

OPENING ADDRESS

The Hon. Warren Truss MP

Federal Minister for Agriculture, Fisheries & Forestry

Introduction

Thank you for the invitation to open the National Conference of the Fertilizer Industry Federation of Australia.

I would like to extend a special welcome to those overseas delegates who attended the first International Fertilizer Industry Association Annual Conference ever held in Australia last week and have stayed on to participate in the Australian industry's National Conference.

In particular, I would like to thank and welcome Dr Amit Roy, President of the International Fertilizer Development Centre in Alabama, USA, the keynote speaker for this conference.

The current position of Australian agriculture

Agriculture continues to make a significant contribution to Australia's export income and to our national economy.

Agricultural exports contribute more than 23 per cent of the total Australian goods exported and last year were collectively worth nearly \$30 billion.

ABARE has forecast that in 2001-02 Australia's total rural exports - the farm, fisheries and forestry sectors - will increase by another 4 per cent.

That is an excellent result and reinforces the significant contribution agriculture makes to Australia's national wealth.

Maintaining access to valuable export markets and the ensuring the competitiveness of our products in the international market place are essential to the economic success of our agricultural industries.

In regional Australia, the economic viability and sustainability of our agricultural industries is crucial. These industries are the keys to job creation and underpin economic prosperity in rural and regional Australia.

Some of the most pressing issues facing our agricultural industries, and the ones that require lasting solutions, are not just economic but increasingly also environmental.

Since the Howard Government first came to power in 1996 we have placed particular emphasis on protecting and enhancing Australia's natural assets - our soil, water and vegetation resources.

The Government realised from the outset that the effective management of our natural resources is vital if we are to have sustainable food, fisheries and forestry industries in the future.

Overall, although the future of our agricultural industries is bright, because we are good at what we do and are good competitors, some of the most pressing problems they face are related to a decline in the quality of our natural resource base.

Practising sustainable agriculture offers benefits not only in terms of natural resource protection but also for long-term business viability and improved profitability. Australian farmers are becoming more aware that the maintenance of existing markets and gaining access to new markets will depend on consumers' perceptions of the sustainability of their farming practices.

Increasingly, farmers are responding to this challenge and are educating themselves in sustainable production techniques, making use of both government and industry-based programs. Additionally, Australian farmers have a good understanding of the benefits of niche marketing and are producing a wide variety of products better tailored to the needs of consumers.

The impact of the fertilizer industry on agriculture

In his keynote address, Dr Amit Roy outlined the importance of fertilizers to the global agricultural economy. He also indicated that free trade, advances in biotechnology, the information revolution and human and environmental health concerns will continue to be important influences on the way the global fertilizer industry operates.

The Australian fertilizer industry makes a major contribution to the productivity and economic success of Australia's agricultural industries. Australian farmers use about 5.2 million tonnes of mineral fertilizers annually, valued at \$2 billion.

The future of Australian agriculture relies on a sound natural resource base, depending directly on the health of our soils.

Australia's agricultural land resources are dominated by relatively shallow and highly weathered soils, which are low in natural fertility, poor in water holding capacity and easily degraded. Only small areas have deep, well-drained and fertile soils, and consequently our production systems are largely dependent on fertilizer application.

After a long period of development and expansion, Australian agricultural industries are now seeing a decline in soil health, most notably soil erosion, acidification, sodicity and loss of soil fertility.

However, we know that, like another major input into agricultural production systems, agricultural and veterinary chemicals, the inappropriate use of fertilizers also has the potential to adversely affect plant, animal and human health and the environment.

For example, phosphate fertilizers can lead to the accumulation of cadmium in soil and hence through the food chain, which presents a potential risk to human health and international trade.

The inappropriate use of fertilizer can also increase the nutrient load of our waterways which, in turn, can lead to adverse environmental impacts, such as algal blooms. A range of Commonwealth Government driven initiatives, notably the National Water Quality Management Strategy, the Murray Darling Basin Algal Management Strategy and the National Cadmium Minimisation Strategy, encourage the adoption of best practice fertilizer use.

In addition, imported fertilizer products and raw materials can present a potential risk for the introduction of exotic diseases or pests through the presence of seeds or other contaminants.

In other words, while fertilizers are undeniably and fundamentally important to our agricultural industries, their use in agricultural production systems also raises significant issues that have to be managed.

These issues have implications for the future use of mineral fertilizers in agricultural production. Therefore, in their own interests, all involved in the fertilizer industry, from importers and manufacturers through to distributors and spreaders, have an important role to play in managing these issues to ensure the safe, effective and responsible use of fertilizers.

Emerging global trade issues

You would all, of course, be well aware of the growing global awareness of, and concern about, the safety of agricultural products, particularly food safety.

