

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 11

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Farm Household Allowance

Proof Hansard page: 7 (25.5.2015)

Senator CAMERON asked:

Senator CAMERON: A small change? So it is a small change when a target is established, you don't make the target and you say that we have actually done over the target. That is a small change in your lexicon, is it?

Mr Glyde: I am saying that you would have to be well versed in the number of people applying for farm household allowance and what have you, to be able to pick that change up. So it requires people who know what they are doing to be able to identify that. If, for example, I were monitoring question time, I might not have noticed that. I am not close enough to the detail to be able to understand the significance of what, on the face of it, looks like a relatively small change in numbers.

Senator CAMERON: Who first picked it up in the department?

Mr Glyde: I am not sure if I have that information in my head, but the people who would be most able to talk to you about this are appearing tomorrow. They would be able to give you the detail of that.

Senator CAMERON: I am not going to wait until tomorrow. This is an important issue from the opposition's point of view.

Mr Glyde: Sure.

Senator CAMERON: Can you provide details of who and at what level this was picked up, when it was picked up and who was advised of the issue?

Mr Glyde: I am happy to do that.

Senator CAMERON: For this issue of what you describe as a minor number—and we see it as more than that—what process was undertaken to resolve that with the minister or the minister's office and was the minister advised? Do you know any of those answers now without taking it on notice?

Mr Glyde: I think I would make a mistake if I had a guess at it. I am happy to take it on notice. That is probably the safest.

Question: 11 (continued)

Senator CAMERON: When were you aware that there were significant changes made to the Hansard?

Mr Glyde: When was I aware?

Senator CAMERON: When did the department become aware?

Mr Glyde: Again, I would have to take it on notice. But I think it was the following day.

Answer:

Responses to several elements of Senator Cameron's question have been previously provided – see Question 48 (Executive) Additional Estimates 2015 attached (also available on the Parliament of Australia website at www.aph.gov.au/Parliamentary_Business/Senate_Estimates/rratctte/estimates/add1415/index).

[Who first picked it up in the department?...Can you provide details of who and at what level this was picked up, when it was picked up and who was advised of the issue?... what process was undertaken to resolve that with the minister or the minister's office and was the minister advised?...When did the department become aware?]

Several executive level officers from the Drought Policy and Reform Branch observed part of the Minister for Agriculture's response to a question without notice about drought assistance during the televised transmission of Question Time on 20 October 2014.

The officers noted discrepancies between the Minister's response and the latest information provided to officers by Department of Human Services counterparts and drew these discrepancies to the notice of the Assistant Secretary Drought Policy and Reform.

At 6:37pm the Assistant Secretary spoke with a Senior Adviser in the Minister's Office and at 6:39pm the Senior Adviser forwarded to the Assistant Secretary an email exchange between himself and another adviser in the Minister's office about Hansard amendments.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates March 2015

Agriculture

Question: 48

Division/Agency: Executive

Topic: File notes

Proof Hansard page: 7-8 (5.03.2015)

Senator CAMERON asked:

Senator CAMERON: Dr Grimes, have you collated your file notes in relation to any correspondence between you, any of your officers and Minister Joyce and his office in relation to this issue?

Dr Grimes: I have not collated the documents in the way that you describe. Obviously, I maintain some documents but I have not collated them in the way that you describe.

Senator CAMERON: Do you have documents here in relation to your engagement with Minister Joyce's office on this?

Dr Grimes: I have some documents—whether they are appropriate for tabling would need to be properly considered.

Senator CAMERON: Could you take on notice the tabling of all your file notes in relation to correspondence between you, any of your officers, Minister Joyce or any of his staff in relation to the *Hansard* issue.

Dr Grimes: I would have to take that on notice.

Senator CAMERON: I am talking about the changes to *Hansard* as a different aspect to freedom of information even though they are related.

Dr Grimes: Yes, I understand that and will have to take that on notice.

Senator IAN MACDONALD: I just want to understand what is being requested. What are file notes? Do you know what Senator Cameron is talking about?

Dr Grimes: I will review the question and then ensure that we check to see whether there are any documents that are within the scope of the question.

CHAIR: You do not have a little black notebook you make file notes in, don't you?

Dr Grimes: I take notes in a variety of ways. I understand the senator's question—

CHAIR: You don't have a little black notebook?

Question: 48 (continued)

Dr Grimes: I have got various notebooks. I understand the question that has been asked and we will review the—

CHAIR: Can you also include in that, Dr Grimes, any conversations you may have had with any members of parliament on this issue, if you have file notes? Have you spoken to Senator Cameron or Senator Siewert or me?

Senator CAMERON: I can tell you he has not.

Dr Grimes: No, I have not. My only conversation was with you.

Answer:

A number of discussions took place between Dr Grimes and senior departmental officers, and between senior departmental officers and staff from the Minister's Office, during the period 20 October to 27 October 2014 in relation to the information provided by the Minister to the House of Representatives on 20 October 2014. One discussion was held between the department and the Minister during this period. This discussion was between Dr Grimes and the Minister on 27 October 2014.

The discussions are outlined in the chronology provided at Attachment A.

File notes of relevant interactions are provided at Attachment B.

QoN48Attachment A - Chronology

Monday 20 October (2.32pm)	During Question Time, Minister Joyce answers a question in parliament about the number of farmers in receipt of drought assistance. <i>(Hansard refers)</i>
Monday 20 October (6.37pm)	Assistant Secretary, Drought Policy and Reform Branch, speaks with a Senior Advisor in the Minister's Office about statements made by the Minister in his response during that afternoon's Question Time.
Monday 20 October (6.39pm)	The Senior Advisor in the Minister's Office forwards to Assistant Secretary, Drought Policy and Reform Branch, an email exchange between himself and another advisor in the Minister's office about Hansard amendments. <i>(email refers – attachment 1)</i>
Wednesday 22 October (6.39pm)	Minister Joyce makes a statement to the House of Representatives providing additional information in relation to Farm Household Allowance. <i>(Hansard refers)</i>
Wednesday 22 October (6.58pm)	The Chief of Staff to Minister Joyce emails Acting First Assistant Secretary, Agricultural Adaptation and Forestry Division, and Assistant Secretary, Drought Policy and Reform Branch, advising that the Minister has provided additional information to the House of Representatives in relation to Farm Household Allowance. <i>(email refers – attachment 2)</i>
Wednesday 22 October (~7pm)	Acting First Assistant Secretary, Agricultural Adaptation and Forestry Division, and Assistant Secretary, Drought Policy and Reform Branch, have a meeting with Secretary Grimes at which the Hansard amendments are discussed. As a result of this meeting, a number of discussions are held between Secretary Grimes and senior departmental officers including Deputy Secretary Tucker, Assistant Secretary, Governance, Acting First Assistant Secretary, Agricultural Adaptation and Forestry Division and Assistant Secretary, Drought Policy and Reform Branch.
Wednesday 22 October (~7.30pm)	At the request of Secretary Grimes, Deputy Secretary Tucker calls the Chief of Staff to Minister Joyce to discuss the Hansard amendments. <i>(email refers – attachment 3)</i>
Wednesday 22 October (~8.15pm)	The Chief of Staff to Minister Joyce calls Acting First Assistant Secretary, Agricultural Adaptation and Forestry Division, and Assistant Secretary, Drought Policy and Reform Branch, about the department's concerns regarding the Minister's statement in parliament and the Hansard amendments. The departmental officers confirm that the department had been sent a copy of an email exchange between advisors in the Minister's office on Monday evening (20 October) about Hansard amendments. The Chief of Staff advises that she is now dealing with the matter at her level within the Minister's office.
Thursday 23 October (~10.30am)	At the request of Deputy Secretary Tucker, acting on a request from Secretary Grimes, Acting First Assistant Secretary, Agricultural Adaptation and Forestry Division, calls the Senior Advisor in the Minister's Office to ask if the office intends to take further action on the Hansard amendments. The Senior Advisor advises there is no intention to make further statements at that time.
Friday 24 October (pm)	At the request of Secretary Grimes, Assistant Secretary, Governance, calls the Chief of Staff to Minister Joyce to discuss the Hansard amendments. <i>(email refers – attachment 4)</i>
Monday 27 October (~12.30pm)	Secretary Grimes meets with Minister Joyce to raise concerns about the changes to Hansard, recommending that the Hansard be formally corrected. <i>(file note refers – attachment 5)</i>
Monday 27 October (~4pm)	Minister Joyce provides information to the House of Representatives advising he had requested reversal of the amendments to Hansard. <i>(Hansard refers)</i>

Kennedy, Cassandra

From: Croker, Craig
Sent: Monday, 20 October 2014 6:39 PM
To: Kennedy, Cassandra
Subject: FW: Today's Questions [SEC=UNCLASSIFIED]
Categories: AS meeting

From: Croker, Craig
Sent: Monday, 20 October 2014 6:34 PM
To: Henderson, Andrew
Subject: RE: Today's Questions [SEC=UNCLASSIFIED]

From: Henderson, Andrew
Sent: Monday, 20 October 2014 6:20 PM
To: Croker, Craig
Subject: RE: Today's Questions [SEC=UNCLASSIFIED]

Hi mate we are on a strict timeframe to get corrections back and accepted, can you take a look over this for me?
Corrections I have made are in Red:

Thanks,

Andrew

QUESTIONS WITHOUT NOTICE

Drought

Mr FITZGIBBON (Hunter) (14:32): My question is also to the Minister for Agriculture. Minister, it is now eight months since you announced with some fanfare your drought assistance package for farmers. How much has the government actually paid in doubt assistance to farming families and how many farming families have benefited from that drought assistance?

Mr JOYCE (New England—Minister for Agriculture and Deputy Leader of The Nationals) (14:32): I thank the member for Hunter for his question. He would be happy to know that **Nearly** 4,000 applications have been approved for the farm household allowance. This is a substantial amount of money. This means that they are receiving between \$900 and \$1,000 a fortnight. We have actually changed conditions so that we can bring dignity back into these people's lives. We have actually made it happen. You would be happy to know, Madam Speaker, that we approved \$280 million in our drought package and concessional rates of four per cent. We have put money on the table—over \$22 million for other water infrastructure. These are the sorts of real outcomes that we are providing.

Opposition members interjecting—

Mr JOYCE: You would be happy to know that if we had gone with your conditions they would have got hardly anything. It was under your conditions—

The SPEAKER: The Minister for Agriculture will resume his seat. The member for Hunter on a point of order.

Mr Fitzgibbon: I rise on a point of order on relevance. It was a pretty specific question: how much has been paid and how many families have benefited? To put it into context, it would help if the minister told us how many farming families have applied.

The SPEAKER: The minister is being relevant to the question. You asked how many had been assisted and about the drought. The Minister for Agriculture has the call.

Mr JOYCE: Madam Speaker, I cannot be much more relevant than actually giving the numbers. If he does not accept the numbers, what does he want to accept? I know you are bit light on in that side—

Dr Chalmers interjecting—

The SPEAKER: The member for Rankin has been warned; once more and you will leave.

Mr JOYCE: on the numbers department, but I have told you: nearly 4,000 have received the farm household allowance. Once they apply for it, it is approved and they receive it until it is knocked out.

Mr Fitzgibbon: I rise on a point of order.

Mr JOYCE: Straight away, you clown.

The SPEAKER: The minister will resume his seat and withdraw that last comment.

Mr JOYCE: I withdraw.

The SPEAKER: The member for Hunter on a point of order other than relevance.

Mr Fitzgibbon: I did not ask about farm household allowance. We will pursue that in estimates, the minister can be assured about that. And I know he will not like the outcome of that.

The SPEAKER: The member will resume his seat.

Mr Fitzgibbon: He is still not answering the question, Madam Speaker.

The SPEAKER: You had your point of order on the question of relevance and you know perfectly well you can only have one. The Minister for Agriculture has the call.

Mr JOYCE: I am happy to announce that when we arrived in government they had not signed up all of the states and territories, so we actually got the conditions in place for the concessional farm finance package, which they might have started but could never actually finish. We actually got those conditions in place so that we could start getting that money out. We actually approved \$280 million to add to that, so we got \$700 million of available finance. We actually changed the

conditions of the farm household allowance so that we could have a higher net asset test so more people could actually get access to the money. We are happy with the fact that nearly 4,000 applications have been through and if they were also a recipient of the Interim Farm household Allowance you actually get the money until the department decides that you are not allowed to get the money. So you keep on getting the money until such time as, on the application being assessed, they decide if you are not eligible for it. But it is not a case that you apply for the money and then you have to wait for your application to be approved unless it is a new application. You actually get the money straight away. So this is part of a process that is helping us look after the farmers that you left behind.

