or from which food for use by humans is manufactured or prepared.

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Question: 31

Division/Agency: APD – Agricultural Productivity Division

Topic: Impact of Cheap Imports on Prune Growers

Proof Hansard Page: 117 (21/02/2011)

Senator Nash asked:

Senator NASH—...Are you aware of the issue of prune growers potentially ripping out their orchards in Young because of the impact of cheap imports?

Senator NASH—No, it wasn't, thank you, Senator Colbeck. It was actually that very small publication 'ABC', which people tend not to notice because it is so tiny! It says: Some prune growers in New South Wales think they will have to make the heart breaking decision to rip out their trees. It talks about cheap imports crippling the industry; they will have to push their trees out: "It's put the nail on the coffin and the trees will probably come out in March or April this year." While I certainly accept you might not have been aware of that particular report, are you aware at all that this particular industry is being quite significantly impacted by cheap imports?

Mr Grant—We are not aware of that particular grower and we have not had any information to say that other growers are behaving similarly. I do not have a feel for the number of prune growers in Australia per se, so I do not know how influential that one grower is. We have not had any complaints about prunes being dumped in Australia, so we are not sure that there is an unequal trading environment that suddenly changed the way that prunes are traded around the world or that cheap imports are coming into Australia. We have not had any representations to that effect.

Senator NASH—If you would not mind taking on notice for the committee to do some research on that. Perhaps have a look at that report from 17 February and maybe backtrack a bit, look at the detail for us and see if there is an issue and whether it is only a one-off or whether it is more broadly through the industry, and what impact that is likely to have and what the causes of that are. That would be very useful.

Mr Grant—We are happy to do that.

Answer:

The department is aware of reports on ABC Rural on 17 February 2011 about concerns expressed by a prune grower from Young, NSW that cheap imports and the high Australian dollar will cause him to pull out his trees and leave the industry. The department is also aware of reports which indicate that other prune growers at Young are feeling more positive and that one grower is expanding his orchard.

The major production centre for Australian prunes is the Murrumbidgee Irrigation Area centred on Griffith, NSW. Other prune planting areas are the Young District, NSW, and to a lesser extent the Riverland and Barossa Valley in South Australia. Australian production of prunes was significantly higher in 2010 than previous years and is set to remain high in 2011. According to industry figures, Australian production of prunes was 3906 tonnes in 2008, 1403 tonnes in 2009 and 4839 tonnes in 2010 (source: Australian Dried Fruits Association).

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The farm gate value of production in 2010, based on an average price paid to growers of \$1660 per tonne, was about \$8 million. Industry sources expect the price paid to those growers who have contracts with packers and processors to be lower for 2011 in the range \$1500-1550 per tonne. Returns can fluctuate significantly according to global supply and demand considerations, competition and variation in input prices such as water, fertiliser, labour and the gas used during dehydration of the fruit.

There is strong domestic demand for prunes, particularly the pitted product where sales grew by more than 10 per cent in 2009 and 2010. To some extent this was achieved at the expense of unpitted prunes, which experienced a sales decline. Prunes are now the second biggest dried fruit segment behind sultana. The Australian industry is not able to fully supply the domestic market and local production is supplemented by imports.

The Australian industry represents about 1 per cent of world production with the United States (US) and France as the biggest producing nations while Chile has been steadily increasing production.

Of a total 2587 tonnes of prunes imported to Australia in 2010, 2193 tonnes were from the US and 293 tonnes from Chile (source: ABS). There has been an upward trend in prune imports, mostly from the US and Chile, since the mid 1990s. In recent years a large global supply and the high Australian dollar has decreased the price of imported prunes. Exports were high in 2009 to offset low domestic production.

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Agriculture, Fisheries and Forestry

Question: 32

Division/Agency: APD – Agricultural Productivity Division

Topic: Milk Pricing

Proof Hansard Page: Written

Senator Colbeck asked:

1. Does DAFF recognise that there could be a negative impact on our dairy industry from the unsustainable lowering of milk prices?
2. At what point does DAFF become concerned about the unsustainable lowering of milk prices and what can DAFF do about it?

