

Rural and Regional Affairs and Transport Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

Agriculture, Fisheries and Forestry

Question: 09

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Foreign Investment

Proof Hansard page: 22

Senator HEFFERNAN asked:

Senator HEFFERNAN: To that end, what other information would be useful in understanding both what is happening and the impact of what is happening on foreign ownership and competition? What would add to the useful understanding of that?

Mr Morris: In a couple of ways, I think. One way would be to obviously get more of a time series of information. We seem to have quite sporadic collections of information in this area. As you know, there was a survey recently done, but then the previous one was back in 1984 or something like that, from memory. So one way would certainly be to collect information in this area a little more regularly. The other way would be to examine how we are collecting the data and see whether there are ways that that could be improved. Certainly that would be something we would be willing to talk to ABS about.

Senator HEFFERNAN: Going to the 1983-84 survey, who received that, do you know? That was the last survey of this nature?

Mr Morris: I believe so. In terms of who received it, I am not sure of the history.

Senator HEFFERNAN: Could you take it on notice?

Mr Morris: Sure. When you say 'received', could I just clarify that?

Senator HEFFERNAN: Who were the participants?

Mr Morris: Who were the participants in the survey?

Senator HEFFERNAN: Are you familiar with the outcome of the 1983-84—

Mr Morris: Only to the extent that we have recorded it in the study. The main author of the report would be a bit more familiar than I would be, but certainly we could try to answer your questions or take them on notice, Senator.

Answer:

The information on foreign ownership in agriculture at 31 March 1984 was reported in the Australian Bureau of Statistics publication Catalogue No 5336.0, Foreign Ownership and Control in Agriculture, Australia 1983–84.

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Question: 09 (continued)

As stated in the above publication, the methodology for the survey was based on the 1983–84 Agricultural Census collection and the respondents were the participants in the Census. Establishments engaged in agricultural production were included in the Census if they had an estimated value of agricultural operations of \$2 500 or more. ‘Screening’ questions in the agricultural census asked respondents to indicate whether all the principals of the business operating the establishment and the owners of the land were residents of Australia.

If respondents to the census indicated that ‘not all’ principals and/or land-owners were residents of Australia (or indicated that they were ‘unsure’ or that the owning entity was a company) then follow-up survey forms were sent to these respondents seeking further details on each business principal and land owner and of their beneficial ownership interest in the land or business.

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Question: 15

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Losses Incurred in the Northern Australian Pastoral Industry

Proof Hansard page: 35

Senator Heffernan asked:

Senator HEFFERNAN: That is very good—there are none. Has DAFF quantified the losses to industry participants and service providers caused by the live cattle suspension? You can call for assistance.

Dr O'Connell: I am not quite sure if we have got our ABARES colleagues still here.

Mr Morris: At this stage we have not got a single number on that. As part of the new regulatory framework there was a regulatory impact statement prepared. That is available on our website. We can give you the link on notice, if you like. That goes through the expected impact of the new regulatory framework on the industry. At this stage that is probably the best available information, in terms of expected impact.

Answer:

The regulatory impact statement can be accessed from the following weblink:

ris.finance.gov.au/2011/10/21/livestock-exports-regulatory-framework-for-animal-welfare-assurance-%E2%80%93-regulation-impact-statement-and-post-implementation-review-%E2%80%93-department-of-agriculture-fisheries-and-forestry/

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Question: 56

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Floods

Proof Hansard page: 115

Senator MACDONALD asked:

Senator IAN MACDONALD: I am particularly interested in land up in the Gulf of Carpentaria, or not land in the Gulf of Carpentaria, but what is called the gulf lands up there. A number of properties up that way were inundated by floods, then Cyclone Yasi had a particular impact, and there were real issues with impacts on native vegetation management. So I was just very interested to see whether that was included in the survey and, if it is, in the course of collation if you could just have a look at those lands. Again, I am not sure what exactly you did look at, but it is a long way away. It is, of course, cattle land, but some of the land that is most affected by native vegetation management plans. So you are, I think you said, in the throes of completing that and reporting to this section. Is that right?