Grimes, Paul

From: Grimes, Paul
Sent: Friday, 24 October 2014 9:03 AM
To: Tucker, Mark
Subject: RE: Discussion with the Chief of staff [DLM=Sensitive]

Thank you Mark. I have been advised that the wording differs because 'corrections' provided to Hansard by the Minister's Office on Monday evening did not accurately reflect what the Minister actually said — and this was the basis of my request on Wednesday evening that the Minister's Chief of Staff be immediately contacted and advised of our concern.

I would be grateful for further advice on our understanding about how this matter will be resolved (in particular, were any actions taken yesterday following your advice to the Chief of Staff that it appeared that Hansard had been incorrectly amended?)

Please advise if it is necessary for me to follow up with the Minister directly on this matter or if there are any material changes in our understanding of the situation.

Paul

From: Tucker, Mark
Sent: Thursday, 23 October 2014 7:09 PM
To: Grimes, Paul
Subject: Discussion with the Chief of staff [DLM=Sensitive]

Secretary

I contacted Diana last night to advise her that the department was aware of the answers that the Minister had given in Parliament concerning the uptake and arrangements for Farm Household Allowance. I made sure that she understood that the department had seen the Minister's answers to the question and the subsequent recording on his response in Hansard where some of the wording differed. She was grateful that the department had highlighted the issue and undertook to consider further how they may handle the matter. Diana immediately spoke to the officers who had the detail and fully understood the importance of the issue. She advised that the office is considering further the action that may be required including taking into account the clarification from the Minister last night (see attached).

Mark Tucker
Deputy Secretary

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Department of Agriculture
18 Marcus Clarke Street, Canberra ACT 2601 Australia
GPO Box 858 Canberra ACT 2601 Australia

www.agriculture.gov.au

Grimes, Paul

From: Cale, Lee
Sent: Friday, 24 October 2014 6:03 PM
To: Grimes, Paul
Cc: Tucker, Mark
Subject: Discussion with CoS re Hansard Matter [DLM=For-Official-Use-Only]

Paul,

I have followed up with the Diana Hallam this afternoon regarding the Hansard matter. She has advised that the Minister has considered the matter and is confident that his statement to the House on this past Wednesday night has addressed any concerns of ambiguity on this matter.

Regards,
Lee

Lee Cale PSM
Assistant Secretary | Governance

Phone +61 2 6272 5162 | Mobile +61 417 258 197

Department of Agriculture
18 Marcus Clarke Street, Canberra ACT 2601 Australia

Please note that my email address has now changed to lee.cale@agriculture.gov.au

DEPARTMENT OF AGRICULTURE

File No.:

NOTE FOR FILE – FARM HOUSEHOLD ALLOWANCE: HANSARD RECORD

I met with the Minister earlier today following the 11.30am weekly departmental meeting with the Minister.

Among other matters, I raised my concerns around the incorrect changes that had been made to Hansard by the Minister's staff in response to a question without notice relating to Farm Household Allowance. I advised that I was raising the matter because I felt I had an obligation to ensure that the Minister was personally aware of my concerns around a misleading of the Parliament through an incorrect Hansard record. The Minister indicated that the original changes had occurred without his personal knowledge.

I advised the Minister of my recommendation that Hansard should be formally corrected.

The Minister noted my recommendation.



Paul Grimes
Secretary

Executive

Date: 27/10/2014

Willock, Anna

From: Hallam, Diana
Sent: Wednesday, 22 October 2014 6:58 PM
To: Willock, Anna; Kennedy, Cassandra
Subject: Explanation [DLM=For-Official-Use-Only]
Attachments: Explanation.docx

Hi Anna and Cass

The Minister has just given accurate Farm Household Allowance data to the House. This will be reflected in Hansard tomorrow.

Rgds

Diana

On indulgence I rise to add to an answer from question time.

I have the following additional information for the House.

- 4,957 applications have been received for Farm Household Allowance with 4,551 fully processed
- 4,098 applications have been approved for Farm Household Allowance to date with 4,011 recipients currently receiving payment
- According to estimates over 3,500 have transitioned from the Interim Farm Household Allowance payment.

Payments to farmers who had been in receipt of Interim Farm Household Allowance and had applied for Farm Household Allowance continued without interruption until their application had been assessed by Centrelink.

Further questions about Farm Household Allowance data should be directed to the Minister for Human Services.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 12

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Farm Household Allowance

Proof Hansard page: 15 (25.5.2015)

Senator EDWARDS asked:

Senator EDWARDS: I am just trying to get to an understanding of it. We work in this space. How did this change from 1 July 2014 vary from what was in place from the farm household allowance proper?

Ms Kennedy: Between the interim?

Senator EDWARDS: Yes.

Ms Kennedy: There are a couple of key differences, and I can certainly take on notice a more detailed answer. The key thing was the legislation. The previous scheme was only an executive one. One of the key differences is that under farm household allowance as it stands now, each member of a couple is treated separately. Whereas, under the previous incarnation and payments before that, there were payments to couples together. There are a number of others changes.

Answer:

Farm Household Allowance (FHA) was established under the *Farm Household Support Act 2014* and commenced on 1 July 2014.

The Act applies mainstream social security settings to FHA while taking into account the unique situation of farmers, such as a relatively high but illiquid assets at times of hardship.

There are a number of differences between FHA and Interim FHA, including that earlier, time limited Interim FHA payments were established under an executive scheme rather than legislation. Under FHA, each member of a couple is assessed and paid separately where as under Interim FHA, farmers and partners were paid a combined rate.

Under FHA, recipients can access up to \$1500 to complete a Farm Financial Assessment and up to \$3000 for advice or training activities.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 13

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Farm Household Allowance

Proof Hansard page: 16 (25.5.2015)

Senator CAMERON asked:

Senator CAMERON: ... I understand that there was an AgForce survey. It was reported on the ABC and it says, as I understand it, that two thirds have not applied for farm household allowance on the concessional loans. Of those that applied, one third were unsuccessful, 64 per cent received farm household allowance and half received drought concessional loans. Is that an accurate reflection on how the program is operating?

Mr Padovan: One of the challenges we have is that references to the programs get used interchangeably. So, certainly, I am aware that AgForce had some concerns in relation to the concessional loans and the eligibility criteria around that. The comment you just made in relation to farm household allowance is certainly not correct. We have a relatively modest rejection rate for farm household allowance. It is a roughly 20 per cent or less rejection rate—and we can provide the figures separately.

Answer:

As at 20 July 2015, the rejection rate for Farm Household Allowance is just under 17 per cent. Of these, more than one third were rejected on the basis that the applicant 'did not respond to a Department of Human Services request to provide further information'.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 14

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: AgForce Survey

Proof Hansard page: 18 (25.5.2015)

Senator CAMERON asked:

Senator CAMERON: Have AgForce provided their survey to anyone in the department?

Ms Kennedy: Certainly I have not received it. If I might suggest: our division can re-cover issues around farm household allowance. I think it is on tomorrow afternoon. Would it be possible for me to go away today and speak to AgForce and get a copy of the survey so I am in a better position to answer your questions by tomorrow afternoon?

Senator CAMERON: Yes, obviously that is a positive suggestion. I do not have a problem with that. Do you have a Ms Julie Goodchap and a Ms Kate Brinkley in the department?

Mr Padovan: We do.

Senator CAMERON: What is Ms Goodchap's position?

Ms Willock: Julie Goodchap is currently the director of the area that administers the concessional loans arrangement, mainly the existing loans, so the Farm Finance Concessional Loan Scheme and the Drought Concessional Loan Scheme.

Senator CAMERON: And Ms Brinkley?

Ms Willock: Ms Brinkley is the director of the farm business resilience area, which deals with taxation issues and farm debt mediation and a number of other related issues.

Senator CAMERON: Will they be here tomorrow?

Ms Willock: No.

Senator CAMERON: Can you check for me to see whether they received a copy of the survey?

Ms Willock: Yes.

Answer:

Ms Kate Brinkley, Director of the Farm Business Resilience Section, and Ms Julie Goodchap, Director of the Concessional Loans Section, received an emailed copy of the AgForce survey from Mr Dale Miller, Senior Policy Advisor at AgForce, at 10.53 pm on 20 May 2015.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 15

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Farm Household Allowance

Proof Hansard page: 19 (25.5.2015)

Senator EDWARDS asked:

Senator EDWARDS: I just want to talk about the farm household allowance. I just have a couple of questions, Acting Secretary. They are probably best for Ms Kennedy. How much do people receive under the FHA?

Ms Kennedy: It is in the light of the Newstart rates, so it would depend, basically.

Senator EDWARDS: How much is that? I have never been on Newstart.

Ms Kennedy: I could take it on notice and give you the table of all of the rates exactly, but it depends on whether you are single or partnered and potentially how much off-farm income you have.

Senator EDWARDS: Okay, right.

Ms Kennedy: I can provide that in more detail.

Mr Glyde: Senator Edwards, we can provide that tomorrow afternoon, when the division comes on.

Senator EDWARDS: Yes. I am just interested. And that is—what—to pay for living expenses, groceries?

Ms Kennedy: Yes. That is essentially what it is aimed at. It is people in hardship, to make sure that they can cover living expenses. It is not a business assistance allowance; it is for personal expenses.

Answer:

The amount of Farm Household Allowance paid to a recipient depends on the recipient's circumstances and is usually paid at the same rate as Newstart Allowance or Youth Allowance.

The following table sets out the current basic rates per fortnight (updated 20 March 2015).

Question: 15 (continued)

Single, no children: <ul style="list-style-type: none">• aged under 22• aged 22 or over• aged 60 or over, after 9 continuous months on payments	\$426.80 \$519.20 \$561.80
Single, with children: <ul style="list-style-type: none">• aged under 22• aged 22 or over	\$559.20 \$561.80
Partnered: <ul style="list-style-type: none">• aged 22 or over• aged under 22, no children• under 22, with dependent children	\$468.80 \$426.80 \$468.70

In addition to the basic rates, recipients may be entitled to supplements such as Pharmaceutical Allowance and Rent Assistance.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 16

Division/Agency: Agricultural Adaption and Forestry Division

Topic: Accelerated depreciation announced in budget

Proof Hansard page: 45 (25.5.2015)

Senator EDWARDS asked:

Senator EDWARDS: The other issue is in relation to the budget announcements—several initiatives to support water infrastructure, including the \$70 million assistance to primary producers that we spoke about earlier. I was talking with people over the weekend. They are a bit sad that it begins on 1 July 2016 and not on budget night, of course. What are the arrangements for the accelerated depreciation announced in the budget? Can you just give me a very high-level overview?

Mr Glyde: I will have a stab. This is probably a question best asked of the Agricultural Adaptation and Forestry Division, but essentially there is accelerated depreciation for water, fodder storage and the like and for fencing. The idea is that, depending on which category you are in, previously it was three or more years and now that expenditure can be written off in the year in which it is incurred.

Senator EDWARDS: Instantly?

Mr Glyde: Yes.

CHAIR: As of 1 July 2016?

Mr Glyde: Yes.

CHAIR: In the meantime all of the fencing will be repairs?

Mr Glyde: They will continue to enjoy the current rate of depreciation that they currently enjoy.

Senator EDWARDS: What activities or plant are available under fencing as we know it?

Mr Glyde: I think we will have to take that one when we get the experts.

Senator EDWARDS: There is no problem—there is just a lot of confusion out there and I was just trying to get it on the record. I am pretty keen to get it on the record.

Mr Glyde: We can make sure that we have the—it is a matter for the Treasury, but we can certainly outline what it applies to.

Question: 16 (continued)

Senator EDWARDS: We have a bit of time—to 1 July 2016. Can you do the same for the activities of plant and water facilities as well.

Mr Glyde: Sure.

Senator EDWARDS: And fodder storage.

Mr Glyde: We will be prepared for that at 7.30 tonight.

Answer:

On 27 May 2015, the Australian Government brought forward the date of effect of more favourable depreciation arrangements for fencing and fodder storage and water facilities to 7.30 pm, 12 May 2015.

Under the more favourable arrangements, primary producers may now deduct capital expenditure on water facilities and fencing in the year in which the expenditure is incurred. Capital expenditure on fodder storage assets may be deducted over three years. This is a reduction in timing whereby water facilities were previously deducted over three years, fencing over a period as long as 30 years and fodder storage assets over the effective life of the asset of 10 to 50 years.

As accelerated depreciation is a taxation matter, questions on what comprises an eligible purchase should be referred to the Treasury.

Further details on the decisions surrounding legislation would need to be sought from the Treasury.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 17

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Rural Financial Counselling Service additional funding

Proof Hansard page: 61 (25.5.2015)

Senator CAMERON asked:

Senator CAMERON: Will the \$1.8 million to fund the additional rural financial counsellors be run through DHS?

