

Rural and Regional Affairs and Transport Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2012
Agriculture, Fisheries and Forestry

Question: 72

Division/Agency: Trade and Market Access Division

Topic: Access to Indonesian ports

Proof Hansard page: 129-130

Senator COLBECK asked:

Senator COLBECK: On the closure of Indonesian ports: we have survived the first round of process in relation to Tanjung Priok, and that remains open to Australia, the US and Canada—and, I think, one other country. There were four of us that were part of that, recognising our food safety system.

Ms Evans: The other one is New Zealand, Senator.

Senator COLBECK: Thank you. What is the process with negotiations with Indonesia on the other nine ports that were part of that whole discussion?

Mr Withers: Sorry, Senator—the other nine?

Senator COLBECK: Ports. That refers to your question—

Ms Evans: We will have to take it on notice. But the Tanjung Priok port was by far the most significant one for us—

Senator COLBECK: That took about 90 per cent of our horticultural product.

Ms Evans: That is right. I will take it on notice to find out where we are up to and what exactly has happened with the other nine.

Answer:

Australia has access to all ports in Indonesia for horticultural products.

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Question: 224

Division/Agency: Trade and Market Access Division

Topic: International Agreements

Proof Hansard page: Written

Senator COLBECK asked:

Explain how the following money is used and whether the funding amounts are tied to international agreements.

1. AAA International Agricultural Cooperation	\$376 000
2. UNFAO Food and Ag organisation of UN	\$12 531 000
3. International Organisations Contributions	\$1 736 000

Answer:

1. Funding for International Agricultural Cooperation (IAC) is used for projects and activities that aim to improve market access and trade growth for Australia's agriculture, fisheries, forestry and processed food industries. Funding supports the promotion of rural exports by building bilateral government-to-government relationships, facilitating improved market access and trade growth for portfolio industries and providing technical and capacity building assistance to targeted trading partners. Some IAC funds are intended for use on activities related to the Australia-China Agricultural Cooperation Agreement.
2. The budget allocation for the UN Food and Agriculture Organisation supports Australia's membership of the Food and Agriculture Organisation and its subsidiary organisations, including the annual assessed member contribution, which is based on the UN Scale of Assessments. It is governed by the *United Nations Food and Agriculture Organisation Act 1944*. This budget allocation addresses key food security, agricultural productivity and standard setting and capacity building issues.
3. Funding for International Organisation Contributions is used to ensure portfolio obligations are met and government interests are reflected in international agreements, organisations and standards relating to animal, plant and food products and environmental health and sustainability. Funding is provided to the Commission for the Conservation of Southern Bluefin Tuna; Indian Ocean Tuna Commission; Network of Aquaculture Centres in the Asia-Pacific; Western and Central Pacific Fisheries Commission; International Grains Council; International Sugar Organisation; International Cotton Advisory Committee; and the International Organisation of Wine and Vine. Funding amounts are based on membership contributions as set out within each organisation's international agreement.

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Question: 225

Division/Agency: Trade and Market Access Division

Topic: Ministerial Visits

Proof Hansard page: Written

Senator COLBECK asked:

Why is it that there are so many issues with live export when Minister Ludwig has just been to visit and had discussion with his “Middle East counterparts” in Bahrain, Kuwait, Qatar and Saudi Arabia?

Ludwig visited Bahrain, Kuwait, Qatar and Saudi Arabia and all these countries have animal welfare issues with live exports.

Bahrain

Ocean Drover carrying 22,000 sheep was blocked from unloading in Bahrain – late August 2012.

Kuwait

Kuwait also rejected a shipment of 50,000, was due to dock late August 2012.

Qatar

Of the 10,000 sheep exported to Qatar for breeding, up to 7,000 had died from malnutrition and heat stress by August.

“Another 250 pregnant dairy cows were exported to the same location in June. Many of these animals calved within days of their arrival, demonstrating a serious breach of the Australian Standards for Exported Livestock (ASEL)”

Saudi Arabia

Movement of livestock to Saudi Arabia is expected to come to a stop for the time being as a result of Australia’s new animal welfare standards.

“ESCAS has a long way to go in Saudi Arabia. We are still negotiating with the Australian Government in respect to some issues that exist internally with the Saudi Government over issues surrounding ESCAS”

Answer:

Following eleven years of the Howard government failing to act to provide for animal welfare in the live export trade, the current Australian Government has introduced the world’s most comprehensive animal welfare regulations which require exporters to ensure international standards are applied from the farm to the point of slaughter under the Exporter Supply Chain Assurance System (ESCAS).

