

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2009

Agriculture, Fisheries and Forestry

Question: TMA 01

Division/Agency: Trade and Market Access

Topic: Indian Ocean Tuna Commission

Hansard Page: 72 (23/02/2009)

Senator Macdonald asked:

Senator IAN MACDONALD—What were the recommendations? I guess that is what I was asking you?

Mr Kalish—I have identified the weaknesses and there is a suite of recommendations. The report will be available on the IOTC website as well.

Senator IAN MACDONALD—It is not available yet?

Mr Kalish—I do not believe it is on the website yet. It will be available after the—

Senator IAN MACDONALD—Is it appropriate for me to ask you on notice to let me have those recommendations?

Mr Kalish—We can certainly make available a copy of the report, I believe. I do not know if that is a problem.

Answer:

The report of the IOTC Performance Review Panel was finalised January 2009 and focuses on the effectiveness of the Commission in fulfilling its mandate. The review is based on the recommendations of the joint tuna regional fisheries management organisation (RFMO) meeting held in Kobe, Japan in January 2007. Australia participated in the work of the Performance Review Panel, along with five other IOTC Members, an independent legal expert, an independent scientific expert and a non-governmental organisations observer.

A copy of the report has been provided as **TMA 01 - attachment**.

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Question: TMA 02

Division/Agency: Trade and Market Access Division

Topic: Russian tariffs

Hansard Page: 78 (23/02/2009)

Senator Colbeck asked:

Senator COLBECK—Yes, that was going to be on the next point: are there tariffs and what are the levels of tariff into the country?

Mr Morris—We know there are tariffs certainly on cattle going in there, but I am not quite sure of the levels on meat.

Ms Anderson—I am sure there are tariffs on beef as well, but we would just have to check that for you, Senator.

Answer:

Yes, Russia does have tariffs for beef. As Russia is not a WTO member there are no ceilings on its levels of applied tariffs.

Frozen beef has a tariff rate quota (TRQ) of 445,000 tonnes, and a TRQ for chilled beef of 28,900 tonnes for 2008. In-quota shipments incur a duty of 15 per cent, but not less than €0.15-0.2 per kg. Out-of-quota imports incur a duty of 30 per cent, but not less than €0.3 per kg.

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Question: TMA 03

Division/Agency: Trade and Market Access

Topic: NZ Apples WTO Dispute

Hansard Page: 96-97 (23/02/2009)

Senator McGauran asked:

Senator McGAURAN—I am not sure this is Biosecurity either—and I hope this question was not asked while I was watching the monitor in my room—but I just wanted a status report on the WTO challenge of New Zealand against Australia's quarantine rules on importation of apples.

Dr O'Connell—That would be trade and market access division.

Senator McGAURAN—Yes, I know.

Dr O'Connell—They would probably still have—

Senator McGAURAN—Was that question asked?

Dr O'Connell—No, but we probably still have the relevant officer who can answer if you want to do that.

CHAIR—No worries. While we are waiting on that, Senator McGauran, do you have any other questions?

Senator McGAURAN—Not offhand.

Dr O'Connell—While Mr Morris is getting his notes together, it is probably worth saying that we expect that this dispute is going on a bit longer than has previously been expected in the panel. The WTO panel ruling is now not expected until early next year. We were expecting it this year, which seems unlikely now. I can probably filibuster a bit more if I need to.

Mr Morris—Yes, unfortunately our expert has disappeared for the moment. We are just looking through our brief on it—but, certainly, we are actively progressing that case. As I understand the situation at the moment, a number of experts have been selected and questions have been asked of those experts from the panel and at this stage we are waiting to get the replies from the experts. Those are due on 10 March. Those expert replies will then be considered by both the Australian side and the New Zealand side, and we have a chance to comment on those by 9 April and then an opportunity for written rebuttals on each other's comments by 21 April. So at this stage that is where we are at. We are not expecting a panel ruling at this stage until early 2010.

Senator McGAURAN—What has been the budgeted cost? How much is all this going to cost Australia?

Mr Morris—All WTO disputes are handled through the Department of Foreign Affairs and Trade, although other agencies are also involved—such as Attorney-Generals and ourselves—so the actual cost would involve costs from a number of agencies. I obviously do not have the costs of all of those agencies with me.

Dr O'Connell—We could take that on notice and see if we can get a consolidated view.

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Answer:

The agencies involved in defending Australia's interests in the WTO NZ apples dispute are: the Department of Foreign Affairs and Trade (DFAT – the lead agency), the Attorney General's Department (AGD), the Australian Government Solicitor (AGS – Chief General Counsel) and DAFF – represented by Trade and Market Access Division (TMAD), Biosecurity Australia (BA), Australian Quarantine and Inspection Service (AQIS) and the Bureau of Rural Sciences (BRS).