Mr Morris: Correct, to the SRM Division. The project was originally due to be completed last year, but for some of the reasons you mentioned—the floods last year—there was some delay in it actually going to the survey respondents. We obviously did not want to be calling people when they were in the middle of cleaning up and so forth, so that did cause a few months delay in finalising the report. On the basis of the information I have, I would suspect that we have included some of those producers, but in terms of the actual detail, I would have to get back to you on what areas—

Senator IAN MACDONALD: Could you do that and just assure me that it was not only freehold land but any sort of land over which someone had a tenure?

Answer:

As part of the project ‘Drivers and barriers to better management of native vegetation on private land’, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) conducted a national survey of landholders in 2011. The survey targeted dairy and broadacre enterprises and included beef producers in Northern Australia operating on freehold and leasehold land. A total of 1017 landholders were asked to participate in the survey with 985 responding. The survey included respondents drawn from all broadacre farming regions as defined by ABARES regional boundaries, including regions near or adjacent to the Gulf of Carpentaria. The survey included establishments classified as having an estimated value of agricultural operations of \$40 000 or more. Farms excluded from ABARES surveys will be the smallest units, and in aggregate will contribute less than 2 per cent to the total value of agricultural production for the industries covered by the surveys. Given the sample size of the native vegetation survey it is not possible to report all of the results at the ABARES regional level and maintain the confidentiality of the survey respondents.

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Question: 101

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Plantations

Proof Hansard page: Written

Senator COLBECK asked:

QON 153 October 2011 asked if ABARES had made any projections regarding the ability of Australia to service its domestic requirements for wood and wood products given the likely impact of the Tasmanian Forest IGA. The response provided did not answer the question.

Please advise if ABARES has undertaken an analysis of the impact of the Tasmanian Forest IGA with regard to the ability of Australia to service its domestic requirements for wood and wood products.

Answer:

The Australian Bureau of Agricultural and Resource Economics (ABARES) has not undertaken an analysis of the impact of the Tasmanian Forest Intergovernmental Agreement with regard to the ability of Australia to service its domestic requirements for wood and wood products.

Under the Tasmanian Forest Agreement process, an independent verification group has been tasked with assessing the potential supply of logs in Tasmania, taking into account wood supply requirements, contracts and usage.

ABARES log supply forecasts are based on existing policy settings and do not assume the outcome of ongoing negotiations.

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Question: 104

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Global Food Security Report

Proof Hansard page: Written

Senator COLBECK asked:

1. The ABARES report Global food security: facts, issues and implications states “even if agriculture were excluded from the direct imposition of a carbon tax, it would be indirectly affected through both increased prices of inputs such as fuel, fertiliser and chemicals any pass-back of the tax on outputs such as transport and processing”. What analysis has the ABARES undertaken into the impact of the carbon tax on agriculture?
2. ABARES also linked carbon trading or tax to increasing energy costs and to food price rises. Does this finding align with the Government’s expectations?

Answer:

1. On 20 December 2011, the Australian Bureau of Agricultural and Resource Economics (ABARES) published a report titled *Possible short-run effects of a carbon pricing scheme on Australian agriculture*, which analyses the likely effects of the carbon tax on the economic value of farm production in 2012–13 and 2014–15. The report is available at the following website: www.daff.gov.au/abares/publications.
2. ABARES analysis looks into the potential effects in 2012–13 and 2014–15, when a fixed price carbon scheme will operate and, hence, did not consider a carbon trading scheme in the above study. The analysis has taken into account projected increases in energy costs, derived from the Australian Treasury modelling for its report *Strong Growth, Low Pollution: Modelling a carbon price*. ABARES analysis has not dealt with food price rises. However, the Treasury report discusses possible increases in food prices (pages 134–7 of the Treasury report).

ABARES estimates of possible short-run effects are intended to complement the estimates of medium and long-run effects of the proposed carbon pricing scheme by the Treasury.