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Minister Ludwig's visit from 26 January to 3 February 2012 to Saudi Arabia, Kuwait, Bahrain and Qatar, established good personal relationships with his counterpart ministers in these countries as the government moved to implement ESCAS in a staged manner over the course of 2012. These relationships are important for Australia's overall relationships, not just the livestock trade, and have been the foundation for Minister Ludwig's subsequent conversations and correspondence with counterparts in various Middle Eastern markets. The Minister and the Australian Government will continue to engage with governments in the region to support the efforts of Australian exporters and to improve animal welfare outcomes in Australia's live export trade.

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Question: 226

Division/Agency: Trade and Market Access Division

Topic: Name Change (Rebranding)

Proof Hansard page: Written

Senator COLBECK asked:

In response to QON [177] regarding the name change from AQIS to DAFF Biosecurity, the department advised they were “working through, in consultation with industry, a plan for completing the implementation of the name change in our export markets. This will ensure there is a complete understanding of the new name.”

1. How has the consultation with industry progressed?
2. Is there now a plan for completing the implementation of the name change?
 - a. If so, what is it?
 - b. If not, when will it be available?
3. What is the cost of implementing the name change with our trading partners?

Answer:

The above questions were also asked in part 2 of QoN 163 (Border Compliance Division) from the Supplementary Budget Estimates hearing in October 2012. The response provided is as follows:

1. Initial consultation occurred through Industry-Government market access liaison forums including the National Farmers’ Federation (NFF) Trade Committee, the Red Meat Market Access Committee and the Wine Industry Trade Committee.

The Department of Agriculture, Fisheries and Forestry subsequently provided a draft written implementation plan to representatives of the meat, seafood, horticulture, grains, pet food, organics, dairy, ruminant genetics and live export industries on 31 July 2012 and requested feedback. The consultation period closed on 31 August 2012.

2. a) Yes. A copy of the plan is attached.
3. No additional costs will be incurred as a result of the name change.

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Question: 226 (continued)

Attachment

Timeframe for International Rollout

July 2012	<p>1. On 10 July 2012 the Australian Government made a statement to the World Trade Organization (WTO) Sanitary and Phytosanitary (SPS) Committee that the Australian Government intends to retire the AQIS brand. This statement was the first step to ensuring trading partners are aware of the Australian Government's new DAFF identity and that:</p> <ul style="list-style-type: none"> - products exported to Australia will continue to be accepted if they meet Australia's import requirements; - there will be no change to the competent authority and that key contacts remain the same; - the Australian Government will make formal representations prior to making any physical changes to export certification documentation.
	<p>2. DAFF informed existing AQIS Authorised Officers and Veterinarians of the changes to their titles, identification cards and uniforms. These officers will now be known as 'Australian Government Authorised Officers/Veterinarians'.</p>
August 2012	<p>3. Audit of specific-market requirements for sample certificates to be completed, including the number of samples required for each market and the level of notice required by importing governments. Samples will be provided to:</p> <ul style="list-style-type: none"> - Middle East –Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Israel, Iran, Iraq, Lebanon, Jordan, Turkey - Africa – South Africa, Egypt, Morocco, Libya - European Union - Russia - China
	<p>4. DAFF to write to export industry stakeholders to communicate the changes to export-focussed industries. This will follow on from previous letters from the DAFF Secretary in December 2011 and March 2012 and will go to representatives of the meat, seafood, horticulture, grains, pet food, organics, dairy, ruminant genetics and live export industries.</p>
October 2012	<p>5. DAFF to prepare and provide comprehensive briefing material on the new identity to Australian Government posts. The briefing will provide:</p> <ul style="list-style-type: none"> - Information on the changes - Fact sheets – both in English and translated for the host country <p>Detailed handling notes will be provided for markets identified as particularly sensitive.</p>

