

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2010

Agriculture, Fisheries and Forestry

Question: TMAD 01

Division/Agency: Trade and Market Access

Topic: Trans Pacific Partnership Agreement

Hansard Page: 7-8 (25/05/2010)

Senator Milne asked:

Senator MILNE—Just in terms of that consultation, how fair is it to ask industry to input to this process before the Productivity Commission has released its report on an evaluation of the effectiveness of previous free trade agreements?

Mr Burns—I think on that, the decision to enter into a negotiation is not one for the department, if you like. Our job is to consult with industry, as Mr Ross said, and we do that through a range of mechanisms, and to then input into the DFAT process to maximise the benefit for our portfolio industries. The decisions on when negotiations commence et cetera is really not one the department takes, but our job, and the job we pursue, is to maximise the benefits for our portfolio industries.

Senator MILNE—Your job is to maximise the benefits, but no-one can tell me what the benefits are and no-one has ever been able to tell me what the benefits are because we still do not have any evaluation of the benefits or the costs associated with the free trade agreements. You said your job is to consult with the commodity groups or the interest groups and so on. How many of those has DAFF actually been engaged in to date, on this particular issue?

Mr Burns—I would have to take on notice an exact number, but there are several mechanisms by which we do that and some are formal and some are informal. The National Farmers Federation, for example, regularly convenes a trade group that meets and, through a day or sometimes two days, talks through where we are up to with the WTO negotiations, all the FTA negotiations, and then a range of other market access issues. These are fairly intense discussions on where things are up to. DAFF participates in that and so does DFAT. We have other mechanisms, like a meat market access committee, where things like the TPP are on the agenda for that. That is very meat specific. We have the same process with the horticulture industry and other industries. So, through a range of formal mechanisms, we consult with industry, and we have strong informal links with industry, and they are either picking up the phone to us and telling us what they think we should be doing, or vice versa, on a regular basis.

Answer:

Stakeholder submissions received by Department of Foreign Affairs and Trade on the Trans Pacific Partnership Agreement (TPP) that were relevant to the portfolio have been made available to DAFF and have formed the basis of consultations with industry organisations during a range of subsequent meetings and ad hoc discussions. These included discussions during the Red Meat Market Access Committee meetings (28 July 2009 and 26 March 2010), with the National Farmers' Federation as a part of

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broader FTA updates at its periodic trade working group meetings, as well as ongoing dialogue with Dairy Australia and Meat and Livestock Australia. The department met with the Chairman of the Australian Dairy Industry Council and a representative of Dairy Australia on 7 May 2010 for discussions on the industry's views on the TPP.

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Question: TMAD 02

Division/Agency: Trade and Market Access Division

Topic: Free Trade Agreements

Hansard Page: 8 (25/05/2010)

Senator Milne asked:

Senator MILNE—Do you advertise in the rural media?

Mr Burns—The process for advertising for submissions for free trade agreements is managed by the Department of Foreign Affairs and Trade. Where they put those advertisements, I would have to take on notice. I know that they are in the national press. Whether they are in the rural media, I could not answer.

Answer:

The Department of Foreign Affairs and Trade (DFAT) leads the Australian Government's engagement in free trade agreement (FTA) negotiations and is responsible for inviting submissions on FTA negotiations.

Advertisements inviting submissions from individuals and groups are placed on the DFAT website and on the Australian Government's Business Consultation Website (<https://consultation.business.gov.au/consultation/>). Advertisements are occasionally placed in the national press but have not been placed in rural media for recently-commenced negotiations, such as with the Republic of Korea or the Trans-Pacific Partnership.

In addition, DFAT writes to or emails peak industry groups, sectoral groups, individual businesses, representative organisations, unions, non-government organisations, state and territory governments and other interested stakeholders seeking submissions. DFAT welcomes submissions on an ongoing basis; details about making submissions are provided on the individual FTA pages of the DFAT website. DFAT and the Department of Agriculture, Fisheries and Forestry also maintain regular direct contact with peak industry groups and industry members about the agriculture-related aspects of FTA negotiations.

Groups including the National Farmers' Federation, Australian Dairy Industry Council, Australian Council of Wool Exporters and Processors, Australian Oilseeds Federation, Australian Wine and Brandy Corporation, Meat and Livestock Australia, Seafood Access Forum, Horticulture Australia Limited, Thoroughbred Breeders' Australia, Ricegrowers Australia, Australian Sugar Industry Alliance Limited and Australian Pork Limited have used this process in making submissions about the approach to agriculture in Australia's recent FTA negotiations.

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Question: TMAD 03

Division/Agency: Trade and Market Access Division

Topic: New Zealand Apples

Hansard Page: 13 (25/05/2010)

Senator Heffernan asked:

Senator HEFFERNAN—We will have to appeal. The import risk analysis says we are going to bring it in, and we have got pears and they do not have pears. I know it all backwards. What happens to this process if there is an election called?