Mr Padovan: No. Rural financial counsellors are run by this department. That is looking at around 10 additional full-time counsellors. It will piggyback off the existing arrangements we have with the Rural Financial Counselling Service.

Senator CAMERON: So how many of your counsellors do you have now?

Mr Padovan: I think it is around 120.

Senator CAMERON: A modest increase.

Mr Padovan: A modest increase, but specifically targeted at drought-affected areas.

Senator CAMERON: Are you aware that they are going to be giving us 20 local council areas?

Mr Padovan: I will take that on notice. I do not have the details at hand. The estimate is those counsellors will service anywhere between 500 and 600 additional clients on top of our existing base.

Answer:

There are 14 service providers contracted to deliver Rural Financial Counselling Services (RFCS) across Australia. In 2014–15, the service assisted approximately 6900 clients (farm businesses) across Australia.

The RFCS already has a national footprint and the additional funding will be targeted to areas which have experienced at least a 1 in 20 year rainfall deficiency which has resulted in an increased demand on the service. On 24 June 2015 the Minister approved the first tranche of assistance of \$880 000 of the \$1.8million. The second tranche will be allocated later in the year when updated seasonal conditions can be taken into account.

Question: 17 (continued)

The funding was directed to nine of the 14 providers as follows:

RFCS provider	Amount of funding
RFCS QLD South Western Region	\$240 000
RFCS QLD Central Southern Region	\$160 000
RFCS NSW Northern Region	\$80 000
RFCS NSW Central West	\$80 000
RFCS Victoria Wimmera South West	\$80 000
RFCS Victoria Murray Mallee	\$80 000
RFCS South Australia	\$60 000
RFCS Western Australia	\$60 000
RFCS NSW Bourke	\$40 000

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 18

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Work that is being done across RDCs on climate change?

Proof Hansard page: 70 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: So this is a major risk for agricultural production. You are the preeminent research group within government on this issue, but you have one or two people who provide you some advice from other areas within the department. You do not have a climate change section. That is as I understand it.

Mr Glyde: I will just clarify. Certainly within the department of agriculture ABARES is our research arm on both economic and scientific matters that relate to policy advising. But the depth of research experience, particularly in relation to climate change and its impact on the farm sector, is with our RDCs because they are the ones that spend. About \$250 million goes annually into the RDCs from the taxpayer matched by industry levies. I think if you were to go through the work and the work plans of all of the RDCs, you would see that quite a bit of work over the years has been, and continues to be, dedicated towards climate change and climate variability and dealing with that and the fact that variability would appear to be increasing over time.

Senator CAMERON: That is fine.

Mr Glyde: I will clarify that the preeminent bit of research in terms of climate change is being done in the RDCs and in CSIRO. We are trying to channel that information into policy advice that would go to ministers and to the government.

Senator CAMERON: You do not speak for CSIRO so I cannot ask you about that. Can you provide a document which outlines the work that is being done across the RDCs on climate change? What is the work that is being done within ABARES on climate change? What is the work that is being done in the department? Is that possible?

Mr Glyde: Yes. It is a big task, but we will give it a go.

Answer:

1. A stocktake was undertaken in 2012 by the Climate Change Research Strategy for Primary Industries (CCRSPI) programme that identified investment in primary industries-related climate change research, development and extension. This included investments by CCRSPI partners (the rural research and development corporations, CSIRO, state and territory

Question: 18 (continued)

governments and the Department of Agriculture), as well as the Australian Research Council and the National Climate Change Adaptation Research Facility.

The stocktake, which provides details on projects and activities that were active in 2011-12, identified a total of 589 projects with a life-of-project value of \$549 million. Of these, the CCRSPI partners were involved in 483 projects with a life-of-project value of around \$491 million.

Details of the stocktake, including a summary document *Auditing Climate Change RDE in Primary Industries*, are available at www.ccrspi.net.au/climate-research-stocktake.

CCRSPI is in the process of conducting a research stocktake for 2015 that will identify existing projects, resources and capacity across the primary industries sector.

2. An important tool to assist farmers manage climate risk is the provision of climate-related information within time frames that enable appropriate decision-making on farms. As the Department of Agriculture's research arm, ABARES maintains an active role in providing climate and market information. Much of the information and analysis is made directly available to farmers, government and other decision-makers. For example, ABARES publishes its Weekly Australian Climate, Water and Agricultural Update, which, among other things, provides regional analyses on seasonal outlook, temperature anomalies, long-term rainfall deficiencies and water storage trends.

ABARES also provides a range of publications and data tools on its website to further assist climate risk management. Relevant data tools include: the Monitor; Climatch; Multi-Criteria Analysis Shell for Spatial Decision Support; Land Use and Management for Australia; and the Rainfall to Pasture Growth Outlook Tool, which is also available to farmers through Meat & Livestock Australia.

ABARES provides commentary on the impact of climate variables in its quarterly Australian Crop Report and Australian Commodities publications.

ABARES productivity research programme routinely takes into account the effects of climate variability in analysing the major determinants of agricultural industry productivity. ABARES maintains strong links internationally, which enables it to take advantage of the latest advances in estimation methodologies and best practice in productivity analysis.

In addition, ABARES provides policy advice on the results of research undertaken by other government agencies (namely the Bureau of Meteorology and CSIRO) that take into account climate change. ABARES tailors this advice to the needs of the Department of Agriculture insofar as the research into climate change intersects with agriculture.

3. The Department of Agriculture contributes to the Australian Government's climate change policy agenda on matters that affect Australia's agricultural industries. For example, providing policy and technical advice within government and to external stakeholders on the Emissions Reduction Fund, and contributing to the process for setting Australia's post-2020 emissions reduction target under the United Nations Framework Convention on Climate Change (UNFCCC).

The department is also delivering the Carbon Farming Futures (CFF) programmes, including Filling the Research Gap, Action on the Ground and Extension and Outreach.

Question: 18 (continued)

The Filling the Research Gap programme funds nationally coordinated research that will deliver practical options for land managers to reduce greenhouse gas emissions, build soil carbon and adapt to changes in climate.

The research is leading to options for reducing farm input costs, increasing efficiency and improving farm sustainability, competitiveness and profitability. The projects are also supporting 41 new agricultural research doctorates, helping to develop and expand Australia's agricultural research capacity.

The Action on the Ground programme assists farmers and land managers to undertake on-farm trials of abatement technologies and practices to measure and demonstrate how they can reduce agricultural greenhouse gas emissions or sequester carbon in soil while maintaining or improving farm productivity.

The trials are demonstrating real options for reducing emissions and farm input costs, increasing farm efficiency and sustainability, as well as increasing competitiveness and profitability. The projects are engaging over 530 farmers and 300 partner organisations.

The Extension and Outreach programme is increasing the knowledge and understanding of farmers, land managers and their key influencers of land sector emissions management and sequestration of carbon in land systems. The programme is also supporting land sector participation in the Emissions Reduction Fund.

Extension services are being delivered directly to farmers and their key influencers by the programme's extension providers through a variety of extension activities, including field days, workshops, individual farm visits and webinars. The programme directly engages 85 on-ground extension officers and indirectly engages 200 additional extension officers.

The number of projects under the CFF programmes and breakdown of funding is as follows.

CFF Programmes	Programme end date*	Total no. of projects	Value
Filling the Research Gap	June 2016	88	\$74m
Action on the Ground	June 2017	88	\$43.7m
Extension and Outreach	June 2017	24	\$21.3m
Total		200	\$139m

*Note: Some projects finish prior to the programmes' end dates.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 19

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Mechanical fuel load reduction trials

Proof Hansard page: 76 (26.5.2015)

Senator RICE asked:

Senator RICE: Yes. I need to be out of here for five minutes. I want to talk about the mechanical fuel load reduction trials that were announced in the budget for Victoria, Tasmania and Western Australia, where \$1½ million has been allocated. Where exactly in each state will these mechanical fuel reduction trials be carried out?

Mr McNamara: At this stage, we have not actually determined which states they will be carried out in, although I note there has been interest from WA, Victoria, New South Wales, South Australia and Queensland. So those details are yet to be worked through with the forest authorities in each of those states and with the forest fire management group.

Senator RICE: Have there been specific areas that have been proposed in those states?

Mr McNamara: There have been some areas mooted. But, as I say, the governance arrangements for that program have not yet been finalised and worked through.

Senator RICE: Can you tell me the areas that have been proposed?

Mr McNamara: There are areas in each of those states.

Senator RICE: Which areas?

Mr McNamara: I do not have them on me at the moment. Without actually having finalised the arrangements with the national partnership arrangements, I think it would be wrong of me to speculate about areas that might be included in that.

Answer:

The mechanical fuel load reduction programme is still in the design phase.

Regions currently under consideration include the south-west region of Western Australia; the Pilliga region of New South Wales; the northern and southern coastal forest regions of New South Wales; the East Gippsland region; north eastern Victoria; and south east Queensland. However, a final decision on the location of the trials has not been made.

Other regions or states may be included for consideration as the programme is designed and implemented.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 20

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Fodder storage

Proof Hansard page: 78–79 (26.5.2015)

Senator HEFFERNAN asked:

CHAIR: For the water measures?

Mr Padovan: Water and fodder infrastructure and fencing.

Senator BACK: Is there anything other than what we would expect with fodder storage?

Mr Padovan: This will be clarified through the legislation. The things we are looking at at the moment are hay and foraging assets, liquid feed systems, seed and fertiliser bins, and sheds used for pastoral operations.

Senator BACK: Silage pits?

Mr Padovan: And silage pits.

CHAIR: Would that include woolsheds?

Senator BACK: A woolshed?

CHAIR: What did you say? Sheds for?

Senator BACK: Fodder storage.

CHAIR: What did you just say? Sheds for?

Mr Padovan: Sheds for pastoral operations. But we will have to work through the detail of which sheds.

CHAIR: Well, a shed for pastoral operations is a woolshed.

Mr Padovan: But, as I said, this will be settled in the legislation when it comes through. We are just working through that with Treasury at the moment.

CHAIR: You blokes had better come and have a yarn to me. Is it going to include water for stock and domestic purposes and riparian water rights to be run? I declare an interest. A few years ago, out of the Lachlan I ran a pipe 10 miles, or whatever it is, for stock and domestic purposes. Would that be covered?

Question: 20 (continued)

Mr Padovan: We will have to get back to you on that one.

Answer:

As accelerated depreciation is a taxation matter, questions on what comprises an eligible purchase should be referred to the Treasury.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 21

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Emissions Reduction Fund auction

Proof Hansard page: 79 (26.5.2015)

Senator BACK asked:

Senator BACK: Or Treasury does. I will move on from that accelerated asset question. I want to ask you about the Emissions Reduction Fund auction. How much funding? How many projects related to agriculture? Could you give us a bit more background in terms of the take-up by the agricultural industry and by farmers, please?

Mr Padovan: I might start at a high level and then hand over to Ms Kennedy, who can go through some of the further detail. In terms of the high level for the first round of the Emissions Reduction Fund, the results were published on 23 April. There were 76 contracts issued that relate to the agriculture sector. Associated with them were 30.1 million tonnes of abatement.

Senator BACK: So 76 related to agriculture. Can you remind us how many there were in total? Do you have that figure?

Mr Padovan: Yes, we do.

Ms Kennedy: There were 107 contracts to deliver 47.3 million tonnes of abatement.

Senator BACK: So 107 contracts, of which 76 were related to agriculture and 30 of the 47. So that is a million tonnes. Good. Distribution geographically? Was it fairly widespread?

Ms Kennedy: This is obviously something that is managed within the environment portfolio and the Clean Energy Regulator. Information is available on their website. Yes, there was a reasonable distribution of these vegetation and agriculture related projects. Essentially, the figure I have in front of me is that approximately 60 per cent of the total abatement was from vegetation and agriculture related projects.

Senator BACK: Sixty per cent vegetation agriculture?

Ms Kennedy: Yes.

Senator BACK: Finally—I will go to the CER website—in terms of the agriculture side, what proportion, if any, was associated with livestock?

Ms Kennedy: I am sorry, but I would have to take that on notice.

Question: 21 (continued)

Answer:

Based on data available on the Clean Energy Regulator website, of the total 47.3 million tonnes of abatement contracted in the first auction:

- approximately 0.3 million tonnes was contracted for methane reduction activities in piggeries
- approximately 4 million tonnes was contracted for sequestering soil carbon in grazing systems.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 22

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Forest Industry Advisory Council

Proof Hansard page: 84 (26.05.2015)

Senator CAMERON asked:

Senator CAMERON: Who represents wood panel and board production?