Between March 2008, when the WTO Panel in the dispute was composed, and the end of February 2009, the total cost incurred by these agencies was an estimated \$1,573,510 (refer Table below). This figure includes an estimate of salaries for legal, scientific/technical and policy staff in Canberra (based on annual salaries of relevant officers as at February 2009), travel costs for the first WTO Panel hearing in Geneva, and the professional fees associated with the Chief General Counsel. Staff on-costs and other corporate overheads have been excluded from this figure, as have any costs of DFAT posts and state offices (including their staffing costs). Differences in the costs between agencies reflect differences in the level and number of staff involved from each agency.

Agency	Costs from Mar 2008 to Feb 2009
DFAT	\$359,560
AGD	\$259,380
AGS (Chief General Counsel)	\$91,959
DAFF (includes TMAD, BA, AQIS & BRS)	\$862,611
total:	\$1,573,510

The resources committed by each agency to the WTO dispute are expected to remain at the current level up until the end of July 2009 (i.e. until the second WTO Panel hearing is finalised). It is too early to determine the total cost of the dispute to Australia as this will ultimately depend on the outcome of the proceedings.

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Question: TMA 04

Division/Agency: Trade and Market Access

Topic: Food Miles

Hansard Page: 79 (23/02/2009)

Senator Milne asked:

Senator MILNE—We have raised in this committee before the issue of carbon footprints and food miles and the potential of the EU to use food miles as a non-trade tariff barrier. So I just wondered we were up to in Australia in addressing this issue of actually establishing what our carbon footprint is in relation to our export primary products into various markets, including the EU.

Dr O'Connell—That is Climate Change division, I am afraid, Senator. That would have been the place to ask that one. We can take that on notice and give you an account.

Answer:

Carbon footprinting is a very complex concept. Probably the most advanced approach so far is the UK Carbon Trust's Publicly Available Specification 2050. At least two other international initiatives are underway to develop footprinting methodologies for goods and services, including food. The Australian Government is monitoring the development of international standards.

Some industry sectors are investigating carbon footprinting methodologies with a view to meeting requirements of their markets. The systems in our major export destinations are voluntary at this time.

Businesses that are selling products into markets that are conscious of a product's carbon footprint can assess the carbon footprint of their product. Australian standards in the ISO 14040 series can be used to calculate a carbon footprint using lifecycle analysis in accordance with existing international standards.

Businesses that wish to certify their products or services as carbon neutral can currently do so through the Greenhouse Friendly initiative. In the future they will be able to do so in accordance with the national carbon offset standard being developed by the Government. Both initiatives employ lifecycle analysis in accordance with international principles to calculate the greenhouse gas emissions associated with a product or service. Currently two beverage products (beers) are certified carbon neutral through Greenhouse Friendly.

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Question: TMA 05

Division/Agency: Trade and Market Access

Topic: Indonesian Free Trade Agreement

Hansard Page: Written

Senator Siewert asked:

I understand in the current negotiations around an FTA with Indonesia, Indonesia has asked for assistance from the Australian government to establish its own domestic beef and dairy cattle industry. Has the Department any specific details about the form this assistance will take and the costs of this assistance?

Answer:

A joint feasibility study into the merits of a Free Trade Agreement (FTA) between Indonesia and Australia commenced in August 2007 and was completed in February 2009. The Australian and Indonesian governments are now considering the study.

DAFF is aware of Indonesia's desire to develop its beef and dairy industries. However, the Department does not have specific details of the assistance Indonesia is seeking.

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Question: TMA 06

Division/Agency: Trade and Market Access Division

Topic: Free Trade Agreement with China

Hansard Page: Written

Senator Fierravanti-Wells asked:

1. In relation to the proposed agreement, what aspects pertaining to wool and the industry is it envisaged could be covered by the FTA with China?
2. Have any discussions commenced in relation to the same?

Answer:

1. Australia's ambition is for a comprehensive agreement that reduces or eliminates barriers to China's market for Australia's agricultural commodity exports, including wool. DAFF and the Department of Foreign Affairs and Trade have consulted the wool industry in developing Australia's negotiating position.
2. Yes. Australia and China have held 13 rounds of negotiations since 2005. These have included discussions on wool market access.

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Question: TMA 07

Division/Agency: Trade and Market Access Division

Topic: Wool – access to finance / credit

Hansard Page: Written

Senator Fierravanti-Wells asked:

Is the Department aware of difficulties being encountered by wool traders as a consequence of credit limitations by insurance companies such as Atradius, formerly EFIC? If so, is this an area where DAFF has any responsibility or involvement? Please provide details.

Answer:

Yes, the department is aware that some wool traders have experienced difficulty obtaining credit. However, such difficulties stem from the broader credit crisis that has affected the global economy and reflect the fact that financial providers have re-evaluated risk and tightened lending standards following an extended period of high liquidity. The department does not have a direct role in relation to this issue.

