

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 140

Division/Agency: Horticulture Australia Limited

Topic: Expenditure on various industries programs

Proof Hansard page: 20

Senator SIEWERT asked:

Mr Lloyd: By various industries we can measure things like water efficiency, reduction in chemical use and there are some soil studies as well—but they are specific to individual industries.

Senator SIEWERT: How much do you spend on those programs?

Mr Lloyd: I would have to take that on notice but it would probably be in the order of about \$15 million a year. That would be out of a total budget of about \$80 million a year, in various ways, shapes and forms.

Answer:

Horticulture Australia Limited's environmental programs are undertaken on an across-industry and multi-industry basis, in cooperation with other research and development corporations and through projects established by individual industries.

For 2012-13 the approximate expenditure for these projects was \$6 million. This figure varies on an annual basis depending on the projects being undertaken and their duration. Over recent years, total expenditure on these types of projects has varied between \$4 million to \$9 million.

Projects include investigation into integrated pest management techniques, sustainability of soils, use of water (application and productivity increases) and climate change (eg emissions reduction, adaptation and potential impacts).

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 141

Division/Agency: HAL

Topic: Export markets

Proof Hansard page: Written

Senator XENOPHON asked:

Can the Horticulture Australia witnesses please elaborate on recent programs funded through Horticulture Australia Limited to encourage export activity, especially in relation to developing export markets in Asia for the Australian horticulture industry.

Answer:

HAL undertakes two key programs to assist its member industries with exports.

1. Office of Horticulture Market Access (OHMA). OHMA was established in 2009 to improve opportunities for market access for Australian horticulture industries. It does this by:
 - supporting and contributing to official negotiations;
 - supporting and guiding R&D inputs needed for market access; and
 - raising the profile of Australian horticulture industries by developing and maintaining relationships with target markets to stimulate commercial interest in those markets.

OHMA plays a key role in helping to address quarantine, phyto-sanitary and other tariff barriers for Australian horticulture industries.

2. The Australia Fresh program. HAL established Australia Fresh as an across-horticulture industry project to provide assistance and support for individual industry export programs.

Australia Fresh activities include:

- organising trade shows and representation at key trade events under a single Australian banner;
- trade missions to key markets;
- submissions to Austrade;
- building capability within horticulture industries; and
- promotional activities.

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Supplementary Budget Estimates November 2013

Agriculture

Question: 142

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: HAL called ombudsman

Proof Hansard page: Written

Senator STERLE asked:

HAL has called for an ombudsman to oversee the supermarket code of conduct; do you still hold those views?

a) Has government spoken to you about the code?

Answer:

No. Horticulture Australia Limited has not spoken with the Government on the supermarket code of conduct and has not called for an ombudsman to oversee the code.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 143

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: Horticulture Australia Limited's peak industry body members

Proof Hansard page: Written

Senator STERLE asked:

How many of HAL's peak industry body members are also engaged as research, development and extension service providers?

Answer:

29.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 144

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: Ombudsman to oversee the supermarket code of conduct

Proof Hansard page: Written

Senator STERLE asked:

HAL has called for an ombudsman to oversee the supermarket code of conduct; do you still hold those views?

- i. Has government spoken to you about the code?

Answer:

Please see response to Question on Notice 142 from Supplementary Budget Estimates.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 145

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: R&D investment

Proof Hansard page: Written

Senator STERLE asked:

Will HAL be bidding for a slice of the coalition's \$100m R&D investment promise?

- i. Has HAL been engaged by DAFF to discuss the \$100m boost?
- ii. Has HAL been asked to provide any info to the commission of audit?

Answer:

HAL has held preliminary informal discussions with the Department of Agriculture on the government's commitment to contribute an additional \$100m for rural research and development. HAL anticipates having more formal discussions with the department on the nature of the funds, their availability and distribution.

(i) No.

(ii) No.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 146

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: Work undertaken by Horticulture Australia Limited

Proof Hansard page: Written

Senator STERLE asked:

Can you update the committee on work being undertaken by HAL regarding levies and rural research and development?

Answer:

HAL does not have a role in establishing or collecting levies. This is the responsibility of the Department of Agriculture. HAL has, however, been requested by the Minister for Agriculture to review the efficiency of horticulture levies as part of a HAL review that is currently underway (see the answer to question 248 for details).