Senator Colbeck: Well, the advisory council is not designed as a representative organisation. I think we might have covered this previously at estimates. It is not designed as a representative organisation. It is designed to bring in a number of industry skill sets but not as a representative organisation. That is how it used to be. It used to be made up of effectively executive officers of industry organisations from around the country. We made a deliberate decision to change the way that operated. We have a range of CEOs of businesses from around the country. It was a very deliberate decision to change the way it was set up. I know that it upset some people in the broader wood and wood products sector. My view is that at this point the change in direction has not only reinvigorated the work but also borne fruit. That has been demonstrated through the publication initially of the discussion paper that is out in the public arena at the moment.

Senator CAMERON: Is wood panel and board production on or not?

Mr McNamara: I am just looking through the list. I will have to take that on notice.

Senator CAMERON: Furniture?

Senator Colbeck: No.

Senator CAMERON: Frame and truss?

Senator Colbeck: I think we talked about that.

Senator CAMERON: No?

Mr McNamara: No.

Senator CAMERON: Exporters?

Senator Colbeck: Well, there are certainly people sitting around the table who are involved in export.

Senator CAMERON: So on notice you can give me that detail, if you do not mind.

Question: 22 (continued)

Answer:

Membership of the Forest Industry Advisory Council is chosen by the minister (or his/her delegate) for their expertise, understanding of forest and forest product issues and their ability to consider the broader long-term interests of the industry beyond the specific interests of the sector with which they are associated. The Forest Industry Advisory Council has the following membership:

Co-chairs

Senator the Hon. Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture.

Mr Rob de Fégely, the President of the Institute of Foresters of Australia. Mr de Fégely has over 28 years of experience in the Australian forest industry. He has worked in softwood plantations and natural forest management in New South Wales. Mr de Fégely commenced a consulting career in 1990 and has consulted to both corporate and government clients on issues such as forest resource assessment, wood processing and end product market reviews.

Members

Ms Karina Coombes is an Indigenous woman from the Tiwi Islands. She has had exposure to forestry management and development issues in the wider community, and is currently participating in the 21st Australian Rural Leadership Program which is sponsored by the Department of Agriculture. Until recently, she was a cultural, employment and training advisor on the Tiwi Islands.

Ms Michelle Freeman is a PhD Candidate, School of Botany, University of Melbourne. Ms Freeman has held Harvesting and Planning Forester roles in Victoria. In 2013, she won the Rural Industries Research and Development Corporation Victorian Rural Women's Award. She holds a Bachelor of Science (Forestry and Botany).

Ms Linda Sewell is the Chief Executive Officer of OneFortyOne Plantations which is the consortium that purchased the harvesting rights to the South Australian Government's Green Triangle softwood estate. Ms Sewell's previous role was the Chief Executive Officer of Hancock Victorian Plantations. Ms Sewell was also the inaugural chair of the Australian Forest Products Association in 2011.

Mr Ron Adams is the Managing Director of WESPINE Industries Pty Ltd, a softwood sawmilling company producing products for construction, renovations and furniture manufacturing. Mr Adams is also the Chairman of Forest and Wood Products Australia, President of the Forest Industries Federation of WA and a Trustee of the J.W. Gottstein Memorial Trust.

Dr David Brand has over 30 years of experience in timberland investment, forest management, science, and public policy. In 2005, Dr Brand founded New Forests Pty Ltd, a plantation forest investment and management company. Previously, Dr Brand was responsible for investment programs that integrated timber management with emerging environmental market opportunities at Hancock Natural Resources Group. Dr Brand has also held senior roles at State Forests of NSW and the Canadian Forest Service.

Question: 22 (continued)

Mr Ian Dickenson AO has been influential in farming and forestry in Tasmania. He is a member of the Tasmanian Farmers and Graziers Association forestry reference group and recently stepped down as chairman of Private Forests Tasmania. He was awarded an Order of Australia in 1992 in recognition of service to primary industry, particularly forestry. Mr Dickenson is the Director of Elverton Pastoral Pty Ltd.

Mr Andrew Hurford is the Managing Director of Hurford Hardwood Pty Ltd. The Hurford Group of companies is integrally involved in sawmilling and value added production of high quality hardwood products on the far north coast region of NSW. The Hurford Group is a major local employer, having some 100 staff, plus contractors, and is a significant contributor to the regional economy.

Mr Vince Hurley is the Chief Executive Officer of Australian Sustainable Hardwoods, a company based in Heyfield, Victoria. The company has over 200 employees and has manufactured high quality hardwood products for over 30 years. Mr Hurley is also on the executive of the Victorian Association of Forest Industries.

Mr Nils Koren is the Managing Director of Gunnensen Pty Ltd, an Australian owned distributor of wood-based panel products, timber and decorative surface materials. Following a background in the softwood industry in Mount Gambier, Mr Koren was appointed to his current position in 2008. Mr Koren is also Chairman of the Australian Timber Importers Federation.

Mr Andrew Leighton is the Australasian Regional President for Norske Skog, which is one of the world's largest suppliers of newsprint and magazine paper. In his 18 year career with Norske Skog, Mr Leighton has held senior executive positions in marketing, sales, logistics, strategy and business development.

Observers

Mr Gavin Butcher is the Director of Policy and Strategy at the Forest Products Commission of Western Australia. Mr Butcher has a career in plantation and native forest management spanning more than 33 years. Mr Butcher is the Chair of the Forestry and Forest Products Committee, which is comprised of representatives from Australian, state, territory and New Zealand government agencies responsible for forestry.

Mr Ross Hampton is the Chief Executive Officer of the Australian Forest Products Association (AFPA). AFPA is the peak industry body for the pulp and paper, and wood processing and resources industries. Prior to commencing this role in 2013, Mr Hampton led the development of the Australian public sector market for Cisco Systems. Mr Hampton has also worked as a reporter, adviser and policy advocate.

Mr Michael Hartman is the Chief Executive Officer of ForestWorks Ltd, which provides expert services to industry and government in the areas of forestry skills development, employment and training. Mr Hartman has been in this role since 2001 and has worked with all sectors of the industry.

Mr Ric Sinclair is the Managing Director of Forest and Wood Products Australia (FWPA), which is the industry owned services company for the forest and wood products sector. FWPA's activities include investing in research and development and promotional activities for the sector. Mr Sinclair holds a Bachelor of Science (Forestry) and a Master of Business Administration.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 23

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Consultation – Forest Industry Advisory Council

Proof Hansard page: 85 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Can you provide details of where these other groups are being consulted and when they are being spoken to?

Senator Colbeck: I can give you notice of events and meetings that I have been to with them on notice.

Answer:

Senator Colbeck attended the following events and meetings and discussed the paper prepared by the Forest Industry Advisory Council (FIAC), *Meeting Future Market Demand: Australia's Forest Products and Forest Industry – A strategic Directions Issues Paper*. Some meetings were held while the paper was being prepared, and some were held after its release on 25 March 2015:

- Engineered Wood Products Association of Australasia and Forest and Wood Products Australia joint seminar – 'Engineered Wood Products – from here to the future' (Gold Coast, QLD) – 13 November 2014.
- Tasmanian Ministerial Advisory Council on Forestry meeting (TAS) – 5 February 2015.
- Gottstein Trust Wood Science Course (Creswick, VIC) – 19 February 2015.
- 7th Annual Industry Development Conference, 'Innovation in Action' hosted by ForestWorks (Canberra, ACT) – 25 March 2015.
- 2015 Industry Gala Dinner which hosted by the Australian Forest Products Association (AFPA) and ForestWorks, Parliament House (Canberra, ACT) – 25 March 2015.
- ANZIF 2015—the joint conference of the Institute of Foresters of Australia (IFA) and the New Zealand Institute of Forestry (NZIF) (Creswick, VIC) – 14 April 2015.
- Private Forests Tasmania Plantation Management and Native Forest field day (Bracknell and Blackwood Creek, TAS) – 17 April 2015.

Question: 23 (continued)

- Forest Industries Federation of Western Australia (Bunbury, WA) – 28 April 2015.
- 2nd biennial Local Government Forest and Timber Industry Conference (Melbourne, VIC) – 30 April 2015.

In addition, Senator Colbeck's co-chair of FIAC, Mr Rob de Fégely, has met with industry on the following occasions to discuss the issues paper:

- New South Wales Forest Industries Taskforce (Deniliquin, NSW) – 11-12 December 2014.
- 2nd biennial Local Government Forest and Timber Industry Conference (Melbourne, VIC) – 30 April 2015.
- Timber Queensland (Brisbane, QLD) – 15 May 2015.
- Timber and Building Materials Association (TABMA), Forest and Wood Products Forum (Adelaide, SA) – 27 May 2015.
- Green Triangle Plantation Committee and Regional Development Australia – Limestone Coast, Forest and Wood Products Forum (Mount Gambier, SA) – 28 May 2015.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 24

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Forest Industry Advisory Council

Proof Hansard page: 85-86 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: It does not matter what you believe. It does not matter whether you think you have a broad set of skills. You have indicated here that you have deliberately set out to change the way it operates. It operates in a way which is not consistent with your obligations under the act.

Senator Colbeck: Well, I do not agree with you, Senator. I think that I am meeting my obligations under the act. If you want to say otherwise, I suppose we agree to disagree.

Senator CAMERON: That is the arrogance of this government, but that is fine.

Senator Colbeck: You can characterise it any way you like, but I believe that I have a very good relationship across the forest and wood products industry. I believe that I am meeting my obligations both within the portfolio and under the act.

Senator CAMERON: See, what you believe is not the issue. The issue is that you must comply with the act.

Senator Colbeck: It is actually the issue, because that is my obligation.

Senator CAMERON: No. Your obligation is to comply with the act.

Senator Colbeck: That is correct, and I believe that I am.

Senator CAMERON: Have you had advice along those lines?

Senator Colbeck: I would have to take that on notice, but it was something we considered when we restructured the people sitting around the table.

Senator CAMERON: Did the minister seek any advice—

Senator Colbeck: I have not finished my answer yet. As I said, it was one of the issues that we considered when we restructured the advisory council. So I think that I may have, but, to be sure, so that I do not mislead the committee, I will take that on notice and go back and check. But my recollection is that we did consider this matter as part of forming the Forest Industry Advisory Council.

Senator CAMERON: Mr Glyde, are you aware whether the minister sought any advice in relation to this forum complying with the act?

Question: 24 (continued)

Mr Glyde: Senator, I am not personally aware of that. Our usual practice in any of these matters is to ensure that the minister and the parliamentary secretary follow the legislation. So, like Senator Colbeck, I would have to take that on notice to come back to you with the sequence of events that led to the announcement of the ministerial advisory council.

Senator CAMERON: On notice, could you provide details of any correspondence, emails, times and dates of telephone calls and any other correspondence relating to the establishment of this forum. Can you also provide details of how this complies with the act.

Mr Glyde: Sure.

Answer:

Specific advice on legal obligations set out in the *Regional Forest Agreements Act 2002* with regard to representation on the Forest and Wood Products Council were not provided to the parliamentary secretary or sought by the minister as the composition of or the degree of industry representation on the council is not specified in the *Act*.

The Forest and Wood Products Council, which is an existing council under the *Regional Forest Agreements Act 2002*, is being used as the mechanism to deliver on the Australian Government's commitment to form a Forest Industry Advisory Council.

The Forest Industry Advisory Council remains a forum by which the minister, or his delegate, and stakeholders in the forest and wood products industry may consult together and exchange advice and information.

The provision of detailed information about any correspondence, emails, times and dates of telephone calls and any other correspondence relating to the establishment of this forum would entail a substantial diversion of resources.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 25

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Field trips for the drought concessional loans

Proof Hansard page: 91 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Just one last question on this. You did indicate that officers were on field trips for the drought concessional loans.

Mr Padovan: That is correct.

Senator CAMERON: What is the detail of those field trips?

Mr Padovan: We will have to take that on notice. They were principally around engaging with the rural community, seeing and talking firsthand to mayors and farmers and understanding on the ground the conditions people were facing.

Senator CAMERON: Can you provide details of who was on the field trips, where they went on the field trips, how long the field trips took, the cost of the field trips and the outcomes from the field trips?

CHAIR: How many bottled waters they had.

Senator CAMERON: You can add that too, if you like.

Answer:

Departmental officers from the Agricultural Adaptation and Forestry Division have undertaken two separate field trips to drought affected areas over the past 12 months.

Three departmental officers visited drought-affected areas in northern New South Wales (NSW) and southern Queensland in August 2014. Towns visited included Dubbo, Nyngan, Bourke, Brewarrina, Lightning Ridge, Walgett, Moree, Narrabri, Tamworth, Walcha, Armidale, Charleville, Mitchell, Roma and St George.

The officers spent eight days in NSW and five days in Queensland at a total cost of \$17 560.29.

The outcomes of the trip included seeing first hand conditions on the ground and gathering stakeholder feedback on drought assistance measures, including concessional loans and the Farm Household Allowance.