Our agricultural industries are competing in an increasingly sophisticated international market where the safety and appropriateness of agricultural practices and the impact these practices have on the environment and the health of the general public are becoming just as important to our customers as the safety of the product.

Food safety, chemical use and chemical residues in food and fibre, the use of genetically modified organisms (GMOs) and animal welfare, together with the health and safety of the general public and the environment, are becoming critical issues in ensuring the continuing competitiveness of Australian agricultural products and our access to valuable export markets.

In Australia as well, consumers do not only want to know that a product is safe, they want to make more informed choices about the products they buy.

They are demanding more information about them and assurances about the way in which they are produced. A case in point is the increasing demand for organically produced, "chemical free" food.

A partnership approach to risk management

In recent years, agricultural industries and governments have been working together as partners to develop nationally consistent, whole-of-chain, risk-management approaches and strategies designed to maintain and enhance the integrity of our agricultural production systems and the safety of Australia's agricultural produce.

These approaches recognise the need for each sector to see itself, not in isolation, but as a part of the whole food and fibre production chain.

In addition, the effectiveness of these initiatives hinges upon the willingness of individual industry sectors to identify the risks associated with their activities and operations and to take responsibility for managing those risks.

For example, the agricultural and veterinary chemical industry has taken active responsibility for the role it plays in agricultural production and sees this stewardship as essential to support the integrity of the industry and its products.

Avcare, the national organisation representing manufacturers and distributors of agvet chemicals, continues to work with governments and farmer organisations to develop and implement national, industry-driven programs designed to contribute to the management of the trade, public health and environmental risks associated with agvet chemical use.

On a much broader scale, I would like to talk about Environmental Management Systems (EMS) and their capacity to build upon existing quality assurance and production certification processes to help achieve goals of environmental sustainability and market competitiveness.

Some retailers are now seeking the inclusion of environmental assurances in their current supplier food safety and quality assurance programs, in response to the signals coming from consumers. As a result, there is growing interest from rural industries, consumers and governments in the potential for EMS to provide an internationally credible mechanism for improving the sustainability of agricultural production and in the development of appropriate production certification schemes.

The framework being developed aims to encompass individual EMS developments within the broader context of prevailing trade and market access requirements and to encourage appropriate linkages with existing food and fibre supply chain efforts to achieve the maximum trade and market advantages from efforts to improve natural resource management.

At the landscape level, the proposed framework for EMS in agriculture intends to provide a means for ensuring that appropriate links are made between natural resource management activities taking place at farm, industry and regional scales. In this way, industry and producer initiatives can contribute to achieving environmental objectives set at regional and catchment scales.

Overall, EMS can improve the efficiency of on-farm resource use and address externalities beyond the farm level, while also integrating with existing programs designed to improve competitiveness and sustainability.

Developments in the fertilizer industry

The Fertilizer Industry Federation of Australia (FIFA), is the national organisation representing all the mineral fertilizer manufacturers and the majority importers.

It has the awesome responsibility of directing the future of an industry which provides an essential input to Australia's agricultural industries, while, in turn, being economically linked to the mining and mineral processing, transport, rural merchandising and research and development industries.

FIFA is also taking action to ensure the integrity of the operations and practices of the fertilizer industry. As Minister for Agriculture, Fisheries and Forestry, I am particularly pleased that the FIFA is taking responsibility not only for its own operations but also for sustainable agricultural production.

I understand that FIFA is using its strategic plan to drive initiatives which aim to identify and manage the risks that the use of fertilizers in Australia's agricultural industries may present to trade, public health and the environment.

In this regard, I am impressed with the contribution FIFA, together with governments and other agricultural industries, is making to initiatives which address some of the risks posed by fertilizer use.

FIFA, together with Commonwealth, State and Territory Governments, CSIRO and the National Farmers' Federation participated in the development of the National Cadmium Minimisation Strategy.

Under this strategy, those industries or areas which have an existing or potential problem with cadmium in their produce have responsibility for developing Best Management Practice for the production and processing of agricultural produce, while the fertilizer industry has responsibility for developing a code of practice to target low cadmium fertilizer to those industries or areas.

State and Territory Governments, for their part, have a commitment to reduce the regulated maximum level of cadmium in phosphatic fertilizers to a practical minimum and to consider the labelling of fertilizers and soil ameliorants to alert growers to their cadmium content.

I note here that FIFA has also supported the National Land and Water Resources Audit, funded by the National Heritage Trust. FIFA members made a valuable contribution to the project on nutrient balances in regional farming systems by supplying data from their soil analytical laboratories and regional sales data essential to the project. I understand that FIFA plans to build upon the results from the Audit in implementing its strategic plan.

