

Senate Rural Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2011
Agriculture, Fisheries and Forestry

Question: 1

Division/Agency: CFD – Corporate Finance Division

Topic: Property leases

Proof Hansard page: 8

Senator HEFFERNAN asked:

Senator COLBECK: I suppose you have given us some indication of where you are going through that process now with those AQIS duplications and IT duplications, human resources and financial services.

Ms Mellor: I think the key thing is to actually aggregate the staffing first and aggregate the functions and then have a look at what duplication can be cut out quickly and to start measuring that. For example, we have, as I say, a large portfolio of properties. We obviously have buildings in Canberra but we have buildings right around the country. We have properties at airports. We manage that at the moment out of two separate areas. We want to bring those two areas together, working with our property managers a lot better to see if we can reduce the cost of delivering property services. That is just a small example, although we do have a large portfolio. Step one is to identify the tasks and functions, then to bring people together and then each of the executive managers involved in this will start working through where the savings can be delivered.

Senator HEFFERNAN: Could you provide on notice a list of those properties which are rented, who they are rented to and what the rent is?

Ms Mellor: There are over 120 properties.

Senator HEFFERNAN: Thank you. Can you provide that on notice?

Answer:

The department rents or occupies a number of properties and land to meet operational and business needs. **Attachment 1** provides a full list of the department's rented properties. The summary includes, for rented and leased properties, the rate per square metre, the title details, the owners and their Australian Company Numbers (ACNs).

The department has a number of properties with sub-tenants renting a portion of the site. **Attachment 2** provides a list of the sub-tenant arrangements.

The rent at the department's Eastern Creek animal quarantine station is subject to a rent review which will be concluded in mid November 2011 and at that time a new rent will apply to the site.

The department's property portfolio includes some properties, primarily quarantine stations, that have previously been sold by the government and leased back.

State	Suburb	Street Address	Owner/Lessor Name	ACN	Owner ABN	Annual Rental	Rent per m ²	NLA Sqm
ACT	Canberra	18 Marcus Clarke Street	ISPT C/- Knight Frank Pty Ltd	004973684	17004973684	\$ 11,731,685.40	\$ 423.77	27,684.00
ACT	Canberra	7 London Circuit	ISPT C/- Knight Frank Pty Ltd	004973684	17004973684	\$ 4,145,426.76	\$ 487.70	8,500.00
ACT	Canberra	Level 4, Building A, 7 London Cct	NICTA	102206173	62102206173	\$ 583,823.04	\$ 471.21	1,239.00
ACT	Canberra	Ground Floor 7 London Circuit Conference Centre	ISPT C/- Knight Frank Pty Ltd	004973684	17004973684	\$ 177,633.84	\$ 459.00	387.00
ACT	Canberra	B2 - 7 London Circuit Gym	ISPT C/- Knight Frank Pty Ltd	004973684	17004973684	\$ 10,000.08	\$ 151.52	66.00
ACT	Fyshwick	Unit 7 50 Collie Street	Kamiros Investments Pty Ltd	302300569	57302300569	\$ 681,362.64	\$ 240.76	2,830.00
ACT	Fyshwick	Unit 6 46-56 Collie Street	Kamiros Investments Pty Ltd	302300569	57302300569	\$ 245,846.04	\$ 267.81	918.00
WA	Christmas Island	Location 241	Patrick Ports Pty Ltd t/as C.I. Ports	007427652	44007427652	\$ 5,460.00	\$ 227.50	24.00
WA	Christmas Island	Residential Tenancy Agreement	Hubertina Hotinga	Exempt	Exempt	\$ 25,999.80	n/a	0.00
NSW	Eastern Creek	60 Wallgrove Road	Colliers International (NSW) Pty Ltd	001401681	65001401681	\$ 275,087.04	\$ 1.24	221,000.00
NSW	Griffith	104 - 110 Banna Avenue	State Property Authority	840597406	91840597406	\$ 11,214.00	\$ 215.24	52.10
NSW	Mascot	Sydney International Airport T1	Sydney Airport Corporation Limited	082578809	62082578809	\$ -	\$ -	0.00
NSW	Narrabri	2 Bowen Street	Narrabri Shire Council	717801656	95717801656	\$ 10,651.32	\$ 275.30	38.69
NSW	Newcastle	West Basin 3 Amenities	Newcastle Port Corporation	825884846	50825884846	\$ 5,957.16	\$ 297.86	20.00
NSW	Newcastle	130 Young Street	Newcastle Stevedores Pty Ltd	146087166	69146087166	\$ 64,885.44	\$ 179.24	362.00
NSW	Parkes	39 Currajong Street	P & M Sgarlata	880613424	28880613424	\$ 8,840.04	\$ 102.36	86.36
NSW	Port Botany	15 Bumborah Point Road	Australian Customs and Border Protection Service	015286036	66015286036	\$ 14,449.08	\$ 368.22	39.24
NSW	Port Kembla	91 Foreshore Rd	Port Kembla Port Corporation	656351300	52656351300	\$ 45,877.56	\$ 297.33	154.30