Mr Burns—If we were in caretaker mode, the caretaker provisions would come into effect and the normal course of events would be that all interested parties would be consulted and would be advised about what is happening.

Senator HEFFERNAN—That is mumbo jumbo. This committee has a lot to do with this stuff on the practical side—not the bureaucratic, lawyer-speak but the real effect on the farmer. Are you trying to tell me that you would think about what we would do? Why do we not have a plan? What are we going to do if we are in election mode now?

Senator Sherry—In terms of whenever the election is and for however long the campaign lasts, but let us assume that it is four or five weeks for the sake of the discussion, we are in caretaker mode. I will take on notice—

Senator HEFFERNAN—But is this in caretaker mode?

CHAIR—Senator Heffernan, why don't you just let the minister finish.

Senator HEFFERNAN—You are right. Sorry, Minister.

Senator Sherry—The normal processes of government continue outside the caretaker mode. When we go into caretaker mode, for however long that may be, whenever that may be, the understood conventions are that no policy decisions are taken without consultation with the opposition of the day. I will take on notice what the minister's attitude to this issue would be during the caretaker convention and I will get a response from the minister.

Answer:

The Government complied with the caretaker conventions with respect to handling of the WTO apples case brought by New Zealand.

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Question: TMAD 04

Division/Agency: Trade and Market Access Division

Topic: New Zealand Apples

Hansard Page: 15 (25/05/2010)

Senator Colbeck asked:

Senator COLBECK—In the current circumstance, since the commencement of the WTO dispute, how many meetings have we had with the New Zealanders to consider the option of a negotiated agreement?

Mr Burns—I will take that one on notice, thanks. I do not know the answer.

Senator COLBECK—Is it 10, 20?

Mr Burns—I really do not know. I will have to take that on notice.

Senator COLBECK—There is a bevy of people out the back who might be interested. Have we had discussions?

Mr Burns—We would have to take it on notice. We have side discussions in regular, scheduled meetings on biosecurity issues with New Zealand but, as you said, some of the biosecurity people would probably be able to answer that better than I can. The best thing, I think, is to take it on notice.

Answer:

There have been five meetings with New Zealand where the purpose was to consider the option of a negotiated agreement.

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Question: TMAD 05

Division/Agency: Trade and Market Access

Topic: WTO New Zealand apples dispute

Hansard Page: 15-16 (25/05/2010)

Senator Colbeck asked:

Senator COLBECK—Could you give us the dates of those meetings and, if it is possible, we would also like the minutes of those meetings.

Dr O'Connell—We would also have to consult with the Department of Foreign Affairs and Trade, who are obviously engaged in the discussions with New Zealand as well.

Senator HEFFERNAN—We would want to see—

Dr O'Connell—Any government confidentiality issues would obviously also need to be managed in the normal way.

Senator Sherry—I think it is fair to say that this issue is raised in all manner of meetings. I can recall it being raised last year at the Australia and New Zealand economic ministers meeting. On that occasion, I referred them back to the process that was in place.

Senator COLBECK—What I am asking you is quite specific. What I am asking about are specific discussions about a negotiated agreement between Australia and New Zealand. I think it is fair enough that we actually ask that question. We all know that there has been a dispute process that has been going on. I am interested in what discussions about a negotiated agreement have been occurring during that process. I understand it is sensitive and I do not ask the question lightly, but I think it is reasonable that the committee ask for that information.

Senator Sherry—We will take it on notice.

Answer:

Please refer to the attached letter from Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry – claim of public interest immunity.

[Attachment to TMAD 05]

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Question: TMAD 06

Division/Agency: Trade and Market Access Division

Topic: China

Hansard Page: 18-19 (25/05/2010)

Senator Heffernan asked:

Senator HEFFERNAN—What is the labour disadvantage between Australia and China?

Mr Burns—I am not sure.

Senator HEFFERNAN—There is a 26 to one labour disadvantage to the United States. What is it to Australia?

Mr Glyde—We will have to take that one on notice.

Senator HEFFERNAN—I thought you would have known that. This highlights why you would want to be a bit sensitive about agriculture. These blokes get paid a peanut a month out in the back country in China. We do not want our farmers to live like that. The United States have a 26 to 1 labour disadvantage.

Senator Sherry—We have indicated we will take the question on notice.

Senator HEFFERNAN—Could we have the labour ratio with us and China?

Senator Sherry—Just with China?

Senator HEFFERNAN—You know what I am talking about. Thanks.

Answer:

The department does not collect information on the relative labour costs of Australian and Chinese employees in the agriculture sector. Available international information on labour costs is based on manufacturing employees, not those involved in agriculture.

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Question: TMAD 07

Division/Agency: Trade and Market Access Division

Topic: China's currency in [free] trade [agreement] negotiations

Hansard Page: 20 (25/05/2010)

Senator Heffernan asked:

Senator HEFFERNAN—Could you report back to this committee—if they are interested; I am—on the impact of a non-market currency in trade negotiations? Do you blokes understand what I am talking about?