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Question: 105

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Agricultural Commodities

Proof Hansard page: Written

Senator COLBECK asked:

1. QON 154 asked for the key factors contributing to the downturn in employment in agriculture, forestry and fishing. The response provided that "no specific reasons were provided by the ABS...". If ABARES is supposed to "provide professionally independent, world-class research, analysis and advice to inform decision makers on current and future policy challenges affecting Australia's primary industries" shouldn't a bit further analysis of data be undertaken?
2. Is ABARES now able to provide information about the key factors contributing to the downturn in employment in the agriculture, forestry and fishing sectors?
3. QON 154 also asked for the employment changes for each sector, rather than a combined figure (4.8% for the September quarter). The response was "ABARES does not have access to the ABS database for a breakdown of the employment changes to each industry included in the agriculture, forestry and fishing sectors". Is ABARES able to request information for the main sectors, ie agriculture, forestry and fishing from ABS? If so, please provide this information.
4. Can the information requested in the previous two questions be provided for the December 2011 quarter? If so, please provide this information.
5. If this information can not be provided, does ABARES consider this information would be useful to inform decision makers on current and future policy challenges affecting Australia's primary industries?

Answer:

1. Please refer to the answer to Question 2.
2. QON 154 asked for the factors contributing to the downturn in employment in agriculture, forestry and fishing in 2010–11 compared to 2009–10, which was reported in the Australian Bureau of Agricultural and Resource Economics (ABARES) Agricultural commodities – September quarter 2011. According to the Australian Bureau of Statistics (ABS)(Cat. no. 6291.0.55.003 released on 15 December 2011), the annual change in total full and part time employment in agriculture, forestry and fishing fell by 4.8 per cent between 2009–10 and 2010–11, from 369 186 jobs to 351 430 jobs. This decline mainly reflects a 5.5 per cent decline in the number of agricultural jobs, from 324 750 jobs to 306 750 jobs (see Table 1). There was also a fall in the forestry and logging sectors, from 7000 jobs to 5600 jobs. Employment in commercial fishing (which includes aquaculture, fishing, hunting and trapping) increased by 2.4 per cent from 11 430 jobs to 11 700 jobs.

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Question: 105 (continued)

This information has also been reported in ABARES Agricultural commodities - March quarter 2012.

Table 1. Employment in agriculture 2009–10, 2010–11

	NSW	Vic.	Qld.	SA	WA	Tas.	NT	Australia
	no.	no.	no.	no.	no.	no.	no.	no.
2009-10								
Horticulture and fruit growing	14 000	15 000	13 250	8 750	7 250	4 250	0	63 250
Grain, sheep and beef cattle farming	38 500	32 750	37 000	14 500	19 750	4 750	1 500	148 250
Dairy cattle farming	4 500	15 750	2 250	2 250	1 000	1 000	na	27 500
Poultry farming	4 500	1 750	1 500	750	250	na	na	8 250
Other livestock farming	5 250	4 000	3 250	1 750	750	na	na	15 500
Other crop growing	500	1 500	11 500	0	0	na	na	14 000
Agriculture not fully defined	19 750	8 000	11 750	3 750	2 750	1 250	na	47 750
All agriculture	87 750	78 000	80 500	31 500	33 000	11 000	2 250	324 750
2010-11								
Horticulture and fruit growing	12 000	15 000	10 750	9 250	9 000	3 000	250	60 750
Grain, sheep and beef cattle farming	43 500	25 250	32 500	10 500	19 750	3 250	1 000	136 500
Dairy cattle farming	3 750	19 250	1 750	2 000	250	1 000	na	28 750
Poultry farming	5 750	1 000	1 750	1 250	500	na	na	10 000
Other livestock farming	4 250	4 750	2 250	500	1 250	na	na	13 250
Other crop growing	1 250	250	8 750	na	na	na	na	10 250
Agriculture not fully defined	17 000	7 750	9 750	4 000	5 750	2 500	na	47 500
All agriculture	88 500	73 750	67 750	27 500	36 500	10 250	2 750	306 750

na Not available.

Source: ABS, *Labour Force, Australia, Detailed - Electronic Delivery*, cat. no. 6291.0.55.001, Canberra; unpublished data ABS.

When evaluated by sector, on a national basis, there was a 4 per cent fall in the total number of persons employed in the 'Horticulture and fruit growing' industries, with declines occurring in Queensland, New South Wales and Tasmania. There was a 7.9 per cent fall in the number of person employed in 'Grain, sheep and beef cattle farming', with declines in all states except New South Wales and Western Australia. There was a 14.5 per cent fall in 'Other livestock farming', with declines in New South Wales, Queensland and South Australia. There was a 26.8 per cent fall in the number of persons employed in 'Other crop growing', with declines in Victoria and Queensland.

