

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 10

Division/Agency: APD – Agricultural Productivity Division

Topic: Governance in MLA and with Department

Proof Hansard Page: Written

Senator Coonan asked:

Please refer to the 2002 Rural and Regional Affairs and Transport Legislation Committee's report on "The Australian meat industry consultative structure and quota allocation", specifically the "Second report: Existing government advisory structures in the Australian meat industry".

The report stipulates that "It was put to the Committee that this process is undemocratic", in relation to the governance and Board structure of Meat and Livestock Australia (p. 11).

1. Has the Government investigated this claim by the Committee?
2. Have there been concerns raised about the governance of MLA with the Department?
3. Have these concerns been investigated?
4. Does the Department or Minister have a process in place to investigate concerns such as those in the Senate committee report?
5. Have there been concerns raised by industry representatives or farmers to the Department or the Minister about the transparency or operation of MLA?

Answer:

1. The previous government's response to the committee's report was tabled on 11 August 2003. It accepted all the recommendations in principle but noted that any change to the MLA Articles of Association or the board selection processes was a matter for the MLA board and membership to consider. The government response also stated that it encouraged MLA to consider making the board selection process more democratic and open to participation by MLA members.
2. See response to 20 (APD) of Budget Estimates 2011.
3. See response to 20 (APD) of Budget Estimates 2011.
4. See response to 20 (APD) of Budget Estimates 2011.
5. See response to 20 (APD) of Budget Estimates 2011.

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Question: 11

Division/Agency: APD – Agricultural Productivity Division

Topic: LIAWB

Proof Hansard Page: written

Senator Coonan asked:

Why is the LIAWB working to encourage the adoption of OIE standards rather than Australian standards?

Answer:

All of Australia's live export trading partners, including Indonesia, are members of the World Organisation for Animal Health (OIE) and recognise OIE guidelines. The OIE is a World Trade Organization reference organization.

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Question: 12

Division/Agency: APD – Agricultural Productivity Division

Topic: Restraint Boxes

Proof Hansard Page: 80 (24/05/2011)

Senator Siewert asked:

Senator SIEWERT: The Animal Welfare and Product Integrity Committee. And it has also made comments about restraint boxes, is that correct?

Mr Murnane: I am sorry, Senator, it does not come immediately to mind.

Senator SIEWERT: Would you take that on notice, please?

Dr O'Connell: There is a lot of work goes through that committee, the AWPIC committee, so we would have to take that on notice.

Senator SIEWERT: If you could, and take on notice what advice it has been provided and what has been the response to that advice. Thank you that would be appreciated.

Answer:

Yes, in 2009, the Animal Welfare and Product Integrity Taskforce of the Primary Industries Standing Committee developed a risk management framework on ways to improve animal welfare outcomes at slaughter. The use of animal restraint boxes was included in that framework.

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Question: 13

Division/Agency: APD –Agricultural Productivity Division

Topic: COAG Reforms

Proof Hansard Page: Written

Senator Colbeck asked:

1. Can you provide an update on the COAG reforms and whether the June 2011 deadline will be fully met?
2. If not, what are the timeframes before full implementation will be reached?
3. What remains to be done?

Answer:

1. The federal, state and territory governments are working through the Product Safety and Integrity Committee (PSIC), on behalf of the Primary Industries Ministerial Council (PIMC) to deliver a preferred regulatory model, funding model and inter-governmental agreement on a single national regulatory framework for agricultural and veterinary chemicals for Council of Australian Governments' (COAG) consideration.

At PIMC 19, held on 14-15 April 2011, the council acknowledged that some additional time was required to complete the reform and resolved that it would seek the agreement of COAG to vary the delivery of the COAG milestones from June to December 2011.

2. It is proposed that the required COAG milestones of a preferred regulatory model, funding model and inter-governmental agreement will be delivered by December 2011.
3. A preferred regulatory model, funding model and inter-governmental agreement are under development.

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Question: 14

Division/Agency: APD – Agricultural Productivity Division

Topic: National Food Policy Working Group

Proof Hansard Page: Written

Senator Colbeck asked:

1. Please provide details of the appointment process for the National Food Policy Working Group. Was there an open call for expressions of interest to going the working group?
2. Please provide details of the selection criteria for the National Food Policy Working Group.
3. Please provide details of how the number of working group was determined.
4. What is the annual budget for the working group?
5. Please provide details of how current working group expenditure compares to the budget.