Although Atradius Credit Insurance NV purchased the Export Finance and Insurance Corporation's (EFIC) short-term credit business in 2003, there is no connection between the two organisations.

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Question: TMA 08

Division/Agency: Trade and Market Access Division

Topic: Support to industries for accessing China's market

Hansard Page: Written

Senator Williams asked:

How much funding is being made available to industry to help under take all aspects of accessing the Chinese markets? Please provide a breakdown of which industries/commodities are receiving funding and how much funding they are receiving?

Answer:

The department notes the same Question on Notice was put and answered during the October 2008 Additional Budget Estimates. The department's response includes updated information.

Six Australia–China Agricultural Cooperation Agreement (ACACA) delegations of four people will travel from Australia to China in 2009-10. The department funds business class airfares, single-entry visas, gifts and incidentals at an average value of \$30 000 per delegation. China's Ministry of Agriculture will fund the remaining expenses for the delegations when in China.

Successful ACACA applicants in 2009-10 are from the following industries:

- olives
- seed
- sheep meat
- wheat
- cherry
- forestry

Although not solely for the purpose of improving market access, the department also administers the Australia–China Agricultural Technical Cooperation (ATC) Program, which funds capacity building projects with a longer-term view of maintaining and improving market access for Australian agricultural exports. Capacity building projects have been in areas such as supply chain and quarantine management. The ATC Program is a four-year (2006-2010), \$5 million initiative.

Contracts are being finalised with the successful applicants for the 2008-2009 funding round. Projects recently approved are in the areas of food safety and standards setting, seafood and horticulture supply chains, and natural fibre processing.

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Question: TMA 09

Division/Agency: Trade and Market Access/DAFF

Topic: Indonesian Restraining Boxes Project

Hansard Page: Written

Senator Siewert asked:

The government has funded 95 restraint boxes in Indonesia at a cost of \$705,000.

1. What type of restraint boxes are these, i.e. how are the cattle restrained, are they slaughtered whilst upright, and are they stunned prior to slaughter?
2. Where have they been installed?
3. On whose advice were these boxes provided and did the government seek the advice of animal welfare experts to ensure that these devices were humane?"

Answer:

1. The Restraining Box project is designed to improve animal welfare and slaughter practices in Indonesian abattoirs that receive Australian cattle.

The Mark 1 restraining box improves animal welfare outcomes during the slaughter process. Constructed from durable galvanised steel, the boxes are an affordable and workable tool to improve welfare practices at slaughter. The boxes can be used for Halal or non-Halal slaughter.

Prior to the use of the restraining box, abattoir and slaughterhouse staff would struggle to control the animal, resulting in poor animal welfare practices and high stress.

The animals are slaughtered lying down, however, it is not usual for the animal to be stunned before slaughter.

2. The restraining boxes have been installed in a number of Indonesian provinces. Release of specific commercial information or information that might identify the commercial parties requires the agreement of the third party.
3. The department liaised with industry (Meat and Livestock Australia -MLA and LiveCorp) on the restraining box design. Industry has representatives on the ground in Indonesia with expertise in animal husbandry and slaughter, who are able to identify animal welfare issues, and provide advice on appropriate responses.

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In addition to taking into consideration industry's advice, the projects were assessed by the department's International Cooperation Steering Committee (ICSC). The ICSC assesses international cooperation projects against the department's overarching international agricultural cooperation strategy that targets the department's country specific goals, high priority global/regional issues or wider government priorities, in particular improving animal welfare.

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Question: TMA 10

Division/Agency: Trade and Market Access

Topic: International Agriculture Cooperation-Live Animal Trade Program

Hansard Page: Written

Senator Siewert asked:

Once equipment (financed under the IAC-LATP) is installed, what government checks are in place to ensure that it is operating appropriately and in a manner that protects the welfare of animals?

Answer:

On completion of the projects, the department requires project proponents to submit final reports detailing performance against milestones and key performance indicators relating to improving practices to meet international animal welfare standards identified in the contract.

Specifically, the department requires final reports to include:

- (a) a description of project progress against the Objectives, Milestones and Key Performance Indicators identified in funding deed;
- (b) an explanation of why any activity, outcome or milestone specified in the deed for the period covered by the report was not conducted or achieved;
- (c) a description of how activities, objectives or milestones not conducted or achieved are to be conducted or achieved.

Many of the projects funded are conducted in partnership with industry. While the projects have an end point, industry has an ongoing interest in ensuring continued improvement in animal welfare in the region – the longevity of the benefits achieved is often dependent on this. The industry representatives and consultants in the region monitor the effectiveness of equipment upgrades, and provide on-going maintenance and training as required with the objective of delivering optimal animal welfare outcomes.