ABARES has not undertaken an analysis on the factors driving these employment reductions. However, according to the ABS, employment in agriculture has remained relatively stable from a longer term perspective, averaging around 312 000 jobs since 2002–03.

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Question: 105 (continued)

3. Please refer to the answer to Question 2.
4. The ABS publishes quarterly employment data in February, May, August and November each year. Given the seasonality of employment in many agricultural industries, comparisons of the same quarter between years best reflects actual changes in sectoral employment.

According to the ABS (Cat. no. 6291.0.55.003 released on 15 December 2011), employment in agriculture, forestry and fishing for the three months ending November 2011, compared to the same three months in 2010, fell by 10 per cent, from 323 000 jobs to 290 000 jobs (see Table 2). Employment fell in all sectors except 'Horticulture and fruit growing' and 'Poultry farming'. Significant declines in employment in absolute terms were in 'Grain, sheep and beef cattle farming', which fell by 6000 jobs, and in 'Agriculture not fully defined', where employment declined by 21 000 jobs.

On a national basis, employment in 'grain, sheep and beef cattle farming' fell by around 4 per cent year on year in the November quarter 2011, with declines in New South Wales, Queensland, South Australia and Tasmania. Employment in 'Dairy cattle farming' fell by around 13 per cent, with declines in New South Wales and Victoria. Employment in 'Other livestock farming' fell by close to 8 per cent, with declines in Queensland and Western Australia. Employment in 'Other crop growing' fell by around 25 per cent, with declines in Queensland. Employment in 'Agriculture not fully defined' fell by around 32 per cent with declines in New South Wales, Western Australia and Tasmania. ABARES has not undertaken an analysis on the contributing factors.

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Question: 105 (continued)

Table 2. Employment in agricultural food production: three months ending November 2011 and three months ending November 2010

	NSW	Vic.	Qld	SA	WA	Tas	NT	Australia
	'000	'000	'000	'000	'000	'000	'000	'000
November quarter 2010								
Horticulture and fruit growing	8	15	10	6	7	2	1	49
Grain, sheep and beef cattle farming	51	25	29	9	23	4	1	143
Dairy cattle farming	5	19	2	2	0	1	na	31
Poultry farming	6	0	2	1	0	0	na	9
Other livestock farming	3	5	3	0	2	na	0	13
Other crop growing	1	na	10	na	na	na	na	12
Agriculture not fully defined	24	10	12	6	9	3	0	66
All agriculture	98.0	74.0	68.0	24.0	41.0	10.0	2.0	323.0
November quarter 2011								
Horticulture and fruit growing	12	10	11	8	7	3	1	51
Grain, sheep and beef cattle farming	37	25	28	23	18	4	2	137
Dairy cattle farming	2	18	2	3	na	2	na	27
Poultry farming	1	5	1	0	1	0	na	9
Other livestock farming	4	6	1	0	1	0	0	12
Other crop growing	2	na	7	0	na	na	na	9
Agriculture not fully defined	8	11	14	6	3	1	0	45
All agriculture	66	75	64	40	30	10	3	290

a Average employment over September, October and November. na Not available.

Source: ABS, *Labour Force, Australia, Detailed - Electronic Delivery*, cat. no. 6291.0.55.003, Canberra.

5. Please refer to the answer to Questions 1 and 4.

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Question: 106

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Working Relationships

Proof Hansard page: Written

Senator COLBECK asked:

Is there a good working relationship between ABARES and ABS?

Answer:

Yes. The Australian Bureau of Agricultural and Resource Economics (ABARES) officers have regular contact with Australian Bureau of Statistics (ABS) officers across a range of areas related to the collection and analysis of data on portfolio industries. For example, ABARES officers regularly participate in the Australian Government Statistical Forum, the ABS Statistical Clearing House User Group and ABS is partner with ABARES in the Australian Collaborative Land Use and Management Program. ABARES also works closely with the ABS Statistical Clearing House to ensure the design of ABARES surveys follow best practice.