Answer:

1. The Minister for Agriculture, Fisheries and Forestry wrote to individuals inviting them to participate in the Food Policy Working Group, which would be a two-year term appointment. There were no calls for expressions of interest.
2. Members of the Food Policy Working Group were invited for their specific expertise across the food supply chain (including food processing, service, retail and logistics/transport) and other interest areas such as research, consumers, public health and the labour market.
3. The Minister for Agriculture, Fisheries and Forestry determined the number of working group members.
4. There is no specific budget for the working group. The department absorbs costs in relation to the working group.
5. The cost to the department for the two working group meetings that have been held to date was \$1762.65.

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Question: 15

Division/Agency: APD – Agricultural Productivity Division

Topic: Carbon Tax

Proof Hansard Page: Written

Senator Colbeck asked:

1. Has the Agricultural Productivity Division been consulted in the development and design of the proposed Carbon Tax?
2. What involvement, if any, has the Agricultural Productivity Division had in relation to the proposed Carbon Tax?
3. Has the Agricultural Productivity provided any advice or been asked to provide any advice to the Minister or others in relation to the proposed Carbon Tax?
4. Has any assessment been made of the implications for our Agricultural sector of the proposed Carbon Tax?
5. Does the Agricultural Productivity Division expect to are you planning to provide any advice or undertake any work in relation to the Carbon Tax in the future?

Answer:

1. DAFF has been consulted as part of the whole-of-government process to develop the carbon tax. The Climate Change Division is the lead division within DAFF and has sought input from divisions across the department, including from Agricultural Productivity Division.
2. See answer to question 1.
3. See answer to question 1. The Climate Change Division has provided advice to the Minister on the carbon tax proposal.
4. Implications of a carbon price on specific sectors is being undertaken by the Treasury, and will include impacts on agriculture. The Treasury report will be released shortly. The department is not undertaking or has been directly involved in any specific assessment work on the impact of a carbon price on portfolio industries. The department has participated in the interdepartmental committee on the Treasury's carbon price modelling. In addition, ABARES has assessed the sequestration potential from reforestation activities under selected carbon price paths for the Treasury.
5. Yes, in conjunction with Climate Change Division and other divisions in DAFF.

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Question: 16

Division/Agency: APD – Agricultural Productivity Division

Topic: Effect of high Australian dollar on agricultural industry

Proof Hansard Page: Written

Senator Heffernan asked:

The Government have clearly underestimated the damage caused to the agricultural industry by the abnormally high Australian dollar through their minimalistic budget cuts. How does the Government plan to ease the pressure of the Australian dollar on Australian farmers?

Answer:

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) released a report on Australian commodities in June 2011 which indicates Australia has seen significant increases in agricultural prices and production in 2010-11. The report estimated Australian farm commodities' unit export returns increased by 10.8 per cent in 2010-11 compared with 2009-10.

Export earnings for farm commodities are estimated at \$32 billion in 2010-11. The report forecasts a 6.6 per cent increase in 2011-12. ABARES forecasts increased export earnings for wheat, oilseeds, rice, raw cotton, wine, sheep meat and wool in 2011-12.

The Australian Government is committed to supporting agricultural productivity growth in Australia, as a long-term solution to dealing with challenges facing the agricultural industry. Investment in agricultural productivity will assist farmers to remain internationally competitive and to sustain their businesses and incomes in an unpredictable environment.

The government invests significantly in rural research and development and encourages the adoption of innovative on-farm practices so Australian farmers can improve productivity. The government provides more than \$200 million each year in matched funding to the 15 research and development corporations and on 15 June 2011 announced that it will continue to provide matched contributions of up to 0.5 per cent of an industry's gross value of production. In addition, the \$130 million *Australia's Farming Future* initiative is helping primary producers adapt and respond to the impacts of climate change and maintain their productivity.

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Agriculture, Fisheries and Forestry

Question: 17

Division/Agency: APD – Agricultural Productivity Division

Topic: Unsustainable milk process

Proof Hansard Page: Written

Senator Heffernan asked:

In answer to QON32 Additional Estimates February 2011 on the impact of unsustainable milk prices you said the department was working with industry to assess any impact of this on production and processing.