Answer:

1. The impact of the lowering of retail milk prices for drinking milk on the dairy industry depends upon a number of factors including the length of time over which supermarkets maintain lower prices for home brand milk, the amount of substitution between purchases of branded and home brand milk, the price which supermarkets pay processors for milk, whether processors reduce the price of branded milk to compete with the home brand, any changes to farm gate prices directly related to new retail pricing and the relative importance of drinking milk versus manufacturing milk in various dairying regions. *The Department is working with industry to assess any impact of these factors on production and processing.*

2. Supermarket pricing is a commercial decision for retailers. Responsibility for competition policy and the monitoring of anti-competitive behaviour lies with the Treasury and Australian Competition and Consumer Commission respectively.

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Question: 33

Division/Agency: APD – Agricultural Productivity Division

Topic: Horticulture Code of Conduct

Proof Hansard Page: Written

Senator Colbeck asked:

1. What is the revised timeframe for the Government's response to the Review of the Horticulture Code of Conduct?
2. Can you provide details of any actions that DAFF has taken relating to the Review of the Horticulture Code of Conduct since Supplementary Budget Estimate in October 2010?

Answer:

The government has already responded in part, to the Review of the HCC.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 34

Division/Agency: APD – Agricultural Productivity Division

Topic: Regional Food Producers Innovation and Productivity Program

Proof Hansard Page: Written

Senator Colbeck asked:

1. Can you provide an updated table for the Regional Food Producers Innovation and Productivity Program showing all reductions in the original \$35 million commitment the amount of each reduction and where it was diverted to?
2. How much of the funding remains uncommitted and when will a decision be made on allocating this funding?

Answer:

1.

\$million	2008-09	2009-10	2010-11	2011-12	Total
Original budget	6.000	8.200	8.000	12.800	35.000
Amendments	(3.000)	(1.300)	(1.000)	(4.000)	
	Reallocated to Promoting Australian Produce [Major Events] (PAPME)	Reallocated to PAPME 2009-10	Reallocated to PAPME 2010-11	2010-11 PBS reduction in funding measure	
	(3.000)	(0.831)	(1.500)	(1.000)	
	Returned to government	Reallocated to Climate Change Adjustment Program	2010-11 PBS reduction in funding measure	Offset to fund the National Food Plan	
		(2.000)	2.000	(2.000)	
		Moved to 2010-11	Moved from 2009-10	Transferred to DIISR	
		(1.100)	(0.500)		
		Returned to government	Offset to fund to the National Food Plan		
			(0.500)		
			Offset to fund Northern Australia Sustainable Futures program		
			(1.000)		
			Transferred to DIISR		
Final budget	0.000	2.969	5.500	5.800	14.269

2. The Regional Food Producers Innovation and Productivity Program has approximately \$350 000 in uncommitted funds in 2010-11 and \$2.67 million uncommitted in 2011-12. No decision has been taken on future funding rounds or allocation of these funds.

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Agriculture, Fisheries and Forestry

Question: 35

Division/Agency: APD – Agricultural Productivity Division

Topic: Review of Food Labelling Law and Policy (Blewett Review)

Proof Hansard Page: Written

Senator Colbeck asked:

In an answer to a Question on Notice (APD 04) from Supplementary Budget Estimates some details were provided about the Department's involvement in the Review of Food Labelling laws and policy – can you provide an update on progress since October and the timeframes going forward?

Answer:

The final report of the Blewett Review of Food Labelling Law and Policy, *Labelling Logic*, was released on 28 January 2011 and makes 61 recommendations. The Department of Health and Ageing is leading work with other Commonwealth Government departments and the Australia and New Zealand Food Regulation Ministerial Council (Ministerial Council) to coordinate the national process for a response. The Ministerial Council includes representatives from the Australian Government, all state and territory governments and New Zealand Government.

