

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2015-16 Additional Budget Estimates
11 February 2016

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Exploited labour

REFERENCE: Question on Notice (Hansard, 11 February 2016, page123)

QUESTION No.: AI-28

Senator XENOPHON: I want to go to the issue of ethical supply chains. On 30 January this year, Paola Totaro in The Australian—I think she is The Australian's European or London correspondent—wrote an article about the Italian Mafia's use of slave labour to pick tomatoes. I do not know if you saw that article at all?

Mr Seymour : Yes, I did.

Senator XENOPHON: The article highlighted that Mafia gang masters are exploiting vulnerable migrants from Africa and eastern Europe to harvest crops by keeping them in ghettos and controlling their access to food and water—pretty terrible conditions; awful conditions. Does the Anti-Dumping Commission consider labour standards when assessing anti-dumping cases? Can it do so and does it do so?

Mr Seymour : No, it does not; however, the labour input costs in the establishing of the cost basis for the goods, and to have ultimately arrived at a normal value for those goods in Italy, does require us to look at labour inputs. But providing they meet international accounting standards, and Italian accounting standards in this case, we do not take a view about how they are constructed.

Senator XENOPHON: I do not quite understand that, because if slave labour, for want of a better word, is being used—

Mr Seymour : Senator, I can cut to the chase here and say there was no evidence of that nature submitted to—

Senator XENOPHON: Okay, exploited labour—

CHAIR: What is the difference between exploited labour and slave labour? There is no evidence of exploited or slave labour?

Mr Seymour : It certainly was not part of the investigation.

Senator XENOPHON: Okay, to what extent—I might ask Senator Sinodinos a question on this in a minute, to get the government's view, because I know that the official cannot talk about policy issues. I know you are always happy to talk about policy, Senator.

Senator Sinodinos: I love policy!

Senator XENOPHON: I know, that is why I would love to ask you a question about it.

CHAIR: He is a policy junkie.

Senator XENOPHON: That is right; a policy tragic I think, Chair. Let us just use in broad terms 'exploited labour'. Paola Totaro's piece in *The Australian* was quite graphic: the way people are being used and exploited, clearly not being paid even EU award wages, or whatever the system is in the EU; the allegations of access to food and water being denied—and presumably there are threats that they will be sent back to North Africa if they do not do the bidding of these Mafia gang masters. To what extent does the commission have the ability, the power, to drill into that, or to at least say, on the face of it, 'We can make a presumption that, due to a lack of cooperation or a lack of information being provided, that we think exploited labour is being used here'?

Mr Seymour : One of the tests is: is the data being provided by the exporter a true reflection of competitive costs? But to the extent that labour costs are an input into the overall cost analysis—I sometimes say 'model'; I am reminded that we do not build the model as such, but the cost analysis—if there was evidence provided as part of this submission, you could probably ask the question: are they an accurate reflection of true labour costs.

Senator XENOPHON: But do you do—

Mr Seymour : But that would be on the basis that someone would bring that complaint to us and say that that is the case, and it has not happened.

Senator XENOPHON: Okay, if I were to write to you tomorrow and say, 'Here are these allegations contained in this piece', then on the face of it has been raised by this investigative journalist. Is that something that you would investigate further? I think there have been other issues raised in respect of exploited labour in these sorts of markets. We pride ourselves in this country on strong occupational health and safety standards, a strong award system, fair remuneration for people's pay. How can you deal with it?

Mr Seymour : I have completed the investigations now, and so I would have to think about how I would consider such a request. In the short term, there is a question of whether I have the jurisdiction to do what you are suggesting. I would have to come back to you.

ANSWER

On 18 January 2016, the Commissioner of the Anti-Dumping Commission completed the investigation into the alleged dumping of prepared or preserved tomatoes exported from Italy by Feger di Gerardo Ferraioli S.p.A and La Doria S.p.A. On 10 February 2016, the Parliamentary Secretary to the Minister for Industry, Innovation and Science (Parliamentary Secretary) accepted the recommendation of the Commissioner to impose dumping duties.

When making a recommendation to the Parliamentary Secretary, the Commissioner considers all relevant and reliable evidence available to him. During the course of an investigation, the Commissioner will consider whether the records of exporters reflect competitive market (input) costs.

In determining normal value for preserved or prepared tomatoes during the course of the investigation, the Commissioner found that the exporter's records did not reasonably reflect competitive market costs for raw tomatoes. Therefore, the Commissioner applied an adjustment to the cost of raw tomatoes in order to determine the true cost of production of prepared or preserved tomatoes.