Senator Sherry—I do appreciate the issue you are talking about. In fact, I notice there was some press coverage about this issue again this morning—the currency value of the Chinese yuan. It is an issue for Foreign Affairs and Trade and possibly for Treasury. They may have some economic impact analysis on this particular issue. I will take it on notice, even though it is not the correct committee. We will try and ensure that the secretariat passes that over to the other two estimates committees.

Answer:

The Department of Foreign Affairs and Trade leads the Australian Government's engagement in free trade agreement negotiations. The Department of Agriculture, Fisheries and Forestry has not been involved in discussions about the impact of a non-market currency in trade negotiations.

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Question: TMAD 08

Division/Agency: Trade and Market Access

Topic: List of projects and costings – Malaysia and Indonesia

Hansard Page: 26-27 (25/05/2010)

Senator Nash asked:

Senator NASH—What would be the benefit in—it is hard to talk generally. Obviously, there is a number of different projects, but what is the outcome that we are trying to get from investing money and doing this in other countries?

Mr Burns—It covers a range of things and it goes from building the working relationship with the agriculture department or, quite commonly, with quarantine officials in other countries. In the case of the sort of work we do with the animal welfare area, it is improving the handling of our animals and in other cases it is looking at what we can do to build the capacity of our trading partners to operate. Consider one example where we have in the past looked at what we can do to help Malaysia and Indonesia export some of their product elsewhere, not necessarily to Australia, because when we negotiate, say, free trade agreements with a lot of countries, as I indicated before, we have not got a lot of tariffs to negotiate. Countries are looking to increase their exports and sometimes we can work with those countries to increase their capacity to export and it may not necessarily be to Australia.

It may be to increase export of their tropical products to Europe or somewhere else. We are helping other countries and in doing so we are building goodwill, building those relationships with the trade and quarantine officials in other countries so that when we have got an issue that we need to deal with, with them, we have got that strong basis there to negotiate.

Senator NASH—Okay, thank you. And if you could take on notice and just provide that detailed list of projects and the costings.

Mr Burns—For the last two years?

Senator NASH—Yes, that would be really useful, thanks. Can I just ask you also if you could provide—and again, I am sure you will probably want to take this on notice as well—and you talk about assistance that we have given to countries to help them export and you say not necessarily into Australia. How many instances are we giving other countries assistance to export into Australia? You say it is not always into Australia. Do I assume then from that we are giving other countries financial assistance in some areas to come into Australia?

Answer:

Please refer to Attachment A.

[Attachment to TMAD 08]

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Question: TMAD 09

Division/Agency: Trade and Market Access

Topic: Financial assistance to other countries

Hansard Page: 27 (25/05/2010)

Senator Nash asked:

Senator NASH—Finally, are there any specific instances where we have given financial assistance to other countries to assist them to export their product into Australia?

Mr Burns—Not specifically that I know of. I would have to take that on notice.

Answer:

No.

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Question: TMAD 10

Division/Agency: Trade and Market Access Division

Topic: Red meat trade with Russia

Hansard Page: Written

Senator Colbeck asked:

1. Has this been finalised with Russia?
2. What expectations in terms of tonnes does DAFF have for beef exports to Russia under this new quota arrangement? (69,000 tonnes exported in 2008; 15,000 tonnes in 2009)?
3. Is DAFF confident Australian beef exporters can compete with the lower price South American beef for allocation?
4. What are the criteria for the shared quota allocation?
5. Will any new criteria prevent any previous beef exporters from shipping product to Russia?
6. Can you provide an update on kangaroo meat exports to Russia – how do the exports compare to the level they were in mid 2008 when the first suspensions of exports occurred?
7. Are there still 6 establishments which remain suspended from the Russian market?
8. What actions is DAFF taking to resolve this problem?

Answer:

1. Yes, a quota of 448,300 tonnes of frozen beef for the period 2010 – 2012 has been finalised with the Russian Federation.
2. Advice from industry is that there is continuing interest in the Russian market, especially as the Russian economy recovers from the global financial crisis and credit availability increases. Industry data indicates that Australian beef exports to Russia in August 2010 were up 112 per cent above August 2009 levels, and 2010 levels so far are 130 per cent above 2009 levels.
3. Australia's record as a reliable supplier of safe and quality beef is a strong selling point in the highly competitive Russian market.
4. There are no country-specific criteria applying to individual countries under the 'other countries' category of the Russian quota.
5. There are no new criteria.

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Question: TMAD 10 (continued)

6. Following an audit of the Australian meat export system conducted in February 2009, the Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (Rosselkhoznadzor) suspended all imports of kangaroo meat from 1 August 2009. In 2008, the value of exports of kangaroo meat to the Russian Federation was approximately \$23.6 M.
7. No. There are no red meat establishments suspended that want to be re-listed or are compliant to export to the Russian market as of 22 September 2010.
8. DAFF continues to monitor closely any actions by the Russian veterinary authorities to enable prompt action should any suspensions of red meat establishments appear likely.