The department is represented on the Ministerial Council's Senior Officials Working Group (SOWG), tasked with developing the Ministerial Council response to the review. The SOWG will finalise a response for the Ministerial Council's consideration at its December 2011 meeting. The response will then be considered by Council of Australian Governments (COAG) early in 2012.

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Question: 36

Division/Agency: APD – Agricultural Productivity Division

Topic: Tasmanian food production

Proof Hansard Page: Written

Senator Colbeck asked:

From a Tasmanian perspective there is undoubted potential to significantly expand our agricultural production on the back of a series of irrigation developments that are presently underway, however, the Tasmanian Government is making a number of hyped up claims that Tasmania will become the nation's food bowl -

1. Is DAFF aware of these claims by the Tasmania Government and what credibility to you give them?
2. How realistic does DAFF regard the Tasmanian Government's claims that it will become the nation's food bowl?
3. Has DAFF done any assessments of the Tasmanian Government's claims?
4. Has the Tasmanian Government had any contact with DAFF about its food bowl plans and if so can you provide some details?

Answer:

1. The department is aware that the Tasmanian Government has identified a \$400 million program of infrastructure investments involving 13 irrigation projects which it claims could potentially deliver an additional \$200 million annually to the farmgate value of Tasmanian agriculture.
2. The department has not assessed the Tasmanian Government's claims. On 19 May 2010, at the Regional Outlook conference in Hobart, Australian Bureau of Agricultural Resources Economics released a conference paper entitled *Commodity outlook and financial performance of key agricultural industries in Tasmania* which profiles Tasmanian agriculture.
3. Refer to answer in part 2.
4. No.

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Agriculture, Fisheries and Forestry

Question: 37

Division/Agency: APD – Agricultural Productivity Division

Topic: Murray-Darling Basin Plan

Proof Hansard Page: Written

Senator Colbeck asked:

What involvement has DAFF had in the Murray-Darling Basin Plan since the Supplementary Budget Estimates in October 2010, please provide details.

Answer:

Since the completion of three client reports by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) for the Murray-Darling Basin Authority (MDBA) in October 2010, ABARES has undertaken additional modelling work, as a subcontractor to Marsden Jacob Associates who (as part of a consortium) is completing a review of the socio-economic impacts of the basin plan for the MDBA. Aspects of this work were quoted in the ABARES paper ‘The economic and social effects of the Murray-Darling Basin Plan: recent research and next steps’ presented at the Outlook Conference on 2 March 2011.

Officers from the department have met with the MDBA and government agencies to discuss developments and convey stakeholder perspectives on matters relating to the Murray-Darling Basin Plan.

Since the Supplementary Budget Estimates in October 2010, departmental officers have continued to attend the MDBA community information sessions.

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Agriculture, Fisheries and Forestry

Question: 38

Division/Agency: APD - Agricultural Productivity Division

Topic: National Food Strategy

Proof Hansard Page: Written

Senator Colbeck asked:

Can you provide an update on Australia's current and forecast food security and how this is assessed?

Can you provide an update on the National Food Strategy?

Answer:

The department does not forecast food security. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) regularly provides commodity outlooks.

The Government has committed to developing Australia's first National Food Plan. On 1 March 2011 Minister Ludwig announced his intention to release a paper outlining the relevant issues and facts in the coming months, to assist with broad consultation about the national food plan. The government is developing the paper and is planning broad stakeholder consultation.

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Agriculture, Fisheries and Forestry

Question: 39

Division/Agency: APD – Agricultural Productivity Division

Topic: National Framework for Agricultural and Veterinary Chemicals

Proof Hansard Page: Written

Senator Colbeck asked:

1. What is the status of work on completed for the National Framework for Agricultural & Veterinary Chemicals?
2. What has happened with respect to the National Framework since stakeholders convened at national workshop in May 2010?
3. The Department advised following the May workshops that a Draft Regulatory Impact Statement would be released in September. Did this happen? If not, why not?
4. When was the Department asked by the Minister to prepare the paper “*Better Regulation of Agricultural and Veterinary Chemicals?*”
5. The “*Better Regulations*” paper states that “*Stakeholder views identified through the COAG process over 2009-10 and 2010-11 have informed the proposed reforms outlined in this paper*”. Is the Department aware that some of those consulted during the COAG process do not agree that the “*Better Regulations*” document accurately reflects the input supplied by stakeholders at the COAG workshop in May and the consultative meetings held earlier in 2010?
6. Can the Department provide an explanation on the relationship between the COAG process and the “*Better Regulations*” paper?
7. How many submissions have been received in relation to the *Better Regulations* paper?