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	<p>6. A statement updating members on implementation of the new DAFF identity will be made by the Australian Government at the October meeting of the WTO SPS Committee.</p>
November 2012	<p>7. Australian Government to make formal representations to trading partners advising of the retirement of AQIS brand for all audit, inspection or certification functions. Official correspondence will convey the following messages:</p> <ul style="list-style-type: none">- The rationale for the change – the new identity captures the way in which Australia’s biosecurity system is changing to address pest and disease risks offshore, at the border and onshore rather than focussing on quarantine activities at the border.- The authority under which audit, inspection and certification activities are conducted will not change.- Reassure trading partners that key contacts will remain the same.- Communicate timeframes, noting the transition period during which they may continue to see ‘AQIS’ on certificates or in attestations. Note that new security paper featuring the words ‘Australian Government’ and the Commonwealth Coat-of-Arms will accompany health certificates from early 2013.- Explain that AQIS references in existing health certificates will not be changed unless certification conditions need to be renegotiated.- Any further questions or queries can be directed to the Australian Embassy in their capital.
	<p>8. All necessary changes to the DAFF website and relevant URLs to be completed. A formal notice will be displayed on the DAFF website.</p>
Jan 2013	<p>9. Samples of the new security paper will be distributed by posts to markets identified as sensitive to change. Authorities provided with samples will be notified of the date at which the new security paper will begin accompanying health certificates.</p>
	<p>10. Relevant industries to be advised that new security paper will be ready for distribution.</p>
Mar 2013	<p>11. New security paper to be provided to establishments to accompany all new export certificates.</p> <ul style="list-style-type: none">- Noting that the visual changes to export certificates represent the most significant risk of trade disruption, DAFF will maintain an ongoing approach with markets identified as being most sensitive to the change.

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Question: 239

Division/Agency: Trade and Market Access Division

Topic: Support in the trade sector

Proof Hansard page: Written

Senator COLBECK asked:

1. What is the Minister's response to the alarming findings?
(The OECD has released its annual review of national agricultural policies, and the results confirm they total government support measures for Australian agriculture are at the lowest for any developed national on earth, when expressed as a percentage of GDP. The review looks at 'total support' which includes tariffs, subsidies and funding for things like research and development. Australia received just 0.16% of gross domestic product).
2. Australia's agriculture sector generates 15 per cent of our Export dollars, yet receives the lowest level of Government support, just 0.16% of GDP, why isn't there greater support from the Federal Government for this essential industry?
3. Australian Farm Institute executive officer Mick Keogh has stated *'The concept of Australia as the food bowl of Asia is fanciful in the absence of sensible investment levels for agricultural R, D and E (research, development and extension), regional transport infrastructure, regional services such as education and health and a reduction in regulatory cost burdens'*.

In light of the review and comments by Mick Keogh does the Minister still believe Australia is 'well placed' to meet growing food demands from SE Asia?

Answer:

1. Agricultural subsidies do not result in efficient, competitive agriculture sectors. Despite the use of high-level subsidies by our trading partners, Australian agriculture continues to out-compete them on the world market in a range of agricultural commodities. The Productivity Commission recently released its Trade and Assistance Review 2010–11 and found the Government provided \$17.7 billion (gross) in assistance to industry through a range of measures. Research, development and innovation received a significant component, amounting to about 27 per cent of total budgetary assistance.

The OECD's 2012 Monitoring and Evaluation Report reinforces that Australia's farming sector remains one of the world's most market-oriented and demonstrates our ability to compete on the world stage.

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2. The Australian Government targets support for Australian farmers, avoiding trade or production distorting support. This support includes investment in rural research and development to ensure Australian farmers continue to be among the most innovative and productive in the world.

The Australian Government is a strong supporter of Australian agriculture and is helping create an operating environment that encourages growth and investment. This work includes building a strong economy, appropriate regulatory settings, and controlling inflation. The government will continue to support the rural sector through investment in research and development to help industries find smarter ways to do business, building a highly skilled workforce, and working to grow international and domestic markets to create opportunities. For example, rural research and development plays an important role in increasing the productivity, sustainability and international competitiveness of Australia's rural industries.

3. Yes.

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Question: 258

Division/Agency: Trade and Market Access Division

Topic: Reform of Australia's Biosecurity System

Proof Hansard page: Written

Senator EDWARDS asked:

With reference to Written Question on Notice 276, part 2 (May Budget Estimates 2012) the Department was asked what it is doing to deliver market access, specifically which industries and where. The response pointed to involvement in broader whole-of-government efforts and the Trade and Market Access Division. The Malaysia Free Trade Agreement was specifically cited.

