

Senate Rural and Regional Affairs and Transport Legislation Committee

**Questions on Notice – Monday, 17 November 2014
Canberra, ACT**

**Inquiry into the Rural Research and Development Legislation
Amendment Bill 2014**

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**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE**

**Inquiry into Rural Research and Development Legislation Amendment Bill
2014**

Public Hearing Monday, 17 November 2014

Questions Taken on notice - Department of Agriculture

1. HANSARD, PG 2

CHAIR: Could the department give us an insight into those costs and some examples? The \$90,000 is going to come out of the research body. You can take it on notice if you want to. What is the additional cost? What I am concerned about is that it might be the piddliest bit of the cost—the membership—and the greater cost could be participating in the membership and, as you point out, the various researches, travel and God knows what.

Mr Thompson: I would have to take the detail of that on notice as to the actual costs. But we do know how many people go to these meetings and how much the meetings cost. In most cases the cost of participation beyond the membership fee would not exceed the membership fee. The smaller organisations only meet once a year, and only one or two people go. Bigger organisations might meet a little bit more frequently, but then the membership fee is often higher.

CHAIR: So you could provide those details?

Mr Thompson: I can provide them.

2. HANSARD, PG 3 - 4

CHAIR: Have you got the figures on how much it cost to attend?

Mr Koval: No, I have not—

CHAIR: Are they extractable?

Mr Koval: They are extractable.

CHAIR: It would be interesting to know.

Mr Koval: We can pull those out of our system on notice, if you like.

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CHAIR: You are going to let us know how much all that travel costs?

Mr Thompson: We can give you a figure for the travel, yes.

CHAIR: Precisely.

3. HANSARD, PG 4

Senator STERLE: I want to come back, Mr Koval, to the consultation process. I have no doubt you would have heard or seen the Hansard, that there were a couple of the RDCs that were very critical of the department. All of them were critical in the terms of the consultation process. For my colleagues' benefit, I believe, Mr Koval, if I remember rightly, you said you contacted the

RDCs on a Tuesday afternoon in September, whether it be by email or phone. If I am wrong, please pull me up. They received a copy of the proposal or the bill on the Wednesday morning, or Wednesday, and the close of conversations was on the following Thursday—so 30 hours or whatever it may be. The Sugar Research Australia, on the phone to us for all to hear, said that they got it and they were not allowed to talk to their members. Can you table the email that was sent to the RDCs for the benefit of this committee?

Mr Koval: Shall I answer the first question about the consultation first?

Senator STERLE: Please, yes.

Mr Koval: It was a budget decision. I had spoken to the statutory RDCs in April about the actual decision and told them that the decision had been made, and that we would be talking to them about the implementation of that decision. We had a number of conversations about that, that it will be a legislative implementation. In September, as you quite rightly pointed out, we had the draft bill and we sent it out to those bodies and said, 'Can you have a look at the legislation and get back to us by close of business on the Thursday.' It was a very short period, and I mentioned that last week; it was a short turnaround time. It was to comment on the draft bill that is actually in parliament at the moment, to make sure that the implementation of the decision had no unintended consequences that we had not foreseen. As quite normal, we asked that they keep the draft bill legal in confidence and not to share it. We did ask them to do that and hold it in house and in confidence. We did ask them to do that. In terms of providing the text of the email, we can provide that text if you want.

4. HANSARD, PG 8

CHAIR: Can you brief the committee on notice what is evidently a benefit that has come out of the last couple of meetings? What did we learn, other than that one guy turned up and—

Senator STERLE: Can I just assist there, because we are on the same page. We have the submission from grain growers in front of me, so if I could just supplement that. Did you listen to the grain growers and the GRDC's evidence?

Mr Koval: I read the evidence.