Answer:

1. The Commonwealth, states and territories are working through the Product Safety and Integrity Committee (PSIC), under the Primary Industries Ministerial Council (PIMC), to deliver a detailed regulatory model, funding model and inter-governmental agreement on a single national regulatory framework for agricultural and veterinary chemicals for Council of Australian Governments (COAG) consideration.

A consultation regulation impact statement (RIS) was released for public comment on 3 March 2011 with a closing date for submissions of 11 April 2011.

2. Since the national workshop of stakeholders in May 2010, the national policy framework document was agreed by COAG in August 2010. Following agreement to the framework, PSIC commenced work on the consultation RIS to set out options for the structure and operation of a single national framework. The RIS was released for public comment on 3 March 2011.
3. The RIS was released for public comment on 3 March 2011. The complexity of the issues involved meant that the development of the RIS took longer than originally envisaged.

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Question: 39 (continued)

4. October 2010.
5. Yes.
6. The *Better Regulation* process deals with the assessment, registration and review of agricultural and veterinary chemicals as well as the governance and operations of the Australian Pesticides and Veterinary Medicines Authority (APVMA), which is a Commonwealth authority. The COAG process focuses on the monitoring and control of use activities carried out by state and territory governments. The *Better Regulations* reform is operating in parallel and is complementary to the COAG process.
7. Ninety two submissions have been received in relation to the *Better Regulations* paper.

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Question: 40

Division/Agency: APD – Agricultural Productivity Division

Topic: Animal Welfare – Australian Animal Welfare Standards and Guidelines

Proof Hansard Page: Written

Senator Heffernan asked:

1. What was the motivation for the “Australian Animal Welfare Standards and Guidelines for the Welfare of Animals”?
2. How much was it aimed at increasing trade? How much was it aimed at animal welfare?
3. Why wasn't the already existing POCTA Acts in each State and Territory and the National Codes of Practice for livestock satisfactory for trade purposes?
4. Why was it necessary to make the words competent/capable/experienced so prominent in the Standards document when by definition these standards must be enacted into State and Territory law?
5. Did anybody give any thought to the possible legal consequences of highlighting competency in the Standards (which must be enacted into law)?
6. What was your Department's reaction when one jurisdiction (Tasmania) interpreted the inclusion of competency in the Standards as a trigger for certification and a licence to farm livestock?
7. In dealing with the *competency* controversy brought to public attention by the NSW Farmers Association, how seriously did you engage with top decision makers in each State and Territory to ascertain;
 - a. If they had addressed the problem?
 - b. How they intended to deal with it?
 - c. With whom did you engage?
8. What was your reaction when the entire livestock industry Peak Councils withdrew from the process until the competency issue was solved and their perception of harmonisation/minimum standards/National consistency for animal welfare legislation had been addressed?
9. Without the livestock industries support how much value would you put on the “Standards and Guidelines” document as a beneficial tool to enhance trade?

Answer:

1. Governments and industry recognised that while model codes of practice for the welfare of animals had served their purpose, there was a need to review their production, structure, ad hoc development process and inconsistent implementation across jurisdictions. In May 2006, Primary Industries Ministerial Council agreed to update and replace the model codes with standards and guidelines that would provide nationally consistent outcomes.
2. The objective is to provide nationally consistent animal welfare outcomes, making it easier for industry to comply across jurisdictional boundaries.