Question: 25 (continued)

One departmental officer visited Walgett, NSW, in March 2015, with representatives from the Australian Government Bureau of Meteorology and the NSW Rural Assistance Authority, to meet with representatives of the Walgett farming community and the Brewarrina and Walgett Shire councils.

The visiting group spent half a day in Walgett. The cost for the departmental officer was \$1115.61 in total.

Outcomes included gaining a better understanding of stakeholder knowledge of and views about the Australian Rainfall Deficiency Analyser and the eligibility requirements for the Drought Recovery Concessional Loans Scheme.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 26

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Drought Concessional Loans

Proof Hansard page: 94 – 95 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: I want to come back quickly to the funding for the drought concessional loans, the farm finance loan and the drought recovery loan. What is the government's borrowing costs for these loans?

Ms Willock: I can tell you the current five-year bond rate. Questions about the government's borrowing rate need to be directed to Treasury.

Senator CAMERON: So you do not know?

Ms Willock: As I said, questions about moneys borrowed by the government are dealt with by the Treasury.

Senator CAMERON: You are administering the loan. You would understand what the cost of that loan is. You do not have to ask Treasury for that.

Ms Willock: When the loan schemes are first set up, like all programs, there are costings done. Those costings use information provided to us by Treasury and the department of finance. I do not have any of that information with me. I can, as I said, provide you with the current bond rates, which are an approximation of the settings considered in setting up those loan schemes.

Senator CAMERON: You can give me the bond rates. Is that what the cost of this money was—the current bond rate? There could be a difference.

Ms Willock: Exactly right. There would be a difference.

Senator CAMERON: I am not asking what the current bond rates are. I think there is a total of \$270 million after \$10 million has been skimmed from the concessional loans. There is \$420 million for farm finance. I am not sure what the drought recovery total value is. What is the total value of drought recovery?

Ms Willock: In terms of funding available?

Senator CAMERON: Yes.

Ms Willock: It is \$100 million.

Question: 26 (continued)

Senator CAMERON: So \$100 million. The secretary has given me advice to take it on notice. Is that right?

Mr Glyde: No. I was asking a question.

Senator CAMERON: Sorry.

Mr Glyde: My apologies

Senator CAMERON: So you probably do not have that figure available. On notice, can you give us the effective bond rate that applies to those three programs?

Answer:

The effective bond rate for the Farm Finance Concessional Loans scheme and the Drought Concessional Loans scheme is the five year daily Commonwealth bond rate; for the Drought Recovery Concessional Loans scheme, the effective bond rate is the 10 year daily Commonwealth bond rate. These rates are publicly available at rba.gov.au/statistics/tables/index.html. The concessional interest rates applicable to each scheme are subject to six-monthly reviews in line with material changes (> 10 basis points) in the applicable bond rates. This process is 'set out' in the scheme guidelines, which are published on the websites of each participating state delivery agency.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 27

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Existing social and community support

Proof Hansard page: 95-96 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Thanks. I will move now to the \$20 million to extend and expand the existing social and community support. This is for mental health support and counselling from drought affected farming families and communities. What is the baseline figure that has been expended now? Is there a figure on that? Is that at \$20 million? How much has been spent on this?

Ms Kennedy: I am not sure I understand your question. This is a continuation of a measure that has been in place for some time.

Senator CAMERON: That is what I am asking. How much?

Ms Kennedy: There was previously \$15.5 million since the February 2014 drought announcement. So all together now that will be \$35.5 million until the end of the next financial year.

Senator CAMERON: Is this just a straight extension of the existing program, or are there new elements to the program?

Ms Kennedy: It is an extension in terms of the areas that are covered. So all of the existing LGAs that have been provided with these enhanced services will continue to have those services provided for in this coming financial year. That is 50 LGAs. Originally, there were only areas in New South Wales and Queensland. For the coming financial year, that has been extended to some additional LGAs in Queensland and new LGAs in Victoria, South Australia, Western Australia and Tasmania. So there is 69 in total across Australia.

Senator CAMERON: Who administers this fund?

Ms Kennedy: It is administered by the Department of Social Services and the Department of Human Services. Social services handles the mental health and families and children activity and the Department of Social Services are the coordinators. They do it through their on-the-ground providers. The drought coordinators are a separate element of this measure, and they are staff members, essentially, of the Department of Human Services.

Senator CAMERON: Can you take on notice if there are any other elements? You are saying that it is just a continuation and there are no new elements except that it goes wider.

Question: 27 (continued)

Answer:

The additional \$20 million the Australian Government announced on 9 May 2015 to improve access to community mental health support and counselling services for drought-affected families and communities extends and expands upon an existing assistance measure comprising three elements:

- Community Mental Health Activity, Department of Social Services (DSS)
- Families and Children Activity, DSS and
- drought coordinators (Department of Human Services).

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 28

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Existing social and community support

Proof Hansard page: 96 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Can you provide details of any changes to how it will work and compare that to the existing scheme? Maybe you could do a little table as to what is existing and what the changes are. That would be helpful. If you are expanding it from 50, do you know what other areas it will be expanded to?

Ms Kennedy: I do. Could I possibly take that on notice? There are 19 additional areas or LGAs that it will be extended to.

Senator CAMERON: Are these drought affected areas?

Ms Kennedy: Yes. That is correct.

Senator CAMERON: If you could provide details of that extended area.

Ms Kennedy: Certainly.

Answer:

The following table provides a comparison of the current measure compared to the new measure:

	Current measure (2013–14/2014–15)	New measure (2015–16)
Funding	Over \$15.5 million	\$20 million
States and local government areas (LGAs) receiving enhanced Department of Social Services Community Mental Health and Families and Children activities	New South Wales: 24 LGAs Queensland: 26 LGAs TOTAL: 50 LGAs	New South Wales: 24 LGAs (same 24 as current measure) Queensland: 29 LGAs (same 26 as current measure plus three additional) Victoria: one LGA South Australia: eight LGAs Tasmania: one LGA Western Australia: six LGAs TOTAL: 69 (current 50 plus 19 additional) LGAs
States covered by Department of Human Services drought coordinators	New South Wales: two Queensland: three	New South Wales: two Queensland: three Victoria/South Australia: one Western Australia: one

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 29

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Rural Financial Counselling Service additional funds

Proof Hansard page: 96 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: The rural financial counsellors will receive another \$1.8 million. Has the department done any analysis that they could provide to the committee about the effectiveness of the rural financial counsellors?

Mr Padovan: The National Rural Advisory Council undertook a report that was delivered last year that looked at the service. The minister has delivered the government response to that review. So there has been quite a comprehensive review of that service. That will certainly inform the next stage of the grant rounds which we are looking to have finalised by December this year.

Senator CAMERON: Is this to fund additional counsellors? The counsellors that are there are funded out of a different pot of money?

Mr Padovan: That is correct.

Senator CAMERON: And this is additional money. Is this a bit like the previous \$20 million that will be going into additional local council areas?

Mr Padovan: That is correct.

Senator CAMERON: Is it the same 19?

Mr Padovan: We can come back to you separately. I do not have the details at hand. We will have to take that one on notice.

Answer:

The additional funding will be directed at areas which have experienced at least a 1 in 20 year rainfall deficiency which has resulted in an increased demand for the service. On 24 June 2015 the Minister approved the first tranche of assistance of \$880 000 of the \$1.8million. The second tranche will be allocated later in the year when updated seasonal conditions can be taken into account.

Question: 29 (continued)

The funding was directed to nine of the 14 providers as follows:

RFCS provider	Amount of funding
RFCS QLD South Western Region	\$240 000
RFCS QLD Central Southern Region	\$160 000
RFCS NSW Northern Region	\$80 000
RFCS NSW Central West	\$80 000
RFCS Victoria Wimmera South West	\$80 000
RFCS Victoria Murray Mallee	\$80 000
RFCS South Australia	\$60 000
RFCS Western Australia	\$60 000
RFCS NSW Bourke	\$40 000

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 30

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Depreciation of water facilities

Proof Hansard page: 97 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Let us move to the \$70 million for depreciation of water facilities, storage and fencing. Why is this being allocated from July 2016?

Mr Padovan: That is a decision of government. I am not sure what more I can say.

Senator CAMERON: Senator Colbeck, can you give us any idea why this would have to wait until July 2016?

Senator Colbeck: Only that, as the officers have said, that was a decision of the government through the process of approval of the program.

Senator CAMERON: Can you give me some idea about what the criteria for this decision was?

Senator Colbeck: I would have to take that on notice. I was not part of the conversations.

Senator CAMERON: Is this the program that the minister is saying should be brought forward?

Senator Colbeck: I think it might be. I would have to check.

Answer:

On 27 May 2015, the Australian Government brought forward the date of effect of more favourable depreciation measures to 7.30 pm, 12 May 2015.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 31

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Fencing

Proof Hansard page: 98 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: On 13 May, the minister, was reported on 7.30 as having asked the Treasurer to pull this aspect forward in line with the tax breaks being offered for small business. Has there been any progress on that?

Mr Padovan: That is probably a question that is best asked of Treasury. Treasury is responsible for this measure. We certainly are consulted and advise on the process, but Treasury own the measure.

Senator CAMERON: That is fine. Has Treasury consulted with you on this measure?

Mr Padovan: We have spoken to Treasury on this matter.

Senator CAMERON: Did you instigate the discussions or did Treasury instigate the discussions?

Mr Padovan: I cannot recall. There are ongoing discussions with Treasury.

Senator CAMERON: Can you give us the details of any discussions between the department and Treasury— any correspondence, emails or file notes on this issue?

Mr Glyde: We can try, but the issue is that a lot of these discussions have been in the context of cabinet and advice to government.

Senator CAMERON: I am not asking for advice. I am not asking you for your advice. I am asking you to give me times and details. If there are file notes that do not go to the issue of cabinet confidentiality, you can at least give me times when the request went from you, on behalf of the minister, to Treasury and when Treasury responded. That is something that can be done. Is that correct?

Mr Glyde: Yes.

Question: 31 (continued)

Answer:

On 13 May 2015, the Minister for Agriculture, the Hon. Barnaby Joyce MP, wrote to the Treasurer, the Hon. Joe Hockey MP, about the start date for more favourable depreciation arrangements.

On 27 May 2015, the Australian Government brought forward the date of effect of these measures to 7.30 pm, 12 May 2015.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 32

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Forestry delegation to Japan/China delegation

Proof Hansard page: 99 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Are there any reports on outcomes?

Mr McNamara: There will be some cables coming. They will be the only reports on outcomes. There might be a summary on the website, but it has not been made available as yet.

Senator CAMERON: So there will be cables?

Mr McNamara: Yes.

Senator CAMERON: Will they be public?

Mr McNamara: I do not know as yet. We will have to have a look at those cables.

Senator CAMERON: I will officially ask for those cables to be tabled. That would be helpful.

Answer:

- From 19 to 24 April 2015 the Parliamentary Secretary led the Australian Forest Products Association (AFPA) supported forest industry market development mission, visiting Tokyo and Osaka in Japan (19-22 April 2015) and Beijing and Shanghai in China (22-24 April 2015).
- The purpose of the mission was to explore market trends and pressures in the forestry sector, emerging uses and markets for timber products and developments in innovation and research in timber processing and manufacturing.
 - The mission also aimed to improve market access within the region through high-level discussions with government and industry, and promoting the recent Free Trade Agreements with Japan and China.
- As is consistent with departmental processes, post visit cables reporting the outcomes of the meetings have been provided by the Minister-Counsellor (Agriculture) in Tokyo, Japan and the Counsellor (Agriculture) in Beijing, China. These cables are covered by the Australian Government 'Protected' security classification which limits their distribution.

Question: 32 (continued)

- A summary of the final cable provided is at Attachment A, with all classified or sensitive information removed.
- There are currently no plans for public reporting on the mission by the department, however AFPA provided an article to an industry newsletter (Attachment B).
- The Parliamentary Secretary's Office has also received feedback from AFPA highlighting the success of the visit in terms of connecting government and industry and assisting Australian industry to connect with their foreign counterparts to build valuable trading links (Attachment C refers).

As the original cables contain classified information, the following provides a summary of outcomes and details of key meetings from the visit.

Japan: Forestry visit by Parliamentary Secretary Colbeck and forestry trade mission, 19-22 April 2015

Senator Colbeck, Parliamentary Secretary for Agriculture, led a forest industry trade development mission to Japan from 19 to 22 April 2015, on the first leg of a visit to Japan and China.

The delegation comprised Mr Ross Hampton, CEO, Australian Forest Products Association (AFPA); Dr Bill Hurditch, Principal, Fifth Estate; Dr Alastair Woodard, consultant to Forest and Wood Products Australia; and Mr Simon Kang, Executive Director, Ta Ann, Tasmania.