FIFA has also worked with the Australian Quarantine and Inspection Service (AQIS) on a project to exclude seed and other contaminants which pose an exotic disease and pest and environmental risk in imported fertilizer. As a result, in 1996, FIFA implemented a quality assurance program for its supply chain for imported fertilizers and for its efforts, in 1999, received the Quarantine and Export Council Award for plant quarantine.

In implementing its strategic plan, FIFA has established a Nutrient Management Working Party to examine ways to improve the knowledge base nutrient management practices with respect to effective use of fertilizers and their impact on the environment, particularly water catchment management. FIFA has developed a set of Guidelines for the Development of Nutrient Management Codes of Practice which are aimed at assisting individual industry sectors to develop user Codes of Practice. FIFA is also working with the Rural Training Council of Australia to include nutrient management competency standards in its agricultural training package.

In addition, in recognition of the need to demonstrate the overall integrity of fertilizer industry, FIFA has established a Standards Working Party to identify the risks associated with the industry, from mining and manufacturing through to on-farm application, to determine gaps in coverage by current standards and guidelines and to develop common standards to address them.

In this regard, I note that FIFA supports the on-going work of the Australian Fertilizer Services Association (AFSA), which represents both individuals and industries involved in the distribution and spreading of fertilizers and soil ameliorant products.

AFSA has developed a voluntary code of practice, guidelines and accreditation scheme for the fertilizer spreading industry aimed at minimising the impact of the fertilizer spreading industry's activities on land, water and air resources whilst ensuring a sustainable and profitable future for both the fertilizer industry and agriculture in general. The Fertcare program developed by AFSA contains four Accreditation Modules that deal with Transport, Storage, Product Knowledge and Spreading.

It has also developed an "Accuspread" protocol for the certification of spreaders. These measures cover the various areas encompassed by the fertilizer services industry.

The Federal Government has also supported these initiatives, providing funding from the National Landcare Program to help fast track the development of the AFSA code of practice, guidelines and accreditation scheme.

This funding was granted in recognition of the national importance of these initiatives in improving natural resource management. The Commonwealth, through Agriculture, Fisheries and Forestry – Australia (AFFA), and State/Territory Governments are represented on the AFSA project steering committee.

While I appreciate that individual companies may wish to promote their own initiatives, I look forward to the forging of constructive and mutually beneficial links between AFFA and the fertilizer industry. As a first step, the AFSA initiative is a good starting point.

I am encouraged by the activities of FIFA and AFSA and believe that both organisations will continue to benefit from working closely together. The publication by FIFA of the Australian Soil Fertility Manual which is being used basic training reference by AFSA members is a good example.

You may be aware that last week, in one of the centrepieces of the 2001 Budget, the Treasurer announced that the Coalition Government has reinforced its commitment to natural resource management in rural and regional Australia by extending the Natural Heritage Trust, again, with \$1 billion for a further five years from 1 July 2002.

When the Government first came to power, we set up the Natural Heritage Trust which has provided funding of \$1.5 billion over six years and which is the largest natural resource and environmental rescue effort ever undertaken by an Australian Government.

The Trust Mark 2 is about building on the genuine successes "on-the-ground" that the Trust Mark 1 has already achieved.

This funding is additional to, and separate from, the \$700 million Budget commitment to the Prime Minister's National Action Plan for Salinity and Water Quality.

Together, the two commitments represent the biggest-ever investment in protecting and enhancing Australia's environment and natural resources - even outshining the Government's initial commitment to the Trust in 1996.

It is significant that for its first six years the Trust has been funded from the proceeds of the partial sale of Telstra. With the Trust proving so successful, funding will now be provided through Budget allocations. This Budget funding will be supplemented by income from interest on the balance of \$300 million in the Natural Heritage Trust of Australia Reserve.

The Budget announcement secures the future of the Natural Heritage Trust and will provide a major confidence boost to the thousands of Australians who give freely of their time and effort to address land and environmental degradation issues in local communities across the nation.

To sum up, protecting our natural resource base is essential to safeguard the future of our lucrative agricultural industries and ensure the future prosperity of rural and regional Australia.

As we have seen, the Government is creating and supporting policy frameworks which aim to coordinate the efforts of government, industry and individuals towards achieving this common goal.

I hope that the 2001 FIFA Annual Conference will deliver outcomes which will enable you to build upon the important developmental work you have already begun, and that, in doing so, FIFA will also

seek opportunities to build cooperative relationships, not only with governments but also with other agriculture industry sectors, to pursue common goals to the benefit of the fertilizer industry itself and the farmers who depend upon it.

I take great pleasure in opening the 2001 FIFA Annual Conference and wish the fertilizer industry every success in its endeavours.