The department's Consul (Agriculture)-Middle East visits facilities in the region, including feedlots and other facilities. Visits to the region by Canberra-based officers often include visits to facilities where projects have been undertaken.

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Question: TMA 11

Division/Agency: Trade and Market Access

Topic: Live animal trade-animal welfare improvement projects under the LATP

Hansard Page: Written

Senator Siewert asked:

Is the government seeking advice outside of the live export industry when determining animal welfare funding priorities and appropriate initiatives and equipment in the Middle East?

Answer:

In addition to receiving feedback from the industry representatives and their consultants, the department also consults with the importing government authorities and seeks advice from DAFF's Consul (Agriculture) based in the region. Priority is given to projects that improve facilities and address other points in the supply chain that have an identified significant impact on animal welfare.

In some instances, other individuals or bodies may be consulted. For example, in the case of Jordan, recent equipment upgrades involved consultation with Animals Australia, the Jordanian Royal family and their consultants.

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Question: TMA 12

Division/Agency: Trade and Market Access

Topic: International Agriculture Cooperation-Live Animal Trade Program

Hansard Page: Written

Senator Siewert asked:

How is the Department measuring and monitoring animal welfare outcomes desired from the IAC-LATP?

Answer:

The IAC-LATP aims to improve animal welfare in other countries through both a long-term strategy of seeking the adoption of World Animal Health Organisation (OIE) standards in the Middle East and Asia for the benefit of all animals in those countries, as well as through short-term efforts to assist in improvements in infrastructure and training in the handling of animals. These are measured in different ways.

As part of the long term strategy, funding from the IAC-LATP has been used to develop of model animal welfare codes based on OIE standards for the six Middle East Gulf Cooperation Countries (GCC) and for countries in the Asian region. As a result of this, the GCC countries have adopted the *GCC Regional Strategic Plan on Animal Handling and Transport Arrangements*. A *Regional Animal Welfare Strategy* has been developed for Asia, the Far East and Oceania. The GCC framework has now been legislated in the United Arab Emirates and Australia has trained UAE Animal Welfare Officers in non-compliance investigation.

Through such frameworks it is anticipated that long term changes in animal welfare can be achieved in these countries. Monitoring to date has been done through working closely with these countries in the development and adoption of the Strategic Plans, but ultimately will be measured by the adoption of legislation in countries and its enforcement.

As part of the short-term strategy, the government recognises that improvements in infrastructure and training must be done in partnership with Australian and local industry. There are often local practices, traditions and, in some cases, religious observances, as well as the broader local infrastructure (such as power availability), that need to be taken into account in establishing new facilities and providing training in developing countries. Many of the projects funded under the IAC-LATP therefore involve joint funding with industry, or supplement other activities being undertaken and funded by industry.

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Outcomes are measured through project proponents submitting reports on performance against milestones and key performance indicators relating to improving practices to meet international animal welfare standards identified in the contract.

Specifically, the department requires progress and final reports to include:

- (a) a description of project progress against the Objectives, Milestones and Key Performance Indicators identified in funding deed;
- (b) an explanation of why any activity, outcome or milestone specified in the deed for the period covered by the report was not conducted or achieved;
- (c) a description of how activities, objectives or milestones not conducted or achieved are to be conducted or achieved.

DAFF officials including Consul (Agriculture) based in the region and officers from Canberra also visit selected projects to view outcomes “on-the-ground”.

There are also regular discussions between the Department and Australian industry to discuss progress on projects and to define new projects for future that will build on past efforts.

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Question: TMA 13

Division/Agency: Trade and Market Access Division

Topic: Meat exports to Russia

Hansard Page: Written

Senator Williams asked:

1. Is the Government aware of market access issues surrounding red meat into Russia?
2. What is the issue and what support is the government giving red meat exporters such as the Kangaroo industry to help regain these valuable markets?

Answer:

1. Yes.
2. As of 31 March 2009, there were 18 Australian meat establishments (five wild game and thirteen red meat establishments) temporarily suspended from exporting to Russia.

Efforts to gain re-approval of suspended establishments have included:

- increased visits and calls by senior Australian Quarantine and Inspection Service officials to Moscow
- continued efforts to finalise negotiations on a memorandum of understanding on conditions for the export of meat and meat products, including game and wild game meat, from Australia to Russia
- extensive liaison and monitoring of Russian developments through the Embassies in both Moscow and Brussels
- the placement on a temporary basis of a Counsellor (Agriculture) with veterinary expertise at the Australian Embassy in Moscow (from November 2008 to February 2009)
- the placement of a locally engaged staff (LES) member at the Australian Embassy in Moscow
- facilitation of an audit of a number of Australian meat establishments by Russian officials from 16-28 February 2009.

Minister Burke has also raised these matters with the Russian Ambassador to Australia.