1. Does Biosecurity have details of the additional export volumes of product exported from Australia? (as evidence that the FTA has actually increased export from Australia to Malaysia, particularly important given a number of changes don't happen until 2016, 2023 or 2026)
2. If Biosecurity doesn't have evidence of this, can they cite another example of where they have produced tangible results in "pursuing new and improved market access opportunities"?

Answer:

1. The Malaysia Australia Free Trade Agreement (MAFTA) will enter into force once Australia and Malaysia have completed their domestic ratification procedures. The earliest MAFTA would take effect is 1 January 2013.
2. The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) entered into force in 2010 for eight of the twelve signatories. Entry into force for the remaining signatories took place over subsequent years. Indonesia was the final country where the agreement entered into force; this took place on 10 January 2012)
 - Australia secured a number of tariff reduction/elimination commitments under AANZFTA that are of direct benefit to the agricultural sector:
 - *Dairy:* The ASEAN market is significant for the Australian dairy industry – accounting for 29 per cent of our total exports of dairy products, or \$800 million in sales in 2011-12. Tariffs on nearly all dairy lines were bound at their applied rates on entry into force, or will phase to 0 per cent over time for our major ASEAN markets. The exception is a small number of lines covering liquid milk, some whey products and some cheese that will be phased to 4 per cent in Indonesia, two lines in the Philippines that will be phased to 5 per cent and 3 lines (liquid milk) in Malaysia that are subject to improved tariff quota access. It should be noted that tariff quota volumes for liquid milk lines will be further expanded for Malaysia under MAFTA.

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- *Horticulture:* For vegetables, good gains were delivered in Malaysia and Vietnam, with tariffs on all products phasing to 0 per cent over time. For fruit, most ASEAN tariffs will be eliminated except for a small number of products including mandarins and mangoes in Indonesia and a number of tropical fruits in Malaysia. It is worth noting that the remaining tariffs on tropical fruits in Malaysia will be eliminated by 2016 under MAFTA. Australian fresh fruit exports to the ASEAN region were valued at \$119 million in 2011-12, with fresh vegetable exports valued at \$47 million.
- *Meat:* Tariffs on most meat lines will be eliminated, although a few are subject to tariff reductions only, and a small number of lines are excluded from tariff commitments in some countries (including some lines related to frozen beef and sheepmeat for Indonesia). The value of Australian meat exports to the ASEAN region in 2011-12 was \$595 million.
- *Wine:* Both the Philippines and Vietnam will provide good tariff reductions over time (the Philippines will phase all tariffs to 0 per cent by 2015 and Vietnam will reduce its tariffs significantly in 2022. Australian exports of wine to these markets in 2011-12 were valued at \$8.7 million.

The Thailand Australia Free Trade Agreement (TAFTA) has been in force since 2005.

- TAFTA has provided Australian industries with a variety of tariff concessions and will see the majority of products from portfolio industries completely free of tariffs and quantitative restrictions from 2015. Agricultural exports to Thailand that have benefited from preferential tariffs under TAFTA include:
 - *Dairy:* Tariffs for cheese phasing to zero in 2020 (cheese exports valued at \$12.6 million in 2011-12).
 - *Meat:* Tariffs for beef and beef offal phasing to zero in 2020 (exports of fresh, chilled and frozen carcasses and cuts of beef valued at \$26.7 million in 2011-12 and beef offal valued at \$8 million in 2011-12).
 - *Horticulture:* Tariffs for mandarins and fresh grapes phasing to zero in 2015 (exports of citrus valued at \$5.9 million in 2011-12 and exports of fresh grapes valued at \$8.1 million in 2011-12).
 - *Wine:* Reductions on wine tariffs from 54 per cent in 2004 to zero by 2015 (exports of wine valued at \$15.9 million in 2011-12).
- TAFTA has generated benefits and opportunities for Australia's agricultural sector, with two way agricultural trade between Thailand and Australia rapidly expanding since the commencement of the agreement.
- Australian exports of agricultural products to Thailand have almost doubled between 2008-09 and 2011-12. During this period Thailand has also risen from Australia's 13th to 8th largest export market for agricultural products.