While in Japan, Senator Colbeck and the delegation met in Tokyo with MAFF State Minister Abe, the Timber Wholesalers Association, the Forests Agency of MAFF and SMKC, the major importer of Ta Ann timber products from Tasmania. The industry delegates visited the Itoki innovation centre, and had dinner with Japanese forest industry representatives.

Separately Senator Colbeck met with Kojima, Chairman of Mitsubishi Corporation and with Australian agricultural industry association representatives who were participating in events arranged by Austrade to promote JAEPA food and beverage capability. Senator Colbeck delivered the opening remarks to the JAEPA food and beverage capability seminar at the Australian Embassy on 21 April 2015.

In Osaka, Senator Colbeck and the delegation met with senior Sekisui House staff and had a tour of their Shawood Directions Issues Paper – copies of 'Meeting Future Market Demand: Australia's Forests Products and Forest Industry' were provided to all relevant interlocutors.

The visit provided a valuable opportunity for the mission to learn about the current forest product market in Japan, government policies in support of timber use and innovative use of timber in Japan. Senator Colbeck emphasized the Government's commitment to the forest industry and its determination to provide confidence to markets about the sustainability and legality of timber from Australia. There was interest by Japanese importers in procuring timber products and undertaking further investment in Australia.

China: Visit by Parliamentary Secretary to the Minister for Agriculture, 22-24 April

Senator the Hon. Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture, then led a forestry industry delegation to Beijing and Shanghai from 22 to 24 April 2015 following the visit to Japan. The visit was the first high-level agriculture visit since the conclusion of China-Australia Free Trade Agreement (ChAFTA) negotiations.

The Parliamentary Secretary and his delegation promoted Australian forestry products and outlined Australia's regulations combating illegal logging during key calls on Chinese industry and government including discussions with the State Forestry Administration (SFA). In Beijing, the Parliamentary Secretary also called on the Ministry of Agriculture to discuss the bilateral agriculture and fisheries relationship; and called on AQSIQ to press for progress on technical market access issues, including nectarines, and sign a new wheat and barley protocol.

Senator Colbeck promoted Australia-China agricultural trade and investment opportunities at an AustCham breakfast function in Beijing, promoted Australian horticulture with premium e-commerce platforms in Shanghai and promoted Australian forestry at a dinner for key Chinese forestry industry contact in Shanghai.

The Parliamentary Secretary's forestry delegation in China included Mr Ross Hampton, CEO, Australian Forest Products Association (AFPA); Mr Pat Groenhurt (Managing Director, PF Olsen Australia), Dr Bill Hurditch (Principal, Fifth Estate); Mr Paul Cashion (General Manager, Allpak Trading Company (Visy)). Senator Colbeck was accompanied by Dr Peter Volker (Adviser), Mr Paul McNamara (Assistant Secretary, Forestry Branch, Department of Agriculture) and Agriculture Counsellors (Somerville and Balcerak) throughout the visit.

Forestry promotion activities

The Australian forestry delegation was the first such high-level forestry delegation to visit China and they established important connections with the Chinese Timber and Wood Product Distribution Association and key Chinese forestry product importers and manufacturers in Beijing at a dinner hosted by SFA and at dinner in Shanghai hosted by the Consul General. There was interest in investment in Australian forestry and in developing a platform for exchange of trade and product information for Australian forest products for the Chinese market. The forestry delegation also met the Chinese Academy of Forestry and Chinese Society of Forestry, agreeing to further technical cooperation with the Institute of Foresters Australia. Visits to Furen Timber Market in Shanghai and Taicang Port in Jiangsu province gave the delegation an appreciation of the scale of forestry product consumption in China with the delegation agreeing to explore a platform for exchange forestry product information to facilitate trade and investment.

The visit provided an insight into the future demand for forestry products in China to inform the development of the Forestry Industry Advisory Council policy issues paper. Signs point to growth in demand as China continues to urbanise and incomes increase, particular for higher quality forestry products.

INDUSTRY NEWS



Richard Colbeck



Ross Hampton



Bill Hurditch



Pat Groenhurt



Alastair Woodard



Simon Kang

Industry group in Asia this week to promote Aussie forest products

Mission seeks trade opportunities in China, Japan and Vietnam

A SELECT group of industry stakeholders is on a trade mission to Japan and China this week, promoting Australian forest exports and exploring new trading opportunities.

The trade mission, which includes visits to wood processors in Vietnam, is headed by Parliamentary Secretary for Agriculture Senator Richard Colbeck and CEO of the Australian Forest Products Association Ross Hampton.

The trade group is taking part in high-level discussions with government and industry about possible areas for development and growth for Australian forestry exports.

China and Japan are key markets for Australian forestry exports - worth \$542 million and \$394 million respectively.

Senator Colbeck said

Australia had a reputation as a reliable supplier of safe and clean agricultural products and the delegation was focusing on promoting the merits of Australia's sustainable timber industry.

Studying traditional markets

"Australian agricultural exporters are in a good position to look ahead at future trading opportunities with Japan and China thanks to the Japan-Australia Economic Partnership Agreement that entered into force in January, and the conclusion of negotiations for the China-Australian Free Trade Agreement," Senator Colbeck said.

Members of the mission also expect to gain a better understanding of the Chinese and Japanese forestry sectors and how they can meet the needs of these key markets.

On the China leg of the tour are Dr Bill Hurditch, principal, Fifth Estate; Pat Groenhurt, general manager, PF Olsen Australia; and Paul Cashion, general manager, Visy-China.

The Japan delegation includes Dr Hurditch, Dr Alastair Woodard, consultant, Forest and Wood Products Australia, and Simon Kang, executive director, Ta Ann Australia.

The mission, from April 19 to 24, is an initiative of the federal government and promoted on behalf of industry by the Australian Forest Products Association. The Forest and Forest Industry Market Development Mission

again reinforces the collaborative stance of the wood sector.

Ross Hampton said that studying the traditional markets in Japan, and particularly the massive scope and scale of the industry in south China and Vietnam, it was important that these countries understood Australian industry's commitment to sustainability and the manufacture of high quality products.

"This certainly applies to Vietnam which has experienced tremendous growth in the timber industry in the last five to 10 years," he said.

"Australian industry must be highly collaborative across all fronts of the forest and forest products sector - and as open as possible to gain the most traction from its broad policy settings."



28 April 2015

Senator the Hon Richard Colbeck
 Parliamentary Secretary to the Minister for Agriculture
 Parliament House
 CANBERRA ACT 2600
 (e) senator.colbeck@aph.gov.au

Dear Senator Colbeck

Appreciation for leading the Forest Industry Market Development Mission to Japan and China.

Thank you on behalf of the Australian forest and forest product industries for leading the recent industry market development mission to Japan and China.

In both countries industry representatives enjoyed very meaningful dialogue with international peers and we have a range of potential avenues to now explore in building deeper engagement and potentially greater export opportunities.

In Japan, we were able to stress the importance of that country to our industries in an historic sense but also as we look to the coming decades. It was important for industry representatives to hear from senior Japanese officials regarding the 'timber first for public buildings' policy, as well as policy incentives for consumers to choose timber.

As you will recall these policies were focused on building Japan's own timber industry and also climate change policies but we were told provided potential for international participation as well.

In China, industry representatives were pleased to be able to conduct a range of meetings with counterparts across the value chain and also participate with you in high level government-to-government engagements. China is, of course, a major and growing market for Australian forest products, and it was of great importance to build these government and quasi-government connections.

As you know we began promoting the notion of a 'Fibre Road' between our two countries, reminiscent of the 'Silk Road' and in keeping with the current Chinese Government's "Belt and Road" language. This notion was well received by our hosts and we plan to continue this initiative over the coming months.



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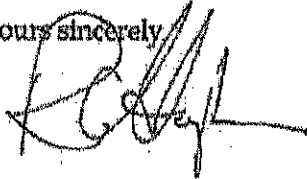
During your meeting with Mr Wu Qinghai (Vice Minister - General Administration of Quality Supervision, Inspection and Quarantine), I am advised that you raised the matter of exploring the potential for an alternative export log fumigation procedure, similar to the trial arrangement of in-transit fumigation of export logs that currently exists between NZ and China.

I would be very grateful if you could provide an outline of the nature of that discussion and actions Australian industry can now take to pursue a positive outcome.

Once again thank you for your leadership of this industry market development mission.

Please also convey Australian industry thanks to all the officials who worked hard to ensure such a successful trip, both in your Department and in the overseas Posts.

Yours sincerely



Mr Ross Hampton
Chief Executive Officer

CC: Dr Peter Volker (Advisor).

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 33

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Costs associated with Japan/China delegation

Proof Hansard page: 99 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: So who paid for the trip?

Mr McNamara: The department paid for me, the parliamentary secretary paid for himself and Dr Volker and industry participants paid for themselves.

Senator CAMERON: So when you say the parliamentary secretary paid for himself, was that an allocation or was that personal?

Mr McNamara: That was out of his own allocation, yes.

Senator CAMERON: So he did not pay for it himself?

Mr McNamara: No, sorry. It came out of his office's allocation.

Senator CAMERON: So it was a cost to government?

Mr McNamara: Yes.

Senator Colbeck: It was a cost to government, yes.

Senator CAMERON: So there were two officers. You?

Senator Colbeck: My forestry adviser and Mr McNamara from government.

Senator CAMERON: So three from government. Can you provide details of the costs involved in that trip?

Mr McNamara: We can certainly take that on notice.

Senator CAMERON: Accommodation, flights, meals and all associated costs with that trip.

Answer:

- From 19 to 24 April 2015 the Parliamentary Secretary led the Australian Forest Products Association (AFPA) supported forest industry market development mission, visiting Tokyo and Osaka in Japan (19-22 April 2015) and Beijing and Shanghai in China (22-24 April 2015).

Question: 33 (continued)

- The purpose of the mission was to explore market trends and pressures in the forestry sector, emerging uses and markets for timber products and developments in innovation and research in timber processing and manufacturing.
 - The mission also aimed to improve market access within the region through high-level discussions with government and industry, and promoting the recent Free Trade Agreements with Japan and China.
 - As of 12 June 2015, the total cost to the department for the mission is \$41 992.41.
 - This cost has been divided into two components, an individual travel costs component that covers domestic and international airfares, travel and accommodation and a trip delivery cost component that includes business catering, official hospitality, translators and vehicles (table at Attachment A).
- Ministers' and parliamentary secretaries' entitlements are primarily governed by the Department of Finance. The Department of Finance is responsible for meeting the costs of all entitled travel within Australia (except official car transport costs), official overseas travel and associated allowances for the portfolio minister, parliamentary secretary and their staff.
- Details of expenditure on entitlements (including overseas travel) for all senators and members is compiled every six months in a report titled *Parliamentarians' Expenditure on Entitlements Paid by the Department of Finance*.
- All AFPA industry delegates were required to meet all financial costs associated with their attendance, including airfares and accommodation. However, where charges were levied in-country for the delegation, the department will be seeking reimbursement for these amounts.
- The department is continuing to work with our overseas missions, the Department of Finance and appropriate line areas to ensure that both the Parliamentary Secretary's Office and the AFPA delegates are invoiced appropriately for all catering and travel costs incurred as part of the mission.

ATTACHMENT A

**Table : Costs Incurred as part of Parliamentary Secretary Colbeck's Visit to Japan and China,
18 – 24 April 2015**

(i) Departmental Costs			
Item	Description	Dept - AU staff	Dept - O/s staff
<i>Airfares & Surface Travel</i>		\$13 443.65	\$1457.54
<i>Accommodation</i>		\$1816.48	\$773.81
Sub Total		\$15 260.13	\$2231.35
Departmental Travel Costs Subtotal		\$17 491.48	
(ii) Delegate Costs			
Item	Description	Dept - AU staff	Dept - O/s staff
<i>Meals & Hospitality*</i>		\$13 756.79	\$0.00
<i>Transport – Within Countries</i>		\$4282.92	\$0.00
<i>Interpreters</i>		\$6461.22	\$0.00
Delegate Travel Costs Subtotal		\$24 500.93	
GRAND TOTAL		\$41 992.41	

*Includes hosting of several events attended by up to 50 delegates.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 34

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Who determined who would be on the delegation from AFPA?

Proof Hansard page: 100 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Who determined who would be on that delegation from AFPA?

Mr McNamara: That was the CEO of AFPA, Mr Ross Hampton. As I understand it, it was really on the basis of those who put in an expression of interest to go.

Senator Colbeck: I would not classify it as a determination of who could go. It was who wanted to go.