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3. Existing Prevention of Cruelty to Animals Acts in each State and Territory and the National Codes of Practice for livestock are satisfactory for trade purposes. The new system for developing standards is intended to improve the consistency of Australia's animal welfare laws.
4. The draft standards are still under development.
5. Jurisdictions have been working with their parliamentary drafters on how to regulate standards.
6. The draft standards are still under development.
7. The state and territory governments are represented on the writing groups. State and territory governments are aware of, and have discussed the concerns of the NSW Farmers Association and other peak industry councils. Draft standards prepared by the writing groups are ultimately provided to the Primary Industries Ministerial Council, through the Primary Industries Standing Committee and its advisory committees.
8. The department was disappointed when the key livestock industry bodies indicated they were withdrawing from the process to develop sheep and cattle standards. The department has continued to consult with the key stakeholders in the process to ensure that appropriate standards are developed and implemented.
9. The support and engagement of all stakeholders including livestock industries, is essential in the development of sheep and cattle animal welfare standards and guidelines.

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Agriculture, Fisheries and Forestry

Question: 41

Division/Agency: APD – Agricultural Productivity Division

Topic: Method of Visual Appraisal of Grain

Proof Hansard Page: Written

Senator Heffernan asked:

Viterra used a method of appraisal where visual sprouting was calibrated against mechanical methods (falling numbers) every one thousand tonnes of receivals. This is largely a subjective assessment as individuals come to different visual conclusions and has caused a lot of anger in the farming community. There is considerable evidence, including the use of independent falling numbers machines, that this assessment measure has cost growers many thousands of dollars.

1. Are near monopolies using their power in the supply chain to intimidate and discourage competition?
2. Is the supply chain working efficiently?
3. Can or should receival standards be standardised across the industry, (special mention of the SA situation with Viterra's refusal to use a mechanical test on individual loads to assess sprouting damage in the immediate past harvest)?

(Please provide full details/outline of current policy in your response, we do not want a yes/no answer).

Answer:

1. Claims of anti-competitive behaviour in the grain supply chain are matters for the Australian Competition and Consumer Commission (ACCC) to address and concerned parties should report any issues directly to the ACCC.
2. The efficiency of the supply chain is a matter for industry and the department does not collect supply chain performance data. Recent experience in South Australia, where grain production reached record volumes in 2010-11, suggests that the system is working. Export bookings for 2010-11 exceed 7.8 million tonnes of grain from all Viterra port facilities, including 5 million tonnes of wheat. South Australia recorded its second highest February shipping on record with more than 775 000 tonnes of grain exported from Viterra port facilities.
3. Grain Trade Australia sets and updates grain standards annually in consultation with industry. For each season, it also publishes a wheat standards booklet which provides a uniform approach for all grain industry participants to use. The booklet sets out the various quality parameters and provides methods and procedures to be used for the assessment of these parameters.

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The procedures outlined in the booklet are a guide and companies are free to develop their own operational procedures for each test and activity based on their own circumstances.

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Question: 42

Division/Agency: APD – Agricultural Productivity Division

Topic: Charges for Grain Delivery

Proof Hansard Page: Written

Senator Heffernan asked:

If grain is delivered to a competitor's site (AWB, EP Grain), when it necessarily has to be delivered to the Viterro system (to access the loading belts, it must undergo a full re-assessment incurring another round of costs). They also charge to cover shrinkage when in fact if the product has been stored for any time at all it has already shrunk. This delivers a direct benefit to the virtual monopoly thus undermining competition.

1. Are you aware that this practice is going on?
2. Are the costs of re-delivery to the pre-dominant operator a significant deterrent to fair competition?

(Please provide full details/outline of current policy in your response, we do not want a yes/no answer.)

Answer:

Please see answer to 52 (APD/WEA) for Additional Estimates, February 2011.

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Question: 43

Division/Agency: APD – Agricultural Productivity Division

Topic: Charges for Shipping Bookings

Proof Hansard Page: Written

Senator Heffernan asked:

The recent WEA report finds just one of three companies allowing third party access to the shipping stem have met compliance to allow fair access.