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Question: 107

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Beef Producers

Proof Hansard page: Written

Senator COLBECK asked:

1. In June 2011, ABARES were optimistic of an improved financial position for beef producers for the 2010-11 financial year. QON 156 October 2011 asked if this proved to be the case. ABARES was unable to answer until December 2011. Can ABARES now please advise whether the optimism of June 2011 was justified? Did the improved financial position for beef producers for the 2010-11 financial year eventuate?
2. Was there any flow on impact from the live export ban to southern producers, who were also set for a better year?

Answer

1. Based on the Australian Agriculture and Grazing Industries Survey, the estimated average farm cash income for beef industry farms in 2010–11 was \$59 100 per farm, which was around \$24 000 per farm higher than the previous financial year. Improved seasonal conditions in 2010–11, particularly in eastern and southern Australia, encouraged beef producers to rebuild herds. Higher saleyard prices and increased slaughter weights resulted in an increase in average total cash receipts on beef industry farms. The better seasonal conditions also reduced expenditure on fodder, which contributed to a small overall reduction average total cash costs for beef industry farms.
2. The Australian Bureau of Agricultural and Resource Economics did not observe any flow on impact on the financial performance of southern producers in 2010–11 from the temporary suspension of the live export trade to Indonesia that came into effect on 8 June 2011.

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Question: 108

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics

Topic: Socio-economic Assessment of the South-West Bioregion

Proof Hansard page: Written

Senator COLBECK asked:

1. QON 157 October 2011 asked whether the socio-economic assessment of the south-west bioregion had been completed. The response was that this had not been completed.
2. Provide an update on the socio-economic assessment and an anticipated completion date.
3. If the assessment is complete, what were the key findings?

Answer:

1. Please refer to the answer to Question 2.
2. The final assessment report on the social and economic implications to commercial and charter fishing of the proposed South-west Marine Region Commonwealth reserves is not complete. The final report to the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) is due for completion by the Australian Bureau of Agricultural and Resource Economics in April of 2012. The timing of the public release of this report will be determined by SEWPaC.
3. Please refer to the answer to Question 2.

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Question: 128

Division/Agency: ABARES – Australian Bureau of Agricultural and Resource Economics and Sciences

Topic: Australian Farming Land Ownership

Proof Hansard page: Written

Senator HEFFERNAN asked:

1. Do you think that the recent ABARES report on foreign ownership is sufficient?
2. What other information would be useful in understanding the impact of foreign ownership and competition would add be useful for understanding the issues.
3. Was the ABS survey last year as useful as 1983-84 survey?
4. Would it add value to know the value of production under foreign control or the nationality of foreign landholders?
5. How many farms would cost \$244 million and trigger the threshold for examination by FIRB?

Answers:

1. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) report, Foreign investment and Australian agriculture, released in January 2012, provides a broad review of foreign investment in Australian agriculture, covering land, water, and agribusiness. The report noted that information on foreign investment in agriculture and agribusiness is limited. The collection of this information on a regular basis would allow changes over time to be observed and analysed.

The ABARES report was in addition to a survey undertaken by the Australian Bureau of Statistics (ABS). The ABS Australian Agricultural Land and Water Ownership Survey was published on 9 September 2011 and the results are available on the ABS website at: www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/32E9BB779DABA3C1CA257905001453BC?OpenDocument.

2. The ABARES report concluded that the regular collection of information on foreign ownership would be one way of providing greater transparency to the public, and may contribute to better-informed policymaking in the future. The Government announced on 18 January 2012 that it will fund an ongoing and expanded statistical data collection by the Australian Bureau of Statistics to be conducted every two years, and will also expand the Agricultural Census to provide more information on ownership of Australian agricultural land.
3. The 1983–84 collection by ABS provided information on the value of agricultural activity under foreign control and on the nationality of foreign owners. The 2011 survey included data on ownership of water, which was not covered in the 1983–84 collection.

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Question: 128 (continued)

4. Information on the value of production under foreign control and on the nationality of foreign landholders would contribute more information on foreign investment in Australian agriculture. The Government has not decided to collect this information at this point.
5. ABARES has not undertaken any analyses which would provide an estimate of the number of farms in Australia with a value of \$244 million or more.

The Foreign Investment Review Board examines all investment proposals from foreign government-owned enterprises, and all other proposals amounting to 15 per cent or more of a company valued at \$244 million or more (unless from countries with which Australia has agreed on higher thresholds).