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Ms Maureen Weeks
Secretary
Senate Rural and Regional Affairs
and Transport Committee
Parliament House
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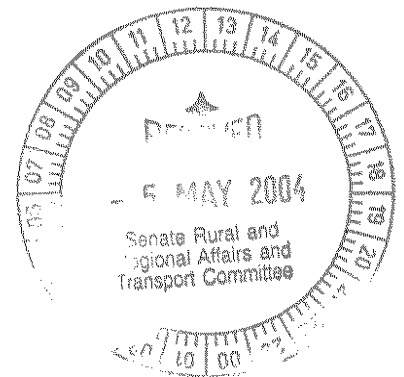
Dear Ms Weeks

Import risk analysis for bananas

During the Brisbane public hearings of the Senate Committee's Inquiry into the revised draft import risk analysis for bananas from the Philippines, the Department of Primary Industries and Fisheries (DPI&F) advised that it was unable to attend the hearing but that it would present a written submission to the Committee. At the time it did not seem appropriate that officers from DPI&F give evidence to the Committee, given that the revised addendum to the draft Import Risk Analysis had not been issued. However, given the Committee's continuing interest in the matter, a written submission has been prepared in response to the draft report (released in February 2004) and is attached for the Committee's information.

The submission outlines two key issues identified by the department. Firstly it clarifies the role of the DPI&F scientists in the Import Risk Assessment process as well as their relationship with Biosecurity Australia and the department during this time.

Secondly, this submission raises the need for the Commonwealth Government to consider the socio economic consequences of reviewing its import decisions. Importantly, these factors would include a triple bottom line analysis that considered a comprehensive assessment of the costs associated with the quarantine decisions. The submission provides a preliminary desktop analysis of the socio-economic consequences that a decision to allow the importation of Philippine bananas could have on North Queensland and in particular the small communities located in the Cardwell and Johnstone Shires. While DPI&F acknowledges that the treatment of this issue is beyond the Committee's terms of reference, it has been provided to ensure that the Committee has an overview of the adverse impacts on the banana industry and the communities its supports. The DPI&F will work with the banana industry to further explore these impacts.



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A final issue I'd like to raise with the Committee is its interest in the potential influence of the current international trade agenda on Biosecurity Australia's decision-making processes. DPI&F would be very disappointed if the Commonwealth pursued this course and will continue to observe the Committee's investigations into this matter. The department believes strongly in the independent role that science plays in undertaking risk assessment and developing mitigation strategies.

For your information, DPI&F may provide further information to the Senate Committee Inquiry pending the implications of the material contained in the addendum to the draft IRA report by Biosecurity Australia. DPI&F is also preparing a full formal response to the revised draft IRA report, and will be submitting this to Biosecurity Australia within the period allowed for responses.

If you require any further information regarding this matter, please do not hesitate to contact Mr John Moore of DPI&F on telephone 07 3239 3148.

Yours sincerely



Jim Varghese

Director-General

Department of Primary Industries and Fisheries

Att

Introduction

The Department of Primary Industries and Fisheries (DPI&F) presents this submission to the Senate Inquiry to achieve a number of objectives. Firstly, it is envisaged that the submission will clarify the role of the DPI&F scientists in the IRA process as well as their relationship with Biosecurity Australia (BA) and the department during this time. Secondly, this submission provides a preliminary desktop analysis of the socio-economic consequences that a decision to allow the importation of Philippine bananas could have on North Queensland and in particular the small communities located in the Cardwell and Johnstone Shires. The DPI&F believes that this type of information should be used in conjunction with scientific analysis to influence Commonwealth Government decision-making. DPI&F will also be preparing a full formal response to the revised draft IRA, utilising its scientific expertise to identify and address issues where the Department believes that further assessment of risk factors is warranted. This response will be submitted to Biosecurity Australia as part of the standard IRA response process.

Purpose

The DPI&F is an advocate for the independent role that scientists can play in answering questions associated with quarantine and assessing the risks associated with importing commodities. Scientific analysis has an important and legitimate role in the decision-making processes of government. The department believes that the science and scientists should be treated with respect and be free from any 'external' influences. (To this end, the DPI&F notes that the Committee has been interested in the potential influence that the current trade agenda may have had on BA's decision-making processes. The DPI&F would be disappointed should that influence exist and will continue to observe the Committee's pursuit of this issue).