In SA Viterra charge a \$5t charge for booking a slot on the stem, consequentially a 50,000t vessel requires a deposit of \$250,000 to book loading time. If the company does not meet the booking they forfeit the fee to Viterra. In Viterra's case they too pay the fee, but if they default the fee is paid to themselves! This has in the past allowed them to overbook with impunity denying others access.

There should be the same penalty for the owner (Viterra) defaulting on the shipping booking. Representatives of the grains industry suggest the fee is paid into an independent account and then periodically disbursed on a pro rata basis to those who have met the schedule. This will reward good practice and penalise poor.

1. Are you aware of this practice?
2. Are charges being levied by the virtual monopolies against marketing competitors that materially disadvantage the competitors?

(Please provide full details/outline of current policy in your response, we do not want a yes/no answer.)

Answer:

1. The department is aware of issues associated with fees for booking shipping berths at ports operated by Viterra.
2. All port terminal operators that are also accredited bulk wheat exporters must comply with access undertakings approved by the Australian Competition and Consumer Commission which require them to offer rival exporters fair and transparent access to their export facilities. Each access undertaking includes a pricing schedule that sets out the terms and conditions of port access.

Wheat Exports Australia conducted an independent audit of Viterra's administration of its shipping stem in 2010. The audit identified areas for improvement including tighter administration of excess vessel bookings, more timely cancellation of bookings that will not be used and immediate updating of the shipping stem when slots become available. In a joint press release with Wheat Exports Australia, issued on 30 November 2010, Viterra indicated that it will review its policies and procedures to address these issues.

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Agriculture, Fisheries and Forestry

Question: 44

Division/Agency: APD – Agricultural Productivity Division

Topic: Grain Holdings

Proof Hansard Page: Written

Senator Heffernan asked:

The owner of the facilities in SA (Viterra) have full knowledge as to what is held in stock by themselves, other companies and individual growers in warehouse options, apart from relatively minor storage at AWB sites and EP Grain. This is a large marketing advantage enabling them to sell parcels of grain knowing whether it is available and who to approach to accumulate the package. No other marketer holds this advantage. Full holdings should be reported in real time as they are accumulated to enable fair competition.

Is there sufficient transparency in the handling system?

(Please provide full details/outline of current policy in your response, we do not want a yes/no answer.)

Answer:

1. The Australian Government, through the Australian Bureau of Statistics and the Australian Bureau of Agricultural and Resource Economics and Sciences, is providing monthly information by state on key market indicators including stocks, production, exports and wheat available for purchase.

This is consistent with the recommendations of the Industry Expert Group, which recommended that data on key indicators by state be published on a monthly basis. The first reports were published in February 2009 and the scope of information was expanded in December 2009 to include stocks held on farm. There is also a range of commercial information sources that growers can access on a daily or weekly basis.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 45

Division/Agency: APD – Agricultural Productivity Division

Topic: Rail Freight Agreement with Viterra and Genessa Wyoming

Proof Hansard Page: Written

Senator Heffernan asked:

I understand Viterra and the Genesee Wyoming have an exclusive rail freight agreement. Genesee Wyoming lease track from the owners Great Southern. There have been reports that when third parties have sought to access the track to operate their trains, Genesee Wyoming have threatened to charge enormous access fees, (in one particular case \$27t, when that is far greater than the full freight rate from that site).

1. Are these reports true and are you aware of this situation?

2. Do competitors have fair access to freight options?

(Please provide full details/outline of current policy in your response, we do not want a yes/no answer.)

Answer:

1. Grain freight issues in South Australia, including access and pricing, are the responsibility of the Essential Services Commission of South Australia (ESCOSA). ESCOSA has not advised the department of any specific concerns regarding rail grain freight in South Australia.

2. Anti-competitive behaviour in the grain supply chain is a matter for the Australian Consumer and Competition Commission (ACCC) to address and concerned parties should report any issues directly to the ACCC.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 46

Division/Agency: APD – Agricultural Productivity Division

Topic: Bulk Wheat Export

Proof Hansard Page: Written

Senator Nash asked:

Given that the 2009/10 report for growers has noted a drop in bulk wheat exports, and the value of wheat exports has dropped in 2009/10 combined with a decrease in the number of countries importing bulk wheat; is there a 'slow bleed' within the industry and what factors are at play?