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Other Australian Free Trade Agreements in force include:

- **New Zealand** – Entered into Force in 1983 - All tariffs between Australia and New Zealand were eliminated within five years of the agreement entering into force. New Zealand was Australia's 6th largest agricultural export market in 2011-12, with sales valued at \$1.4 billion.
- **Singapore** – Entered into force in 2003 – All tariffs were eliminated on entry into force. Singapore is Australia's 10th largest export market for agricultural products (and largest destination for dairy exports), with sales valued at \$895 million in 2011 - 12.
- **United States** – Entered into force in 2005. Under the agreement two thirds of all agricultural tariffs — including in important commodities such as lamb, sheep meat and horticultural products — were eliminated immediately, with a further nine per cent of tariffs cut to zero in 2008 and almost all agricultural tariffs removed on full implementation in 2022 (all but sugar and out-of-quota dairy). Australia's beef and dairy quota was also expanded. The United States was Australia's 5th largest export market for agricultural products in 2011-12, with sales valued at nearly \$2.3 billion.
- **Chile** – Entered into force in 2009. Tariffs on all existing merchandise trade will be eliminated by 2015. Australian agricultural exports to Chile were valued at \$118 million in 2011-12. Chile has become an important (7th largest) market for Australian beef exports, with sales valued at \$106 million in 2011-12, almost double that of 2008-09.

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Question: 263

Division/Agency: Trade and Market Access Division

Topic: Reform of Australia's Biosecurity System

Proof Hansard page: Written

Senator EDWARDS asked:

With reference to Written Question on Notice 276, part 2 (May Budget Estimates 2012), Biosecurity – Policy Division was asked what it is doing to deliver market access, specifically which industries and where. Whether they had partnered with any industry body or other agencies and which new markets they had opened up in the last 6 months. Their response pointed to involvement in broader whole-of-government efforts and the Trade and Market Access Division.

1. Biosecurity Division noted that there were 60 FTE officers in the Trade and Market Access Division. What do these officers do and which markets they have opened up in the last 6 months?
2. Biosecurity-Policy Division specifically cited the Malaysia Free Trade Agreement. Do Trade and Market Access have details of the additional export volumes of product exported from Australia? (as evidence that the FTA has actually increased export from Australia to Malaysia, particularly important given a number of changes don't happen until 2016, 2023 or 2026)
3. If Trade and Markets Access don't have evidence of this, can it cite another example of where they have produced tangible results in "pursuing new and improved market access opportunities"?

Answer:

1. These officers work in a range of policy, program, technical, operational, administrative and reporting functions relating to trade and market access and food security issues. This includes working with industries, other agencies and foreign governments to create new, and maintain existing, export market opportunities; reporting on Australia's international trade obligations; managing programs to foster international relations.

The Division ensures Australian agricultural and food export interests are reflected in bilateral and multilateral trade and market access negotiations through involvement in free trade negotiations, bilateral regional agreements and multilateral forums. In pursuing these outcomes we work across government and in close collaboration with the Department of Foreign Affairs and Trade.

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Question: 263 (continued)

Some specific market access achievements over the past 6 months include: a reduction in the sheep meat tariff by Israel; market access for sheep, pork and goat meat to India; new conditions around cottonseed for stock feed to the USA; market access for table grapes, summerfruits and cherries to Philippines'; clarifying conditions for apple exports to the USA; and maintained access for high quality grain fed beef to the EU.

2. Refer to answer 1 in QoN 258 from Supplementary Budget Estimates hearings – October 2012.
3. Refer to answer 2 in QoN 258 from Supplementary Budget Estimates hearings – October 2012.

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Question: 264

Division/Agency: Trade and Market Access Division

Topic: Details of overseas posts

Proof Hansard page: Written

Senator EDWARDS asked:

In answer to Written Question on Notice 277 (May Budget Estimates 2012) the Department state that their Beijing trade post costs \$1.42 million for wages costs, admin, rent, support, etc. This seems much higher than some of the other trade posts.

1. Can the Department break down those costs (show wage/labour costs, rent, utilities, etc)?
2. Why is it more expensive than the rest of the other trade posts?

Answer:

1.

Costs for Beijing Post	
(Includes two Australian Counsellors and two locally engaged Staff)	
Employee Costs (Wages, Superannuation, Leave etc)	685,714
Supplier Expenses	513 373
Communications & Information Technology	32 663
Travel	59 651
Office Equip, Stores & Consumerables	4025
Utilities	15 419
Staff Devel, Recruitment & Relocation costs (change over of 1 officer)	49 187
Service Level Agreement charges - DFAT	37 894
Business & Residential Rent	315 323
Corporate administration costs	220 915
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2. The costs reflect placement of two Australian counsellors. Most other posts have only one Australian counsellor.