DPI&F fully understands the focus of the IRA process, and that this must concentrate on the scientific analysis of the relevant risk factors. However, DPI&F believes that the Commonwealth should allow debate and consideration of other criteria before changes are made to import restrictions. Broadly, these criteria would allow the assessment of the social and economic consequences at a regional and community level. Consideration of the socio-economic material will assist in ensuring that a comprehensive cost/benefit analysis is completed at the broadest level. This need not ultimately restrict or limit Australia's international trading obligations, but will allow for improved public understanding of the complex issues involved.

Involvement of Queensland scientific experts in the IRA team.

On occasion, the DPI&F is approached by BA to provide members for an IRA Team or technical working group due to their leading scientific skills and experience in a wide range of relevant areas. In the instance of the Philippine banana IRA team, five scientific experts employed by the DPI&F were engaged by Biosecurity Australia -

two scientists were engaged as members of the IRA Team and three as members of Technical Working Groups. Queensland scientists provide input that is based on their extensive knowledge of Queensland industries and their risks and susceptibility to various pests and diseases. It is important to clarify that while these scientists are employed by DPI&F, BA engaged them as leading experts in their own right during the IRA process - they were not engaged by BA because they were representatives of DPI&F.

The role of these DPI&F scientists as team members in the IRA process does not preclude them from providing their technical opinion on the issues considered under an IRA. This technical opinion can still be provided through this department or can, with prior Departmental approval, be provided to industry for their reference or action. It is important to clarify the separation between the involvement of DPI&F scientists as IRA Team or technical working group members, and the ability of DPI&F to submit responses to any draft IRA on behalf of the Queensland Government. This separation ensures that any formal IRA response prepared by and submitted on behalf of the Queensland government has access to the best scientific expertise available. As indicated, DPI&F is preparing a formal response to this revised draft IRA report, and will submit this as required within the formal response time allowed under the IRA process.

DPI&F has significant concern over the way in which the scientists who have been involved in the Philippines banana IRA process have been targeted, with questions raised about their integrity. While the outcomes of their collective scientific deliberations are rightly subjected to the highest level of scrutiny by all affected parties, the scientists involved in the IRA process must not be subjected to personal attack. BA requested the involvement of these scientists to ensure that there was a full scientific evaluation of the risks that may be associated with the import proposal. If the scientists involved in the IRA process are continually subjected to personal attack on the basis of stakeholder disagreement, then very few credible scientists will want to be part of any IRA process in the future. This will impede Australia's credibility and ability to undertake IRA processes and use its biosecurity status and provisions to manage future proposed imports from around the world. This may also lead to greater levels of World Trade Organisation challenge due to the lack of scientific credibility incorporated into the process.

Socio-economic analysis of the potential impact of importing fresh bananas from the Philippines

DPI&F will be collaborating with the Queensland banana industry regarding the development of a submission to the Federal Government that will address the issues of economic and social impact that could result from any imports of bananas. The following information is the result of a preliminary desktop analysis that demonstrates a significant regional and local impact.

Economic contribution

The banana industry makes a vital and significant contribution to the Queensland economy. While the industry is distributed across the state, there is a high concentration in Far North Queensland (FNQ). In 2001, it was estimated that 591 growers located in FNQ produced 292,000 tonnes of bananas or 80% of the national industry. The gross value of banana production in this region in 2000-01 was \$334m (ABS *Agstats*). Southeast Queensland also makes a notable contribution to the production of bananas.

Table 1: Regional banana production 2001(ABS 2001 Agricultural census)

	Production ('000 t)	Value (\$million)
Queensland regions		
Brisbane	0.9	1.0
Moreton	2.2	2.5
Wide Bay-Burnett	3.0	3.5
Fitzroy	0.1	0.1
Mackay	2.1	2.5
Northern	0.1	0.1
Far North	292.0	334.0
New South Wales	43.5	44.5
Western Australia	6.2	7.0
Northern Territory	7.0	12.1

As Table 1 demonstrates, the base of Queensland's industry is located in FNQ. Within the FNQ region, Cardwell and Johnstone Shires are the two key local government areas that will be severely impacted by the importation of Philippine bananas. Table 2 provides more detailed information regarding the production of bananas in the two Shires and compares it to both the FNQ region and Australia.