In terms of providing an update on rural research and development, HAL publishes its annual report and an annual report for each horticulture industry with levy receipts of more than \$150 000 pa. These reports are available through the HAL web site or, alternatively, hard copies can be provided on request.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 147

Division/Agency: Horticulture Australia Limited (HAL)

Topic: Current terms of reference

Proof Hansard page: Written

Senator STERLE asked:

Can you update the committee on the current terms of reference for the HAL review and what work has been undertaken post-election?

Answer:

The scope of the HAL Performance Review is in two parts; a standard review under Clause 15 of HAL's Deed of Agreement with the Commonwealth and additional matters requested by the government. A copy of the terms of reference is attached [Attachment A].

The Review has commenced and is currently in progress. ACIL-Allen Pty Ltd was appointed as the independent organisation to conduct the Review following a thorough procurement process. Andrew Inglis AO was appointed as the Independent Chair of an independent steering committee providing advice to the review. Details of the composition of the Steering Committee are given under question 148.



Horticulture Australia

Terms of Reference for HAL Performance Review 2013/14

A. Scope of Review

Standard review

The Performance Review shall cover:

1. the performance of HAL in meeting its obligations under the Deed as the Industry Services Body for the provision of marketing and research and development services to the industry; and
2. HAL's implementation of strategic, annual operational, risk management, fraud control and intellectual property plans and its effectiveness in meeting the priorities, targets and budgets set out in those plans; and
3. the efficiency with which HAL carried out those plans; and
4. the delivery of the benefits to the industry and the community in general as foreshadowed by those plans.

Additional matters

In addition, the Performance Review shall cover:

5. The HAL model of industry service delivery and its underpinning in the Constitution against the benchmark of good governance practice under cl 4.1 of the Deed, including but not limited to:
 - a) HAL's membership whereby PIBs, rather than individual levy payers, are the members as is the case with other industry-owned RDCs.
 - b) The regulation of PIBs and other industry representative bodies under the HAL model; the nature and transparency of their direct and indirect funding arrangements with HAL; and their accountability to their own members and levy payers for their performance in consulting with levy payers and in spending industry and government funds, including the delivery of planned outcomes.
 - c) The operation of the IACs, including independence from the PIB/IRB and the extent and effectiveness of control by the HAL Board.
 - d) The influence of PIBs/IRBs on decision-making by HAL's Board, management and the IACs.
 - e) The capacity of the HAL model to deliver services in an efficient, effective and transparent manner to provide value for money to levy payers and corporate members.
 - f) Identifying alternative models to increase the effectiveness and efficiency of HAL's service delivery, transparency and accountability in HAL's funding arrangements.
6. The efficiency of the levy structure for the horticulture sector (in which many individual commodities maintain separate independent levy rates and collection mechanisms) and the process by which levies are conceived, implemented, collected and expensed.

B. Methodology

The Performance Review will be conducted in 4 parts:

1. Standard review of past performance (in the context of the current HAL model).
2. Review of Additional matters - investigation and findings.
3. Future HAL service delivery model/s - analysis and recommendations.

4. Future horticulture levy system/s - analysis and recommendations.

The Performance Review shall comply with these Terms of Reference and the Deed.

C. Consultation

The Performance Review will be required to consult with major stakeholder groups in relation to the subject matters of the Performance Review and may seek expert independent advice on any matters.

D. Independent Reviewer

The Performance Review will be conducted by an independent organisation appointed by HAL (independent reviewer).

E. Steering Committee

A steering committee will be established to provide guidance to the Performance Review. The steering committee will be governed by a steering committee charter.

The steering committee will comprise:

- Independent Chair (to be appointed in consultation with the Minister)
- 1 HAL Director
- 1 DAFF nominee
- 2 Member nominees
- 2 levy payers
- 2 RDC experts

The independent reviewer will be required to consult with the steering committee in accordance with a timetable set by the steering committee.

F. Conduct

The Performance Review shall be conducted in an independent and transparent manner. Public submissions may be sought.

G. Review Report

The independent reviewer must prepare the Performance Review Report, and provide it to the HAL Board. The HAL Board will provide a copy of the draft Performance Review Report to the Minister at the same time as the HAL Board receives a copy.

HAL will publish the final Performance Review Report on the HAL website and make a copy available to HAL's Members at the next general meeting of HAL.

H. Timing

Unless otherwise agreed in writing by DAFF and HAL:

- a) the draft Performance Review Report must be provided to HAL and the Minister by 3 April 2014; and
- b) the Performance Review must be completed, and the Performance Review Report finalised, by 3 May 2014.