1. How is that progressing?
2. Who from the industry are you engaging with?
3. Are you speaking to the processors and to Coles?
4. Are you looking at the impact on the different states, especially WA, Queensland and NSW?
5. In answer to QON 44 Additional estimates Feb 2011 on the transparency of Viterra. Your answer missed the point of the question. Viterra has access to information that no other grain buyer in SA has. They are the only ones who know how much of each grain at each classification is available in SA by receival site. This gives them an unfair marketing advantage as they know exactly what competition they have when selling into markets whereas other grain buyers do not. Do you agree that this gives them an unfair market advantage (please explain your answer)?
6. In QON 51 Additional estimates Feb 2011 you were asked that as one of the government's stated reasons for the drought pilot from the incoming government brief was that *Some current policies and programs may unintentionally delay necessary change and discourage self reliance.*" – what current policies and programs may unintentionally delay necessary change and discourage self reliance?
7. What else are you referring to and can you provide details?
8. Your answer was the Department was not referring to any other current policies or programs. How do you then base your argument on the need for the pilot and changes to the drought support system when you were apparently not referring to any policy?

Answer:

1. The department is continuing to monitor the situation through organisations such as Australian Dairy Farmers Ltd and Dairy Australia Ltd. Minister Ludwig and his advisers have also met with several dairy industry organisations to discuss the impact of the current milk pricing strategy. Participants in the industry supply chain, including processors and retailers, are reluctant to disclose information about their pricing policies and structures.

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2. We engage with representatives of farmers, processors and retailers.
3. Yes.
4. Yes.
5. In its review of wheat export marketing arrangements, the Productivity Commission (the Commission) found that industry participants varied in their opinions on the costs and benefits of providing wheat market information. It saw value in the provision of stocks information by state to support the effective operation of the domestic and export wheat markets.

Overall, the Commission found that since deregulation of the market, considerably more market information is publicly available than was the case under the single desk. In particular, greater amounts of short-term (stocks) information is provided and is done so in a timely manner. This includes provision of stocks information by state through the Australian Bureau of Statistics (ABS)/Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) wheat market information project.

The Commission also found that the costs of requiring the bulk handling companies to provide information beyond the state level to either a 'port zone', receival site or silo level are potentially significant. It believes it is unlikely that mandatory provision of this information would represent a net benefit to the industry. It also found that greater disclosure of this information by non-mandatory means could be expected to improve the operation of the wheat market and that it was up to industry to determine what information it requires and to meet the associated costs. It also concluded that there might be merit in the industry delivering such services on a collective basis to take advantage of the economies of scale, however, this is a matter for the industry itself to consider.

6. This statement is referring to current Exceptional Circumstances (EC) arrangements and related drought assistance measures.
7. The comment was referring to current Exceptional Circumstances (EC) arrangements and related drought assistance measures.

The national review of drought policy found that the current EC arrangements and related drought assistance might no longer be appropriate in the context of a changing climate, and that the EC declaration process is inequitable and unnecessary. The EC Interest Rate Subsidy (ECIRS) was found by the Productivity Commission to create a number of perverse incentives and unintended outcomes that might inhibit the use of more self-reliant approaches to managing the consequences of drought.

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Question: 17 (continued)

In response to the review, the government is conducting a pilot of drought reform measures in part of Western Australia to test new assistance measures. The measures are designed to move drought policy from a crisis management to a risk management approach. The aim is to better support farmers, their families and rural communities to prepare for future challenges, rather than wait until they are in crisis before offering assistance.

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Agriculture, Fisheries and Forestry

Question: 18

Division/Agency: APD - Agricultural Productivity Division

Topic: Staff in Indonesia

Proof Hansard Page: written

Senator Coonan asked:

Since Mr Murane's advice on May 24 that there are 9 fulltime staff in the Livestock Industries and Animal Welfare Branch (LIAWB) and they are all based in Canberra, have any staff been allocated to Indonesia and are now based to investigate the welfare of cattle in Indonesia?

Answer:

No.

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Question: 19

Division/Agency: APD – Agricultural Productivity Division

Topic: Slaughter to Australian standards

Proof Hansard Page: Written

Senator Coonan asked:

Transport, handling and slaughter of animals in countries that import Australian animals for slaughter is not done to Australian standards. How long would it take to achieve Australian standards in facilities that feedlot, handle and slaughter Australian animals in importing countries?

Answer:

The Australian Government will seek to promote animal welfare standards agreed by the World Organisation for Animal Health (OIE).