Senator CAMERON: I cannot really ask what AFPA did. All I can ask is what you guys did on the administrative side. In terms of the delegation, could you provide details of correspondence, file notes and the like relating to this delegation? I would be interested to understand what the arguments were from AFPA as to why it should happen and why the government decided it would pick up this invitation.

Answer:

- As AFPA led the industry supported segment of the forest industry market development mission to Japan and China, the department did not play any role in determining the composition of the industry delegation.
- The department understands that AFPA conducted a self nominated expression of interest process to determine the composition of the delegation.
- The final delegation consisted of six high level representatives from key industry associations such as AFPA and Forest and Wood Products Australia as well as private enterprise, including Fifth Estate, Ta Ann Australia, PF Olsen Australia, Allpak Pty Ltd (Visy).
- On 27 September 2013, AFPA CEO Mr Ross Hampton, wrote to Senator Colbeck to advocate for a member of the Australian Government to lead an industry market development mission to Asia (see Attachment A).
 - Senator Colbeck replied to Mr Hampton on 14 November 2013 confirming his acceptance of AFPA's invitation to lead the mission in mid 2014 (see Attachment B).

Question: 34 (continued)

- Following discussions with the department and Senator Colbeck's Office on potential dates in 2014; Mr Hampton wrote to the department advising that AFPA had sought to Senator Colbeck's agreement to postpone the visit until 2015 (see Attachment C).
- The trade mission proposal formed part of Senator Colbeck's 2015 travel bid and received written in-principle approval from the Prime Minister's Office on 23 December 2014.
 - The proposal recommended the trade mission occur between 19-28 April 2015 and cover Japan, China and Vietnam in line with AFPA's request of 27 September 2013.
- On 25 March 2015, Minister for Agriculture, the Hon Barnaby Joyce MP, wrote to the Prime Minister requesting final approval for the Parliamentary Secretary's travel, which was granted on 7 April 2015.
 - As the Vietnamese Minister for Agriculture participated in a trade mission to Australia in March 2015, the Vietnam segment was removed from the itinerary.
- A copy of Mr Hampton's most recent correspondence, thanking Senator Colbeck for leading the mission is at Attachment D.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 35

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Meetings Undertaken in Japan/China

Proof Hansard page: 100 (26.5.2015)

Senator CAMERON asked:

Senator Colbeck: We had quite a number of meetings in relation to the forestry sector. I also did some other engagements while I was there both in Japan and China, such as ministerial meetings. I am happy to provide details on notice.

Senator CAMERON: Could I have details of the meetings?

Senator Colbeck: Yes.

Senator CAMERON: That includes Mr McNamara and whether he went with you. I would like to know the program—

Senator Colbeck: Yes, sure.

Senator CAMERON: that was undertaken when you were in Japan and China, and obviously the costs and the like.

Answer:

- A list of the meetings / events attended by Parliamentary Secretary Colbeck during the forest industry market development mission to Japan and China is at Attachment A.
- Details of the costs associated with the trip can be found under the response to Question on Notice 33.

Visit to Japan and China by Parliamentary Secretary to the Minister for Agriculture, Senator the Hon. Richard Colbeck, 18 – 24 April 2015

Meeting and Event Schedule

Date	Time	Format	Event / Audience	Location
19/4/15	1930-2100	Briefing	HE Mr Bruce Miller, Australian Ambassador to Japan	Tokyo, Japan
20/4/15	0500-0700	Tour	Site Tour of Tsukiji Fish Markets	Tokyo, Japan
20/4/15	0930-1100	Meeting	Mr Yoshiaki Kichijo President, Japan Timber Wholesalers Cooperative Association	Tokyo, Japan
20/4/15	1400-1430	Meeting	Mr Yorihiro Kojima, Chairman, Mitsubishi Corporation	Tokyo, Japan
20/4/15	1500-1600	Meeting	Mr Koji Makimoto, Director General, Forest Policy Planning Department, Forestry Agency, Ministry of Agriculture Forestry and Fisheries	Tokyo, Japan
20/4/15	1630-1730	Meeting	Mr Yutaka Awakawa, Managing Executive Officer, Wooden Building Materials Division, Sumisho & Mitsubibussan Kenzai Co. Ltd	Tokyo, Japan
20//15	1900-2100	Function	AUSTRADE Australian agricultural industry function	Tokyo, Japan
21/4/15	0730-0900	Meeting	Tasmanian Prime Oysters	Tokyo, Japan
21/4/15	0930-1000	Launch	Australian Food and Beverage Supply Showcase Launch Event	Tokyo, Japan
21/4/15	1100-1130	Meeting	Ms Toshiko Abe, State Minister, Ministry of Agriculture Forestry and Fisheries	Tokyo, Japan
21/4/15	1500-1600	Meeting	Mr Sumio Wada, Executive Vice President, Sekisui House Co. Ltd.	Osaka, Japan
21/4/15	1630-1730	Tour	Site Tour of Sekisui House model timber housing exhibition site	Osaka, Japan
21/4/15	1900-2100	Function	Sekisui House function	Osaka, Japan
22/4/15	1300-1330	Meeting	AFPA timber industry mission	Beijing, China
22/4/15	1330-1415	Briefing	HE Mrs Frances Adamson, Australian Ambassador to China	Beijing, China
22/4/15	1430-1500	Meeting	Mr Sun Zhonghua, Chief Agronomist, Ministry of Agriculture	Beijing, China
22/4/15	1600-1730	Meeting	Mr Zhao Shucong, Minister, State Forestry Administration	Beijing, China
22/4/15	1800-1930	Function	State Forestry Administration function	Beijing, China
23/4/15	0730-0900	Meeting	AUSCHAM Breakfast Presentation on Australian agriculture and China Free Trade Agreement	Beijing, China
23/4/15	1000-1100	Meeting	Mr Wu Qinghai, Vice Minister, General Administration of Quality Supervision, Inspection and Quarantine Signing ceremony – wheat and barley quarantine protocols	Beijing, China
23/4/15	1830-2030	Function	Consul-General's function with Shanghai forest industry and business representatives	Shanghai, China
23/4/15	1850-1900	Launch	Promotion event on Tasmanian apples exported to China	Shanghai, China
24/4/15	0730-0800	Launch	Promotion event on Australian table grapes and apples exported to China	Shanghai, China
24/4/15	0900-1100	Tour	Site Tour of Furen Wholesale Timber Market	Shanghai, China
24/4/15	1330-1530	Tour	Site Tour of Taicang Shipping Port and Dock Facilities	Shanghai, China

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 36

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Wood biomass

Proof Hansard page: 101 (26.5.2015)

Senator RICE asked:

Senator RICE: You were quoted in a Liberal Party email last week saying that wood biomass is making use of an otherwise wasted product such as timber offcuts and bark and branches that would otherwise be discarded. Do you not think that is rather misleading?

Senator Colbeck: I would have to view the Liberal Party publication. I am not familiar with the one you are talking about.

Senator RICE: It was an email that someone sent to me.

Senator Colbeck: I would like to be able to sight what I am being quoted as saying.

Senator WILLIAMS: What else are you going to do?

Senator RICE: Given the evidence—

Senator Colbeck: It may very well be. Again, I have quite clearly indicated that the economics of this are going to be part of the overall process. I do not know the Liberal Party publication that you are talking about. I would be interested in seeing it before I respond to something that I am quoted as having said. I refer not necessarily to what you have said today but some of the selective quoting that has occurred at the committee today around various other topics. I would like to see the full context of what I am being quoted as saying.

Senator RICE: I will find the document for you. Let us move on.

Senator Colbeck: Sure. I am happy to take it on notice.

Answer:

On 27 May 2015, the Australian Government introduced the Renewable Energy (Electricity) Amendment Bill 2015 which seeks to reinstate the eligibility of native forest wood waste in the Renewable Energy Target under the same regulations that were in place up until November 2011.

Question: 36 (continued)

In introducing the legislation, the Minister for the Environment, the Hon. Greg Hunt MP, stated, “Eligibility was subject to several conditions, including that it must be harvested primarily for a purpose other than energy production. This is about the use of wood waste; it is not about cutting down biomass to burn”. Minister Hunt further stated that, “there is no evidence that its eligibility leads to unsustainable practices or has a negative impact on Australia's biodiversity”.

The residues from native forest operations can be used to generate renewable energy, bearing in mind that the wood waste must be generated from sustainable forestry operations. Further detail on the Bill is available at www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5463.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 37

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: 'Sustaining Natural Resources for Longer Term Productive Primary Industries' Program

Proof Hansard page: Written

Senator LEYONHJELM asked:

What share of the increase of \$1.98 m in the Departmental Appropriation for administration of the Program "Sustaining Natural Resources for Longer Term Productive Primary Industries" (page 41 of the Department of Agriculture's 2015/16 portfolio budget statement) will be allocated for facilitating compliance with the provisions and regulations of the Illegal Logging Prohibition Act and Regulations? How will measures aimed at changing forest practices in foreign markets sustain Australia's forest industries?

Answer:

Departmental appropriation allocated to the Sustaining Natural Resources for Longer Term Productive Primary Industries strategic objective is shared between four programs, Agricultural Adaptation, Sustainable Management - Natural Resources, Forestry Industry and Fishing Industry (Department of Agriculture's 2015/16 portfolio budget statement, page 23). The allocations are notional and reflect the current structure of the department and may change during the course of the budget year. The Forestry Industry program does however include provision for compliance activities.

Illegal logging has significant global economic, environmental and social impacts. Australia engages in activities to improve forest governance practices throughout the region to reduce the trade in illegally logged timber which disadvantages legitimate Australian businesses and undercuts market prices. These efforts also ensure the Australian market does not become a dumping ground for illegally harvested products which undermine well regulated timber harvest practices.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 38

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Illegal Logging Prohibition Act and Regulations

Proof Hansard page: Written

Senator LEYONHJELM asked:

Given the estimate that the cost of compliance with the Illegal Logging Prohibition Act and Regulations will be more than \$300 million a year, how is this consistent with the Department's declared goal "that it operates under a compliance approach which recognises good performance with reduced regulatory burden" (page 11, "Budget 2015-16, Paper #1.1, Agriculture")?

Answer:

The \$300 million figure quoted by some industry representatives as the cost of complying with the *Illegal Logging Prohibition Act 2012* and *Illegal Logging Prohibition Regulation 2012* has not been substantiated.

As part of the '*Independent review of the impact of the illegal logging regulations on small business*', KPMG was tasked with preparing its own independent estimates of the cost to business in complying with the laws. KPMG's estimates will be made publicly available, along with the review's findings, in the future.

Any activities undertaken by the Department of Agriculture in enforcing the *Illegal Logging Prohibition Act 2012* and *Illegal Logging Prohibition Regulation 2012* will be consistent with the department's broader compliance stance.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 39

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Illegal Logging Prohibition Act and Regulations

Proof Hansard page: Written

Senator LEYONHJELM asked:

On how many occasions and on what dates was the Department engaged in consultations with small business organisations about the proposals to reduce the cost to small business of the Regulations to the Illegal Logging Prohibition Act, and on which occasions was the Parliamentary Secretary for Forests involved?

Answer:

The Australian Government announced the *“Independent review into the impacts of the illegal logging regulations on small business”* on 1 December 2014. The review sought to assess whether the existing requirements achieve an appropriate balance between the cost of compliance for small businesses and reducing the risk of illegally logged timber entering the Australian market. The review was conducted by an independent consultant, KPMG.

In carrying out the review, KPMG held a series of targeted consultations with affected businesses across a range of business sizes and their representative organisations. This included face-to-face meetings with subject matter experts, structured interviews with 65 affected businesses, and a range of consultation workshops with key stakeholders. In order to ensure the review’s independence and the confidentiality of any submissions, KPMG has not provided the Department of Agriculture with a list of the stakeholders who were engaged in this process.

To ensure the independence of the review process, the department limited its role in the review to supporting and facilitating KPMG’s efforts. In taking such an approach, it provided KPMG with background briefing and relevant sources of information; introduced KPMG to key stakeholders and experts; and worked with the Australian Bureau of Statistics to provide supporting data.

In light of this limited role, there have been no meetings where the Parliamentary Secretary to the Minister of Agriculture and Department of Agriculture staff have jointly met with small business organisations to discuss proposals to reduce the costs to small business as part of the review.

Question: 39 (continued)

Prior to the review, the Department of Agriculture and separately the Parliamentary Secretary to the Minister for Agriculture had engaged with a range of industry organisations representing businesses on the development and implementation of the *Illegal Logging Prohibition Act 2012* and *Illegal Logging Prohibition Regulation 2012*. Further information on these consultations can be found in the response to AAF28.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 40

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Illegal Logging Prohibition Act and Regulations

Proof Hansard page: Written

Senator LEYONHJELM asked:

On how many occasions and on what dates did the Department consult with environmental groups, unions and large business organisations about their views on the Illegal Logging Prohibition Act and the Regulations, which groups participated in those discussions, and on which occasions was the Parliamentary Secretary for Forests involved?