Senator STERLE: Okay. This is straight from the grain growers and it says: 'In order to support this bill, grain growers will need to see greater involvement of the grains industry representative bodies. At the minimum, the department of agriculture IGC representative should report back to the industry representative bodies on the following aspects.' If I can, there are three parts. If I put to you Mr Koval, this is what the committee would like to see a written response to. The first is the rationale for the Australian government commitment to the International Grains Council. The second part is an update on activities and progress of the International Grains Council on trade and market access issues, specifically an update on activities and progress of the grains trade convention forum, and any decision to develop and sponsor grain related projects in member counties should be reported to industry at the conclusion at each of the two-yearly meetings. The third part is reporting on any benefit derived from the participation in the International Grains Council, with particular detail around benefit to the production sector, provided at the conclusion of each of the two-yearly meetings. If you could take that away and come back with an answer for us. It goes on as to the frustration of the Grain Growers Limited, who said to us that they could not get any sense or any answers out of the department. That is now on the record, if you could fix that for us.

Mr Koval: Certainly.

5. HANSARD, PG 8 - 9

CHAIR: I will declare an interest again, I am a bloody grain grower. Where does the bloke who attended that meeting in London come from? Has he come out of the consul? Is he a contractor?

Mr Koval: No. We have agricultural people overseas. He is from our department.

CHAIR: He is an agricultural attache?

Mr Koval: He is our agricultural attache.

CHAIR: Could you just give us his name, rank, serial number and CV? I just wonder if he would know what Wedgetail was.

Mr Koval: I can give you his name.

CHAIR: What is Wedgetail good for?

Mr Koval: I do not know. He is from the department.

Senator STERLE: What is Wedgetail?

CHAIR: Wedgetail is a wheat. It is early sown and a grazing wheat.

Mr Koval: They do not normally get to wheat varietal types like that.

CHAIR: But it would be nice to think the grains industry was represented by someone who knew what date to put a chemical on and whether MCPA mixes with Roundup or not; someone who actually knew the industry, rather than just, 'Here's the brief; you're off to the Savoy Hotel in London to meet these people'—which is probably what happened.

Mr Koval: No, they are normally at the offices of the organisation. But, certainly, we can provide you the name.

CHAIR: Anyhow, you will provide his details and his CV so we can see if he has ever been out on a farm and all those sorts of things.

Mr Koval: We certainly can.

6. HANSARD, PG 11

CHAIR: The difficulty for the Australian industry, a lot of these, like the world soccer organisation, which is speaking in code a bit like institutions of abuse tend to look the other way and talk about something else. I mean, it is obviously corrupt, the global soccer thing. Some of these organisations, like the corruption in the market by manipulation of the market by the likes of in the sugar industry, which the industry is going to learn the hard way at Wilmar or in the grains industry of ADM who have this given that you can bribe your way around the world. I mean, they have huge litigation and anti-trust laws, corruption, God knows what. I mean, I do not know what role they have to play in these decisions of the grains mob, for instance, and I have to say that the average cocky out there waiting for it to dry out this morning on a header would not have any idea what the benefit is. If we are going to be members we are entitled to know what the benefit was. I mean, oh my God, lucky we went to that meeting otherwise this would have happened. But there is none of that.

Mr Koval: We can certainly provide some comments on that on notice for you, Senator.

CHAIR: Right.

Department of Agriculture

Committee inquiry: Rural Research and Development Legislation Amendment Bill 2014

Date Held: 17 November 2014

Question Taken on Notice

The Rural and Regional Affairs and Transport Legislation Committee asked officers appearing as witnesses at the inquiry into the Rural Research and Development Legislation Amendment Bill 2014 hearing held on 17 November 2014 the following questions which were taken on notice:

Question: 1

Proof Hansard page: 2

Senator HEFFERNAN asked:

CHAIR: Could the department give us an insight into those costs and some examples? The \$90,000 is going to come out of the research body. You can take it on notice if you want to. What is the additional cost? What I am concerned about is that it might be the piddliest bit of the cost—the membership—and the greater cost could be participating in the membership and, as you point out, the various researches, travel and God knows what.