Answer:

The volume and value of wheat exports, the number of export markets, and the number of consignees within each market, varies each year according to changes in global production and demand. The number of markets, and consignees within each market, increased significantly following the change in arrangements in 2008 and remain at high levels.

If non-bulk exports are included, there was a slight increase in the volume of total Australian wheat exports in 2009-10 compared to 2008-09. The same is true for the number of consignees (an indicator of the number of export customers).

The decrease in the value of wheat exports in 2009-10 was due to significantly lower wheat prices on world markets in 2009-10, compared with 2008-09.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 47

Division/Agency: APD - Agricultural Productivity Division

Topic: Chemicals Used in Agricultural Production in Other Countries

Proof Hansard Page: Written

Senator Nash asked:

Why does the department not keep a list of chemicals that are used in agricultural production in other countries?

Answer:

Compiling a list of chemicals used in agricultural production in other countries is not required as Australia has an independent statutory regulator responsible for the registration of agricultural and veterinary chemicals. These chemicals are registered for use in Australia taking account of specific conditions as they relate to human health, the environment and trade. Chemicals registered outside Australia are not assessed against our specific conditions and therefore, in the absence of Australian registration, are not relevant to Australian agricultural production.

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ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2011

Agriculture, Fisheries and Forestry

Question: 48

Division/Agency: APD – Agricultural Productivity Division

Topic: Animal Welfare – Bobby Calves

Proof Hansard Page: Written

Senator Siewert asked:

A draft standard for animal welfare that is currently under consideration proposes inserting a clause that says that 30hrs is the maximum time off feed allowed for bobby cows in transition from farm to slaughter.

1. I note that the Regulation Impact Statement on Bobby Calves emphasizes that it ‘does not deal with ethical perceptions of animal welfare’ but instead focuses on scientific measures.

With particular reference to the citation in the RIS of a study by University of Melbourne which states that 30 hours is a defensible outer limit with good practice in other aspects of calf management, can you tell me more about the scientific measures that are using in drafting this code? In particular, how other conditions such as heat and travel time are factored into the measure?

2. The RIS notes that 24 hours TOF is considered ‘best practice management’ but that 30 hours is chosen because it is the outer defensible limit under which a high level of compliance can be achieved. This is substantially higher than the water or feed every 10 hours that is mandated in the voluntary code. While there is nothing to prevent those involved from exhibiting a higher standard of animal management, setting the limits at the outer most scientifically defensible limit could be considered an invitation to lower the quality of operations down to the level set by the standard.

Do you have any evidence to suggest that this will not happen?

Answer:

1. The Primary Industries Ministerial Council endorsed the *Australian animal welfare standards and guidelines - land transport of livestock* in May 2009. It agreed that with regard to the management of bobby calves being transported for slaughter, a science based standard for the maximum allowable time off feed be prepared. Research conducted in New Zealand was available in the international literature (*Todd et al 2000, Effects of food withdrawal and transport on 5- to 10-day-old calves, Research in Veterinary Science 68:125*) which indicated that calves could cope with food withdrawal for up to 30 hours and transport for up to 12 hours, based on changes in their metabolism and as healthy clinically normal calves.

Research undertaken by the University of Melbourne with the Animal Welfare Science Centre, sought to test the New Zealand research under Australian conditions. The four scenarios involving 5–10 day old male calves were:

- a) Calves remaining on farm without feed or water for 30 hours (control group)

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Question: 48 (continued)

- b) Six hours after being fed, calves were transported for six hours and were without feed or water for 30 hours
- c) Six hours after being fed, calves were transported 12 hours and were without feed or water for 30 hours
- d) Six hours after being fed, calves were transported for one hour to a new environment, then after six hours were transported for a further five hours, and were without feed or water for 30 hours.

