

Dear Mr Losberg,

Thank you for your contribution to the KAFTA inquiry so far. During the 29 July hearing the NFF were asked two Questions on Notice. The NFF have emailed back to the Committee and indicated that the Australian Dairy Farmers would be better positioned to answer the questions outlined below.

(QoN taken by Tony Mahar and Brent Finlay NFF)

Mr

BROAD: We heard about red meat earlier from MLA and the changes in the timeliness. Would you outline the changes in the timeliness and, if we can get this signed off in 2014, what it means to dairy.

Mr Mahar: I will take that on notice, if that is okay, and give you some specific details. I have some general details, but I will give you particular numbers, if that is what you are seeking.

Mr BROAD: That would be good.

CHAIR: Had you commissioned modelling? MLA had done modelling on that, so, if you have not done modelling, it might be impossible for you to respond.

Mr Mahar: We have not done modelling, but, if I can go back to our dairy members, they may have some specific details.

The NFF suggests that modelling information be obtained from Australian Dairy Farmers (Phone: 03 8621 4200)

Dairy Australia estimates that the first year benefit of tariff savings for Australia under KAFTA will be in the order of US\$7.6 million. That figure will grow year on year as our country-specific quota volumes increase and the out-of-quota tariffs reduce. KAFTA offers the opportunity of growing dairy exports, though both the EU and the USA, both major dairy exporting nations, have a head start through their respective FTAs with South Korea.

To allow tariff cuts to commence, and to ensure we do not fall further behind our competitors, it is crucial that KAFTA is ratified before the end of 2014 to kick-start the liberalisation process. If implementation occurs in this calendar year—even late this year—Australian dairy will begin to take advantage of a tariff-reduction time line and will move to the second year from 1 January 2015. However, if implementation does not occur until 2015, Australia will fall another year behind the EU and the US in terms of commercial disadvantage. It is vital that this opportunity for early implementation is not lost.

Mr BROAD: That would be of value. MLA were saying, 'If we can get it signed off this year, it works out at \$408 million over the next 15 years,' which adds value to the discussions of the speediness. You also talked about infant formula. My understanding is that we did not get much in the way of milk powder. What is the difference between infant formula and milk powder?

Mr Mahar: Again, I would have to take that on notice and give you some specifics around the make-up of the product.

Again, the NFF suggests that the requested information be obtained from Australian Dairy Farmers (Phone: 03 8621 4200)

Whole Milk Powder is a manufactured dairy product typically produced by the removal of the water content from liquid milk, resulting in a dried product with a moisture content of around 4%; with other constituents such as milk fat, lactose, minerals and proteins in approximately the same ratio as the original milk from which it was manufactured. If the fat content is also removed the end product is known as Skim Milk Powder.

Infant formula is a specialised manufactured food that can be produced in both powdered and liquid forms. It is designed for feeding to babies and infants under 12 months of age. The most commonly used infant formulas contain purified cow's milk whey and casein as a protein source, a blend of vegetable oils as a fat source, lactose as a carbohydrate source, a vitamin-mineral mix, and other ingredients depending on the manufacturer. There are some types of infant formulas that use alternatives such as soybean as a protein source in place of cow's milk.

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