Mr Thompson: I would have to take the detail of that on notice as to the actual costs. But we do know how many people go to these meetings and how much the meetings cost. In most cases the cost of participation beyond the membership fee would not exceed the membership fee. The smaller organisations only meet once a year, and only one or two people go. Bigger organisations might meet a little bit more frequently, but then the membership fee is often higher.

CHAIR: So you could provide those details?

Mr Thompson: I can provide them.

Answer: The table below shows a comparison between the estimated membership fee for each regional fisheries organisation (based on the 2013-14 contribution), and the estimated total cost of government attendance at the meetings for each organisation for the period October 2013 to October 2014.

| Meetings of Regional Fisheries Management Organisations | Government Attendees* | Attendance Cost |
|--|----------------------------------|------------------------|
| Commission for the Conservation of Southern Bluefin Tuna (CCSBT) | | |
| Compliance Committee and Annual Meeting (8-11 and 13-16 October 2014, New Zealand) | 2 x AFMA 1 x ABARES 3 x DA | \$19 000 |
| Scientific Committee (1-6 September 2014, New Zealand) | 2 x ABARES 3 x CSIRO | \$18 000 |
| Operating Model and Management Procedure Meeting (24-27 June 2014, USA) | 1 x ABARES 2 x CSIRO | \$30 000 |
| Compliance Committee Working Group (7-11 April 2014, Korea) | 1 x DA 1 x AFMA | \$15 000 |
| Total Annual CCSBT Participation Cost | | \$82 000 |
| CCSBT 2014 Annual Membership Fee | | \$530 000 |
| Indian Ocean Tuna Commission (IOTC) | | |
| Compliance Committee, Finance Committee and Annual Meeting (26 May-5 June 2014, Sri Lanka) | 1 x DA 1 x AFMA | \$20 800 |
| Scientific Committee (2-6 December 2013, Korea) | 1 x ABARES | \$7 500 |
| Total Annual IOTC Participation Cost | | \$28 300 |
| IOTC 2014 Annual Membership Fee | | \$135 000 |
| South Pacific Regional Fisheries Management Organisation (SPRFMO) | | |
| Compliance Committee and Annual Meeting (27-31 January 2014, Ecuador) | 2 x DA 2 x AFMA | \$43 720 |
| Scientific Committee Meeting (21-27 October 2013, USA) | 1 x ABARES | \$7 330 |
| Total Annual SPRFMO Participation Cost | | \$51 050 |
| SPRFMO 2014 Annual Membership Fee | | \$45 000 |
| Southern Indian Ocean Fisheries Association (SIOFA) | | |
| Annual Meeting (18-19 October 2013, Australia) | 2 x DA 2 x AFMA | \$4 000 |
| Total Annual SIOFA Participation Cost | | \$4 000 |
| SIOFA 2014-15 Annual Membership Fee** | | \$42 000 |

| Western Central Pacific Fisheries Commission (WCPFC) | | |
|--|--------------------------------|-----------|
| Technical & Compliance Committee Meeting (25-30 September 2014, Federated States of Micronesia) | 2 x DA 1 x AFMA | \$30 000 |
| Scientific Committee (6-14 August 2014, Marshall Islands) | 2 x ABARES | \$16 750 |
| Annual Meeting (2-6 December 2013, Australia) | 5 x DA 2 x AFMA 1 x DFAT | \$20 000 |
| Total Annual WCPFC Participation Cost | | \$66 750 |
| WCPFC 2014 Annual Membership Fee | | \$143 000 |
| The Network of Aquaculture Centres (NACA) in Asia Pacific | | |
| Annual meeting (November 2013, Thailand) | 1 x DA | \$6 271 |
| Total Annual NACA Participation Cost | | \$6 271 |
| NACA 2014 Annual Membership Fee | | \$70 000 |

* Each government agency funds the cost of their officers' participation from their own agency budget allocation.

** An annual membership fee (paid in financial years) is yet to be set, however is expected to be determined at the next meeting, tentatively scheduled for March 2015.