The summary report of the research is available on the Australian animal welfare standards and guidelines website at www.animalwelfarestandards.net.au/australian-animal-welfare-standards-and-guidelines/land-transport/bobby-calf-time-off-feed-standard.cfm. The report includes a summary of relevant published research, and the scientific measures and conditions examined. Heat stress was not examined in this study. Bobby calves must be protected from cold and heat in accordance with Standards SB4.4 and 4.5 of the land transport standards.

2. The model codes of practice for animal welfare aim to ensure that farm animals are treated humanely and responsibly, but they are not mandatory. The model codes are progressively being replaced by a series of nationally agreed standards and guidelines. The standards will be legislated and enforced by the states and territories. The non-enforceable guidelines go beyond the standards and can be adopted in industry quality assurance programs.

The standard for the maximum time off feed for bobby calves is being developed and when finalised will be subject to ministerial council endorsement. Stakeholder input, including views of the appropriateness of 24 hours or 30 hours maximum time off feed, and an analysis of the scientific report will be considered before the draft standard is finalised. Other parts of the current endorsed standards and guidelines specify maximum times for transport and feeding times for calves 5–30 days old travelling without their mothers. These are:

- must be fed within 6 hours prior to being transported (standard)
- be on transport for no more than 12 hours (standard)
- be fed on arrival or within 18 hours of commencing transport (guidelines).

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Agriculture, Fisheries and Forestry

Question: 49

Division/Agency: APD – Agricultural Policy Division

Topic: Genetically Modified Crops in Western Australia

Proof Hansard Page: Written

Senator Siewert asked:

1. Is the Department aware of issues involved with the GM contamination of Mr Stephen Marsh's crop in Kojonup WA?
2. Is the Department aware that Mr Marsh has lost organic certification of part of his property as a result?
3. Do you agree that this spread of GM material is a failure in the current regulatory approach?
4. What is the Department doing, or planning to do to protect farmers from contamination?
5. Can you report on any reviews underway or measures being developed to address the issues associated with GM contamination and liability?

Answer:

1. Yes
2. Yes
3. The Department of Agriculture, Fisheries and Forestry is not aware of any information regarding the contamination incident that would indicate there are systemic problems with the current regulatory approach but will continue to monitor developments.
4. The Department of Agriculture, Fisheries and Forestry works with its state and territory counterparts on a range of issues through the Primary Industries Standing Committee. The Industries Development Committee, a key advisory committee to the Primary Industries Standing Committee, has been monitoring the commercial production of genetically modified canola in Australia. The committee is aware of the contamination incident in Western Australia and will continue to monitor developments and provide advice to governments on relevant issues as appropriate.
5. The Department of Agriculture, Fisheries and Forestry is not aware of any reviews or measures underway to address the issue of genetically modified contamination and liability.

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Question: 50

Division/Agency: APD – Agricultural Productivity Division

Topic: Australian Standards for the Export of Livestock

Proof Hansard Page: Written

Senator Xenophon asked:

You indicated that some state based authorities have the capability to enforce the Australian Standards for the Export of Livestock (ASEL) but they do not have jurisdictional responsibility for administering the ASEL. Precisely which state based authorities are currently enforcing the ASEL?

Answer:

See answer to BSG 10, Supplementary Budget Estimates, October 2010.

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Question: 51

Division/Agency: APD – Agricultural Productivity Division

Topic: Incoming Government Brief – Significant Portfolio Priorities

Proof Hansard Page: Written

Senator Colbeck asked:

The Incoming Government Brief significant portfolio priorities section on page 31 notes that:

“Government policies and interventions should support long-term improvements in industry competitiveness and sustainability. Ad hoc assistance measures send mixed messages about the role of government and its expectations of industry. Some current policies and programs may unintentionally delay necessary change and discourage self reliance.”

This is one of the government’s stated reasons for the drought pilot – but can you elaborate what other current policies and programs may unintentionally delay necessary change and discourage self reliance – what else are you referring to and can you provide details?

Answer:

The Department was not referring to any other current policies or programs.