Table 2: Banana Production in Far North Queensland, 2000-01

	Cardwell Shire	Johnstone Shire	Far North Queensland Region	Australia
Banana Production (t)	95,876	172,814	292,395	358,388
Value of Banana production (\$)	109.6	197.6	334	409
Value of sugar cane production (\$)	28.4	34.2	120	na
Total value of Agricultural production	148.6	245.6	788	34,237
Proportion of employment in agriculture	30.3	24.1	8	4.9

Source: ABS 2001 census

An economic analysis undertaken by Cummings Economics in 2002 made the following summary assessments in relation to the shires of Cardwell and Johnstone:

Johnstone Shire

- High vulnerability to the collapse of the banana industry
- Medium vulnerability to the closure of sugar cane production
- Medium tourism potential/opportunities as a basis to diversify local economies
- Medium opportunities to expand ornamental plant and flower industries
- High future opportunities for non-banana fruits crops
- Medium to high future opportunities to pursue major field crops to replace sugar.

Cardwell Shire

- High vulnerability to the collapse of the banana industry
- Medium vulnerability to the closure of sugar cane production
- Low tourism potential/opportunities as a basis to diversify local economies
- Low opportunities to expand ornamental plant and flower industries
- Medium future opportunities for non-banana fruits crops
- High future opportunities to pursue major field crops to replace sugar.

Related impacts on communities and industry

There is overlap between the banana and sugar growing regions of Queensland. Indeed, many sugar cane producers diversified their businesses by growing bananas. Given the current economic downturn within the sugar industry, any change to the current quarantine arrangements for bananas will have seriously detrimental effects on these growers, communities and the viability of local economies. It is likely that many producers will be forced to exit the industry.

Social Impacts

Both Cardwell and Johnstone Shires have small populations, and economies that are heavily dependent upon the production of fruit. The Cardwell Shire has approximately 20,000 residents with 842 people (57.1% of total agricultural employment) employed in the fruit industry and the Johnstone Shire has approximately 11,500 residents with 996 people (51.7% of total agricultural employment) employed in the fruit industry.

As a result of these banana-reliant economies, serious consideration must also be given to the social impacts associated with the importation of bananas. Both shires are ranked below the Queensland median for the SEIFA index of relative disadvantage. This suggests that generally people living in these shires have low incomes, low educational attainment, high unemployment and jobs in relatively unskilled occupations. Given this summary, it is likely that these shires would experience considerable difficulties if adjustment as a result of the loss of the banana industry were to occur.

The following information highlights some of the possible social implications should the industry collapse and people leave the community as a result:

- Reduction of both government and non-government services (for example hospitals, schools, supermarkets and produce stores) available to community members. This is a particular problem for small communities such as Tully and Innisfail.
- Reduction of available professionals eg teachers, nurses, doctors, pharmacists; mechanics tradespeople and other skilled people.
- Increase in involuntary separations – for example wives may seek off farm income to support families while the banana industry declines, or to fund maintenance and disease containment activity.
- Reduction in community participation as there are less people available to take on civic roles or perform community services. Additionally there would be less money in the town's economy to spend on community related events and festivals etc.
- Loss of trust in government – people lose faith that governments will act in the public interest.
- Impact on community identity and morale given that bananas have been grown in this region for over 100 years.
- North Queensland generally has lower education levels than other parts of the state – this could impact on people's willingness and ability to embrace change and seek alternative options.

In conclusion, the DPI&F strongly advocates that the Commonwealth Government must address the socio-economic impact of changing import restrictions. While it is acknowledged that it is important not to limit trade, the DPI&F believes that the Commonwealth must ensure that any inequitable burden placed on local communities dependent on the commodity in question is properly addressed. This will facilitate comprehensive, transparent, responsible and informed decisions that will be understood by both industry and communities.

References

- Australian Bureau of Statistics (ABS), Labour Force Statistics 2033.0, Canberra
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- Cummings, C. (2002) The Far North Tropical Coast: Situation Report. Cummings Economics, Cairns
- Cummings, C. (2004), Note on the value of the banana industry to the Farm North Queensland economy. Cummings Economics, Cairns