Government Agencies

Australian Fisheries Management Authority (AFMA)

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Department of Agriculture (DA)

Department of Foreign Affairs and Trade (DFAT)

Question: 2

Proof Hansard page: 3-4

Senator HEFFERNAN asked:

CHAIR: Have you got the figures on how much it cost to attend?

Mr Koval: No, I have not—

CHAIR: Are they extractable?

Mr Koval: They are extractable.

CHAIR: It would be interesting to know.

Mr Koval: We can pull those out of our system on notice, if you like.

.....

CHAIR: You are going to let us know how much all that travel costs?

Mr Thompson: We can give you a figure for the travel, yes.

CHAIR: Precisely.

Answer: The table below provides the costs (including airfare, accommodation and travel allowance) for Canberra-based officers of the Department of Agriculture to attend meetings of the international commodity organisations in the 2013-14 financial year. Meetings of the International Grains Council in London were attended by the Department's post in Brussels, and most of the International Cotton Advisory Committee meetings in Washington were attended by the Department's post in Washington.

| International commodity organisation | Date | Location | Department attendees | Travel cost* |
|---|--------------------------------|-----------------|--|---------------------|
| International Cotton Advisory Committee | 29 September to 4 October 2013 | Colombia | 1 Dept Agriculture 1 Dept Agriculture (Washington post) | \$13 988 |
| International Organisation of Wine and Vine | October 2013 | Paris | 1 Dept Agriculture 1 Dept Agriculture (Brussels post) | \$3 412** |
| International Organisation of Wine and Vine | March 2014 | Paris | 1 Dept Agriculture 1 Dept Agriculture (Brussels post) | \$10 576 |
| International Organisation of Wine and Vine | June 2014 | Paris | 1 Dept Agriculture | \$9 122 |

* The travel costs for overseas posts are not included, as the travel arrangements are made by locally-based staff using a Department of Foreign Affairs and Trade system, and figures are not available at short notice.

** Cost of travel allowance. There was no airfare associated with this meeting, as the staff member was already in France. Cost of accommodation is not available at short notice.

Question: 3

Proof Hansard page: 4

Senator STERLE asked:

Senator STERLE: I want to come back, Mr Koval, to the consultation process. I have no doubt you would have heard or seen the Hansard, that there were a couple of the RDCs that were very critical of the department. All of them were critical in the terms of the consultation process. For my colleagues' benefit, I believe, Mr Koval, if I remember rightly, you said you contacted the RDCs on a Tuesday afternoon in September, whether it be by email or phone. If I am wrong, please pull me up. They received a copy of the proposal or the bill on the Wednesday morning, or Wednesday, and the close of conversations was on the following Thursday—so 30 hours or whatever it may be. The Sugar Research Australia, on the phone to us for all to hear, said that they got it and they were not allowed to talk to their members. Can you table the email that was sent to the RDCs for the benefit of this committee?

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Senator STERLE: Please, yes.

Mr Koval: It was a budget decision. I had spoken to the statutory RDCs in April about the actual decision and told them that the decision had been made, and that we would be talking to them about the implementation of that decision. We had a number of conversations about that, that it will be a legislative implementation. In September, as you quite rightly pointed out, we had the draft bill and we sent it out to those bodies and said, 'Can you have a look at the legislation and get back to us by close of business on the Thursday.' It was a very short period, and I mentioned that last week; it was a short turnaround time. It was to comment on the draft bill that is actually in parliament at the moment, to make sure that the implementation of the decision had no unintended consequences that we had not foreseen. As quite normal, we asked that they keep the draft bill legal in confidence and not to share it. We did ask them to do that and hold it in house and in confidence. We did ask them to do that. In terms of providing the text of the email, we can provide that text if you want.

Answer:

The Department sent an email to the CEOs/Managing Directors of all rural research and development corporations on 16 September 2014, to advise of the release of an exposure draft of the Rural Research and Development Legislation Amendment Bill 2014. The full text of the email (minus greetings and contact details) is provided below.