I. Secretariat

HAL will provide secretariat support to the Performance Review, on a basis to be agreed between the independent reviewer and HAL.

J. Definitions

In this document, unless the context otherwise requires:

“**A** Class Member” has the meaning in Article 7.2(a) of the Constitution.

“**B** Class Member” has the meaning in Article 7.2 (b) of the Constitution.

“**Act**” means *Horticulture Marketing and Research and Development Services Act 2000* (Cth).

“**Constitution**” means the HAL Constitution dated 24 November 2011.

“**DAFF**” means the Commonwealth Department of Agriculture, Fisheries and Forestry.

“**Deed**” means the Deed of Agreement 2010-14 between The Commonwealth of Australia and HAL dated 3 November 2010 (also known as the “Statutory Funding Agreement” or “SFA”).

“**HAL**” means Horticulture Australia Limited.

“**IAC**” means an Industry Advisory Committee established by HAL under Article 22 of the Constitution.

“**Industry Representative Body**” or “**IRB**” has the meaning in Article 30.2 of the Constitution, and comprises both “A” Class and “B” Class Members.

“**Industry Services Body**” means the body that is declared by the Minister under section 9(1) of the Act to be the industry services body.

“**Levies Legislation**” means:

- (a) *Primary Industries (Excise) Levies Act 1999* (Cth) (Act No. 31 of 1999 as amended) (**Excise Act**);
- (b) regulations made under section 8 of the Excise Act;
- (c) *Primary Industries (Customs) Charges Act 1999* (**Customs Act**);
- (d) regulations made under section 8 of the Customs Act;
- (e) *Primary Industries Levies and Charges Collection Act 1991* (**Collection Act**); and
- (f) regulations made under section 30 of the Collection Act.

“**Member**” means a body admitted as a member of HAL pursuant to Article 7 of the Constitution.

“**Minister**” means the Federal Minister for Agriculture, Fisheries and Forestry.

“**Peak Industry Body**” or “**PIB**” means an “A” Class Member or “B” Class Member.

“**Performance Review**” has the meaning provided in clause 1.1 of the Deed, to be carried out in accordance with clause 15 of the Deed.

“**Performance Review Report**” means a report on all matters of the Performance Review.

“**Prescribed Industry Body**” has the meaning in Article 30.2 of the Constitution, and comprises “A” Class Members only.

(Explanatory Note: A “Prescribed Industry Body” is a body that is declared under the Levies Legislation as the eligible industry body for:

- (a) the relevant leviable horticultural products; or*
 - (b) the relevant class or subclass of leviable horticultural products;*
- as the case requires. Accordingly, this comprises only “A” Class Members, which are responsible for statutory levies)*

“**RDC**” means Rural Research and Development Corporation.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

Agriculture

Question: 148

Division/Agency: Agricultural Productivity Division/Horticulture Australia Limited

Topic: Horticulture Australia Limited review

Proof Hansard page: Written

Senator STERLE asked:

1. Can you update the committee as to who will conduct the HAL review and the composition of the steering committee?
2. Will HAL meet the review deadline of 3rd May 2014?
3. How will this information be reported to the public?

Answer:

1. ACIL Allen.

The Steering Committee is comprised of:

- Mr Andrew Inglis AO (Independent Chair)
- Mr Selwyn Snell (HAL Director)
- Mr Mark Tucker (Department of Agriculture)
- Mr Andrew Starkey (Member)
- Mr Jon Durham (Member)
- Mr Oliver Flint (Levy Payer)
- Mrs Tina McPherson (Levy Payer)
- Mr Enzo Allara (Research and Development Corporation (RDC) expert)
- Mr Peter Reading (RDC expert).

2. Yes.

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Question: 148 (continued)

3. Under Clause 15.2 of HAL's Deed of Agreement with the Commonwealth, HAL must:
- provide the Minister with a copy of the draft Performance Review Report at the same time as the HAL Board receives a copy;
 - provide the board's response to the Performance Review Report recommendations and a proposed implementation plan within three months of the date of the board's acceptance of the Performance Review Report;
 - publish the Performance Review Report on the HAL website; and
 - make available a copy of the Performance Review Report to members at the next general meeting of HAL.

There may be further activity to publicly disseminate the outcomes and recommendations of the final report; however, this has not yet been determined.