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Agriculture, Fisheries and Forestry

Question: 20

Division/Agency: APD – Agricultural Productivity Division

Topic: Existing Government Advisory Structures in the Australian Meat Industry

Proof Hansard Page: Written

Senator Coonan asked:

I refer to the 2002 Rural and Regional Affairs and Transport Legislation Committee's report on "The Australian meat industry consultative structure and quota allocation", specifically the "Second report: Existing government advisory structures in the Australian meat industry."

1. The report stipulates that "It was put to the Committee that this process is undemocratic", in relation to the governance and Board structure of Meat and Livestock Australia (p. 11).
2. Has the MLA acted upon the concerns in the Report?
3. Have there been concerns raised about the governance of MLA with the Department?
4. Have these concerns been investigated?
5. Have there been concerns raised by industry representatives or farmers about the transparency or operation of MLA?

Answer:

1. No question has been asked here.
2. MLA advises it undertook widespread consultation with its members and other related parties in response to the committee's report. MLA further advises there were two outcomes from this consultation—the need to maintain a skills-based board and the need to have greater directly-elected producer representation on MLA's board selection committee.

The MLA Board took a resolution to the 2003 Annual General Meeting to amend its board selection committee structure by replacing two current MLA director positions with representatives elected by members. This resolution received a 73 per cent vote in favour at the 2003 AGM, short of the 75 per cent required to amend MLA's constitution.

3. Yes. The Department of Agriculture, Fisheries and Forestry and the Minister for Agriculture, Fisheries and Forestry periodically receives letters from people connected to the red meat industry that raise concerns about MLA governance.
4. The Australian Government monitors MLA's governance through the administration of its statutory funding agreement with the company. Under the

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Question: 20 (continued)

current agreement, MLA must meet with the government at least once every 12 months to consider governance issues. It must also commission an independent performance review of the organisation, including governance issues, before the agreement expires. MLA's most recent performance review, in 2010, is available at

www.mla.com.au/About-the-red-meat-industry/About-MLA/Company-overview/Performance-review

5. Yes. In line with the answer to question two, members of the industry periodically raise concerns about the transparency and operations of MLA.

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Question: 21

Division/Agency: APD – Agricultural Productivity Division

Topic: Export of Livestock

Proof Hansard Page: 63 (24/05/2011)

Senator Xenophon asked:

Senator XENOPHON: In response to my question on notice from last estimates, it was reiterated that some state based agencies have the capability to enforce the Australian Standards for the Export of Livestock, the ASEL, but they do not have jurisdictional responsibility for administering the ASEL. Please provide me with the names of those agencies.

Mr Read: I will have to take that on notice.

Answer:

The domestic transport component of the ASEL comes under state and territory animal welfare legislation. Agencies responsible for administering that legislation are:

New South Wales –

Department of Primary Industries

Northern Territory –

Department of Local Government, Housing and Sport

Queensland –

Department of Employment, Economic Development and Innovation

South Australia –

Department for Environment and Heritage

Tasmania –

Department of Primary Industries and Water

Victoria –

Department of Primary Industries

Western Australia

Department of Agriculture and Food

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Question: 22

Division/Agency: APD – Agricultural Productivity Division

Topic: Live Animal Exports – stunning in Indonesia

Proof Hansard Page: 76 (24/05/2011)

Senator Coonan asked:

Senator COONAN: Yes, I am sure industry do recognise the importance of continuing to make beneficial changes. I would certainly say that. Is there any difference in content, apart from the fact that Australian standards are enforceable, as to what best practice is between the OIE guidelines and Australian standards, and what recommended methods are for those sorts of things?

Mr Glyde: The people that can most help you with this were on earlier on in the Biosecurity Services Group. We might be able to see if we can find someone who can help out, but really you are asking for a veterinary opinion in a way.

Senator COONAN: I can put that on notice.

Mr Murnane: For the sake of a complete answer it might be most sensible for us to get back to you with a complete answer. You are right—there are differences between the OIE standards and the standards that are enforced in Australia.

Answer:

The OIE guidelines are framed as statements of objectives and of outcomes for animal welfare. OIE member countries develop their own arrangements to implement the guidelines.

Australian requirements for the handling and slaughter of livestock are set out in the *Australian Standard for the Hygiene Production and Transportation of Meat and Meat Products for Human Consumption (AS4696)*, which meets the OIE guidelines.