"I am writing to let you know that the Department expects very shortly to be able to provide an exposure draft of a Bill that will affect some of the RDCs. The Bill will be introduced into Parliament in the current sitting period.

The Bill will implement the Government's Budget decision to recover the cost of Australia's memberships to international commodity organisations and regional fisheries management organisations from the matching funding to relevant RDCs. The

RDCs affected by this measure are Fisheries RDC, Grains RDC, Cotton RDC, the Australian Grape and Wine Authority and Sugar Research Australia.

The Bill also makes some de-regulatory amendments. The first is to remove requirements for the Minister to table certain documents in the Parliament. These amendments relate to documents produced by Livecorp, Dairy Australia, Forest and Wood Products Australia and Sugar Research Australia. The second de-regulatory amendment removes the requirement for statutory RDCs to hold yearly co-ordination meetings.

I hope to be able to provide the exposure draft to you tomorrow (Wed 17 September). Unfortunately there will only be a short time period for RDCs to comment on the Bill, given the government's tight deadlines for Budget-related Bills. I ask for your feedback on the Bill by COB Thurs 18 September. To help you to quickly understand the changes in the Bill, we will also provide a draft explanatory memorandum. We are also happy to have conversations with individual RDCs if this would be helpful.

The government requires that the consultation take place on the basis that recipients will not communicate the draft bill to other parties. It is therefore a condition of the Bill and related explanatory memorandum being provided that we have your assurance that these documents will not be circulated to any party other than your RDC staff, board or legal advisors, and that those recipients are informed of the requirement not to circulate the documents any further."

Question: 4

Proof Hansard page: 8

Senator STERLE asked:

CHAIR: Can you brief the committee on notice what is evidently a benefit that has come out of the last couple of meetings? What did we learn, other than that one guy turned up and—

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Mr Koval: I read the evidence.

Senator STERLE: Okay. This is straight from the grain growers and it says: 'In order to support this bill, grain growers will need to see greater involvement of the grains industry representative bodies. At the minimum, the department of agriculture IGC representative should report back to the industry representative bodies on the following aspects.' If I can, there are three parts. If I put to you Mr Koval, this is what the committee would like to see a written response to. The first is the rationale for the Australian government commitment to the International Grains Council. The second part is an update on activities and progress of the International Grains Council on trade and market access issues, specifically an update on activities and progress of the grains trade convention forum, and any decision to develop and sponsor grain related projects in member countries should be reported to industry at the conclusion at each of the two-yearly meetings. The third part is reporting on any benefit derived from the participation in the International Grains Council, with particular detail around benefit to the production sector, provided at the conclusion of each of the two-yearly meetings. If you could take that away and come back with an answer for us. It goes on as to the frustration of the Grain Growers Limited, who said to us that they could not get any sense or any answers out of the department. That is now on the record, if you could fix that for us.

Mr Koval: Certainly.

Answer:

The International Grains Council (IGC) and member countries oversees the implementation of the Grains Trade Convention, an important multilateral treaty to facilitate trade in wheat, coarse grains (corn, barley, sorghum and other grains), rice and oilseeds. Its aims are to strengthen international cooperation in the trade of grains; to promote expansion, openness and fairness in the grains sector, to contribute to grain market stability, to enhance world food security, and ultimately to secure a freer flow of trade in grains, including the elimination of trade barriers and unfair and discriminatory practices. It seeks to do this through information-sharing, analysis and consultation on grain market and policy development. In addition to accessing data, membership to the IGC facilitates the analysis and interpretation of trading patterns.

The IGC members consist of the major importers and exporters of grain. Australia, with about 15% of the global exports, is seen as a leader within the IGC. Other major grains exporters including the US, EU, Canada, the Ukraine, Argentina and the Russian Federation

are all members of the IGC. Major importers of Australian grains are members of the IGC, including European and middle-eastern countries, Japan and Korea.