Answer:

There was extensive stakeholder engagement throughout the development of the illegal logging laws. This included public and parliamentary scrutiny during the development of the associated Regulation Impact Statement and the three parliamentary inquiries undertaken prior to the passage of the *Illegal Logging Prohibition Act 2012*. The department also hosted information sessions in key Australian and overseas cities throughout the Act's development. These consultations spanned most of 2011 and 2012.

In the lead up to, and following, the Act entering into law in November 2012, the Department of Agriculture held a series of detailed consultation meetings with key stakeholders through the Illegal Logging Stakeholder Working Group. The Working Group included over 70 participants, representing a range of business interests (large and small), industry associations, social justice and environmental groups, state and territory governments and international trading partners. A list of participating organisations is included as Attachment A to this response. The Illegal Logging Stakeholder Working Group met seven times between 15 April 2011 and 24 April 2013.

The Department of Agriculture also convened a series of stakeholder workshops to allow all interested parties the opportunity to contribute to the development of the *Illegal Logging Prohibition Regulation 2012*. These four workshops were held between 19 December 2012 and 26 March 2013.

Since September 2013, both the Department of Agriculture and the Parliamentary Secretary to the Minister for Agriculture have met with key industry stakeholders on several occasions to discuss the implementation of the *Illegal Logging Prohibition Act 2012* and the associated *Illegal Logging Prohibition Regulation 2012*. This has included discussions with peak industry associations, individual businesses and other related industry organisations.

Question: 40 (continued)

During October and November 2014, the Department of Agriculture also held a series of face-to-face information sessions in Sydney, Melbourne, Brisbane, Adelaide and Perth and online webinars. These information sessions and webinars were open to the public and provided all stakeholders the opportunity to ask questions and provide their views on both the *Illegal Logging Prohibition Act 2012* and the *Illegal Logging Prohibition Regulation 2012*.

Membership of the Illegal Logging Stakeholder Working Group

Business Representatives/Industry Associations

- Australian Forest Products Association
- Timber Veneer Association Australia
- Australian Timber Importers Federation
- Windows and Door Industry Council
- Industry Working Group on Quarantine
- Furnishing Industry Association of Australia (FIAA)
- Australia Furniture Association Inc.
- Timber Development Association
- Customs Brokers and Forwarders Council of Australia (CBFCA)
- Victorian Associations of Forestry Industries
- ITS Global
- PNG Forestry Industry Association
- Malaysian Timber Council
- Malaysia Wood Industries Association
- Sarawak Timber Association

Commercial Businesses

- Bunnings
- Briggs Veneers
- Gunnersens
- Kimberley Clark
- IKEA
- Solaris Paper
- Woolworths
- Australian Paper
- Gunn Timbers
- Asia Pulp and Paper

International Governments

- The Government of Indonesia
- The Government of Malaysia
- The Government of Canada
- The Government of New Zealand
- The European Union
- The Government of Chile

Labour/Social/Environmental Organisations

- CFMEU
- Australian Forestry Standard (AFS)
- Uniting Church
- Humane Society International
- World Wildlife Fund
- Greenpeace

Australian Government Agencies

- Australian Government Department of Foreign Affairs and Trade
- Australian Government Department of Customs

State Governments

- New South Wales Government
- Victorian Government
- Queensland Government
- Tasmanian Government
- South Australia Government
- Western Australia Government

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 41

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Illegal Logging

Proof Hansard page: Written

Senator LEYONHJELM asked:

What primary sources does the Department use to assess the rate of illegal logging globally and imports to Australia? What process does the Department use to determine if such analyses are objectively based and verifiable?

Answer:

The department uses information from credible peer reviewed analyses and law enforcement sources when considering the global rates of illegal logging, including reports generated by law enforcement agencies such as Interpol.

In addition to generally available reports, the Department of Agriculture commissioned the following to support the development of its illegal logging policy:

- *Overview of Illegal Logging*, Jaako Poyry Consulting, 2005. This report assessed the impact of the trade in illegally logged timber on Australian forest product imports.
- *A risk assessment framework for assessing the legality of timber and wood products imported into Australia*, Jaako Poyry Consulting, 2010. This report examined potential methods to estimate the value of illegally harvested timber being imported into Australia.

These and other relevant sources are available on the Department of Agriculture website at: <http://www.agriculture.gov.au/forestry/policies/illegal-logging/information-resources>

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO WRITTEN QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 42

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: European Union Timber Regulation

Proof Hansard page: Written

Senator LEYONHJELM asked:

Does the Department of Agriculture consider the EUTR (European Union Timber Regulation) system of regulation of timber imports effective? If so, why? What is the Department's understanding of the review underway in the EU of the EUTR system and its objectives?

Answer:

1. The department considers the European Union's (EU) Forest Law Enforcement Governance and Trade (FLEGT) licensing scheme for trade in timber products, which is a legality certification system given effect by the European Union Timber Regulation, to be a rigorous and robust timber legality verification scheme.
2. In 2009 the Department of Agriculture commissioned URS Australia Pty Ltd (URS) to undertake an assessment of existing timber legality verification schemes; the report entitled 'Legal Forest Products Assurance - A framework for Differentiating Legality Verification and Chain of Custody Schemes' was submitted on 31 March 2010.

In December 2012 the Department of Agriculture engaged URS to undertake supplementary analysis, utilising the assessment framework developed in 2010, on the status of three timber legality frameworks: the EU FLEGT licensing system; the Forest Stewardship Council's (FSC) Principles & Criteria for forest management; and the Programme for Endorsement of Forest Certification's (PEFC) sustainable forest management certification systems.

In the final report submitted to the Department of Agriculture in March 2013 the EU FLEGT licensing system, along with the FSC and PEFC frameworks, were assessed by URS as being rigorous and robust timber legality verification schemes. Based on this independent assessment the EU FLEGT licensing system was listed as an approved Timber Legality Framework within the *Illegal Logging Prohibition Regulation 2012*.

Question: 42 (continued)

3. The Department of Agriculture understands that the review of the EUTR has been established as a result of Article 20 of the EUTR which states:

By 3 December 2015 and every six years thereafter, the Commission shall, on the basis of reporting on and experience with the application of this Regulation, review the functioning and effectiveness of this Regulation, including in preventing illegally harvested timber or timber products derived from such timber being placed on the market. It shall in particular consider the administrative consequences for small and medium-sized enterprises and product coverage. The reports may be accompanied, if necessary, by appropriate legislative proposals.

The Department of Agriculture also understands that by virtue of Article 20 of the EUTR, the review will, in particular consider the administrative consequences for small and medium-sized enterprises and product coverage.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO WRITTEN QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 43

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: European Union Timber Regulation

Proof Hansard page: Written

Senator LEYONHJELM asked:

Can the Department advise how many EU states have fully operational systems which check that imports of timber products into their countries comply with EUTR guidelines and rules?

Answer:

According to information available on the European Commission's website, as at 3 June 2015, 23 member states have fulfilled their obligations under the European Union Timber Regulation. Further information can be found at:
<http://ec.europa.eu/environment/forests/pdf/EUTR%20implementation%20scoreboard.pdf>

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO WRITTEN QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 44

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: FSC system of forest certification

Proof Hansard page: Written

Senator LEYONHJELM asked:

Why has the Department endorsed the FSC system of forest certification to regulate trade in forest products? What is the Department's view regarding the FSC system's inability to comply with global best practice Standards and conformance regarding arms-length separation among standard setting bodies, certification organizations and accreditation agencies, as decreed by the ISO and its related standards and conformance agencies?

Answer:

1. To assist industry to comply with the *Illegal Logging Timber Regulation 2012*, the department recognises a number of timber legality frameworks which provide sufficient assurance that timber or a timber product imported or processed under their frameworks has not been derived from illegally logged sources.

In 2009 the Department of Agriculture commissioned URS Australia Pty Ltd (URS) to undertake an assessment of existing timber legality verification schemes; the report entitled 'Legal Forest Products Assurance - A framework for Differentiating Legality Verification and Chain of Custody Schemes' was submitted on 31 March 2010.

In December 2012 the Department of Agriculture engaged URS to undertake supplementary analysis, utilising the assessment framework developed in 2010, on the status of three timber legality frameworks: the EU FLEGT licensing system; the Forest Stewardship Council's (FSC) Principles & Criteria for forest management; and the Programme for Endorsement of Forest Certification's (PEFC) sustainable forest management certification systems.

In the final report submitted to the Department of Agriculture in March 2013 the FSC Principles & Criteria for Forest Management certification system, along with the EU FLEGT licensing system and PEFC certification system, were assessed by URS as being rigorous and robust timber legality verification schemes. Based on this independent assessment, the FSC certification system was listed as an approved Timber Legality Framework within the *Illegal Logging Prohibition Regulation 2012*.

Question: 44 (continued)

In 2014 the Department of Agriculture engaged URS to prepare a second supplementary report, incorporating an update on developments relating specifically to Chain of Custody schemes operating globally under the PEFC and FSC forest management certification programs, and in particular the rigour and robustness of these Chain of Custody schemes. Based on this independent assessment, these Chain of Custody schemes were listed as an approved Timber Legality Framework within the *Illegal Logging Prohibition Regulation 2012* on 17 November 2014.

2. The choice of forest certification scheme(s) is a decision for forest owners/managers.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 45

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Illegal Logging Prohibition Act and Regulations

Proof Hansard page: Written

Senator LEYONHJELM asked:

Why hasn't the assessment by KPMG of the cost of compliance by small business with the provisions of the Illegal Logging Prohibition Act and Regulations been released? Why have the terms of reference for the Regulatory Impact Statement, and details of how the RIS is being undertaken, not been released? What commitments for the release of such documents and details have been made?

Answer:

KPMG delivered its final report to the Parliamentary Secretary to the Minister for Agriculture, Senator the Hon. Richard Colbeck, on 29 March 2015.

The Australian Government is currently considering the report. A full government response to the report and its recommendations will be published in the future. KPMG's final report will also be released at this time.

It is too early to comment on any potential regulatory changes that may come out of the review. Any regulatory changes will be subject to a Regulation Impact Statement (RIS) process.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 46

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Wood Hubs

Proof Hansard page: Written

Senator LEYONHJELM asked:

Why is the Government proposing Wood Hubs when the private sector has already created an internet based log and timber trading markets at zero cost to the taxpayer, with the added efficiency of direct shipping from forest/mill to customer, not via a physical wood hub?

Answer:

The Australian Government is taking advice from the Forest Industry Advisory Council (FIAC) on a range of issues affecting Australia's forest industry.

The concept of forestry hubs was raised by FIAC in *Meeting Future Market Demand – Australia's Forest Products and Forest Industry – A Strategic Directions Issues Paper*, which was released for stakeholder consultation in March 2015.

FIAC are proposing that the hubs concept could, "improve the profitability and competitiveness of the sector" and that hubs could be comprised of "businesses utilising this wood resource that are concentrated and in close proximity to each other and connected through their value chains, use of resources, technology, complementary products and labour needs (USEFC 2009)".

In this case the hubs being spoken about are more akin to the concept of business clusters where logs can be efficiently utilised, waste products from one industry may become feedstocks for another and infrastructure can be concentrated. Loose hubs already exist in regions such as Mt Gambier/Portland, Huon, Bell Bay, Gippsland, Albury/Tumut/Tumbarumba, Orange/Bathurst and Albany/Manjimup/Bunbury/Perth.

This approach would complement, and potentially benefit, increased use of online trading undertaken by the private sector.

Stakeholders have been asked about the merits of forestry hubs, as well as how and where they might be established.

Question: 46 (continued)

FIAC is developing a discussion paper, set for release in 2015, that will reflect feedback from stakeholders on the issues paper.

It will contain recommendations for government, industry and the research community on how best to position Australia's forest products sector for the future. All recommendations made by FIAC, including any recommendations specifically about forestry hubs, will be considered by the Australian Government in due course.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO WRITTEN QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 47

Division/Agency: Agricultural Adaptation and Forestry Division

Topic: Australian Timber Importers Federation Ltd grant

Proof Hansard page: Written

Senator LEYONHJELM asked:

Can you advise the purpose of the grant of \$27,500 to the Australian Timber Importers Federation Ltd on or about 29/01/2015?

Answer:

Australian Timber Importers Federation Incorporated received a grant of \$27 500 (GST inclusive) for the purpose of developing and delivering a series of eight (8) subsidised outreach and training workshops with an accompanying supporting training workbook and tool kit, delivered to members of the Australian timber importing community to assist them in their understanding of the requirements set out in the *Illegal Logging Prohibition Regulation 2012*.