The IGC provides a forum for major grains exporters and importers to share information about trade patterns, trends and policies within their countries. This provides an opportunity for Australia to access up-to-date and comprehensive information, much of which is only available to members. The IGC produces weekly reports on grain market indicators and ocean freight rates, monthly grain market reports, and annual reports on world grain statistics and grain shipments. It provides members with regular estimates and forecasts of supply, demand and trade.

Australia has used its position in the IGC to promote our industry, in particular the export quality standards and systems that demonstrate Australia's capacity to be a reliable supplier of high quality grain to world markets. Australia has hosted a meeting of the IGC in Australia to provide our trading partner governments with a first-hand experience of our production and export systems. At other times, Australia has provided expert industry speakers to IGC conferences to again promote our industry.

Question: 5

Proof Hansard page: 8-9

Senator HEFFERNAN asked:

CHAIR: I will declare an interest again, I am a bloody grain grower. Where does the bloke who attended that meeting in London come from? Has he come out of the consul? Is he a contractor?

Mr Koval: No. We have agricultural people overseas. He is from our department.

CHAIR: He is an agricultural attache?

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CHAIR: Could you just give us his name, rank, serial number and CV? I just wonder if he would know what Wedgetail was.

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CHAIR: But it would be nice to think the grains industry was represented by someone who knew what date to put a chemical on and whether MCPA mixes with Roundup or not; someone who actually knew the industry, rather than just, 'Here's the brief; you're off to the Savoy Hotel in London to meet these people'—which is probably what happened.

Mr Koval: No, they are normally at the offices of the organisation. But, certainly, we can provide you the name.

CHAIR: Anyhow, you will provide his details and his CV so we can see if he has ever been out on a farm and all those sorts of things.

Mr Koval: We certainly can.

Answer: The Minister-Counsellor (Agriculture) based in Brussels is the Department's representative that usually attends meetings of the International Grains Council in London. Mr Russell Phillips was appointed to this position in November 2011.

Key areas of focus for Mr Phillips involve maintaining and improving market access for Australia's agriculture, fisheries, forestry and food exports to the European Union (EU). In particular, Mr Phillips provides analysis, reporting and advocacy on European agricultural policies and trade issues, including the reform of the Common Agricultural Policy; the use of export subsidies by the EU; the EU sugar regime and wine industry arrangements; the development of forest accreditation systems; and ensuring the smooth functioning of tariff quota arrangements which affect Australian exports of dairy, beef and sheep–meat products. He is also the Australian delegate to the International Grains Council and the International Sugar Organization.

Prior to his appointment he was the Executive Manager, Biosecurity Strategic Projects Division. He has worked on rural and regional issues in the Department of Transport, the Australian Competition and Consumer Commission and the Department of the Prime Minister and Cabinet as well as in the Department of Agriculture, Fisheries and Forestry. He has also been a

government director for the Grains Research and Development Corporation. Mr Phillips has tertiary qualifications in economics, computing and applied finance.

Question: 6

Proof Hansard page: 11

Senator HEFFERNAN asked:

CHAIR: The difficulty for the Australian industry, a lot of these, like the world soccer organisation, which is speaking in code a bit like institutions of abuse tend to look the other way and talk about something else. I mean, it is obviously corrupt, the global soccer thing. Some of these organisations, like the corruption in the market by manipulation of the market by the likes of in the sugar industry, which the industry is going to learn the hard way at Wilmar or in the grains industry of ADM who have this given that you can bribe your way around the world. I mean, they have huge litigation and anti-trust laws, corruption, God knows what. I mean, I do not know what role they have to play in these decisions of the grains mob, for instance, and I have to say that the average cocky out there waiting for it to dry out this morning on a header would not have any idea what the benefit is. If we are going to be members we are entitled to know what the benefit was. I mean, oh my God, lucky we went to that meeting otherwise this would have happened. But there is none of that.

Mr Koval: We can certainly provide some comments on that on notice for you, Senator.

CHAIR: Right.

Answer: The response to question 4 provides an overview of the activities and outputs of the International Grains Council, and the benefits of membership to the Australian grains industry.