Question: 1 (continued)

Attachment 1

State	Suburb	Street Address	Owner/Lessor Name	ACN	Owner ABN	Annual Rental	Rent per m ²	NLA Sqm
NSW	Prospect	29 - 41 Stoddard Road Gatehouse Premises	Mainland Industrial & Commercial Pty Ltd	240871883	43240871883	\$ 11,334.12	\$ 251.87	45.00
NSW	Rosebery	1 Crewe Place	Dexus Property Group (Industrial Trust)	957640288	27957640288	\$ 2,207,353.80	\$ 290.30	7,603.80
NSW	Sydney Markets	Suite C14 Sydney Markets Plaza	Sydney Market Ltd	077119290	51077119290	\$ 11,299.92	\$ 296.59	38.10
NT	Darwin	Dog Kennels	Australian Customs and Border Protection Service	015286036	66015286036	\$ 2,426.28	\$ 12.50	194.10
NT	Darwin	International Airport	Darwin International Airport	081258157	87081258157	\$ -	\$ -	163.23
NT	Eaton	1 Pederson Rd	Darwin International Airport	081258157	87081258157	\$ 534,457.80	\$ 338.74	1,577.80
NT	Nhulunbuy	Foreshore Road - AQIS	Rio Tinto Alcan Gove Pty Ltd	000453663	76000453663	\$ 1.00	\$ 0.01	110.00
NT	Nhulunbuy	Residential Tenancy Agreement	Defence Housing Australia	968504934	72968504934	\$ 57,200.00	n/a	0.00
QLD	Brisbane	DP World Terminal	Panelfab	009794290	84009794290	\$ 5,040.00	\$ 186.67	27.00
QLD	Bundaberg	5 Targo Street	Australian Customs and Border Protection Service	015286036	66015286036	\$ 13,516.20	\$ 181.43	74.50
QLD	Cairns	Dog Kennels	Australian Customs and Border Protection Service	015286036	66015286036	\$ 6,773.88	\$ 26.77	253.00
QLD	Cairns	Cairns International Airport	Cairns Airport Pty Ltd	132228221	18132228221	\$ -	\$ -	320.00
QLD	Cairns Airport	Building 114 Catalina Crescent Airport Business Park	Cairns Airport Pty Ltd	132228221	18132228221	\$ 756,941.52	\$ 321.69	2,353.00
QLD	Coolangatta	Gold Coast Airport	Gold Coast Airport Pty Limited	077200821	91077200821	\$ -	\$ -	186.90
QLD	Eagle Farm	Curtin Avenue	Department of Primary Industries	342684030	78342684030	\$ 24,237.64	\$ 112.21	216.00
QLD	Eagle Farm	Brisbane International Airport	Brisbane Airport Corporation Ltd	076870650	54076870650	\$ -	\$ -	1,350.00
QLD	Eagle Farm	42-44 Qantas Drive	Brisbane Airport Corporation Ltd	076870650	54076870650	\$ 1,190,302.56	\$ 304.74	3,906.00
QLD	Eagle Farm	42-44 Qantas Drive	Brisbane Airport Corporation Ltd	076870650	54076870650	\$ 75,710.28	\$ 362.25	209.00
QLD	Gladstone	100 Goonoon Street	Rydges Hotels Limited	003867918	79003867918	\$ 83,615.40	\$ 339.90	246.00

Question: 1 (continued)

Attachment 1

State	Suburb	Street Address	Owner/Lessor Name	ACN	Owner ABN	Annual Rental	Rent per m ²	NLA Sqm
QLD	Mackay	Mulherin Drive Mackay Harbour	Australian Customs and Border Protection Service	015286036	66015286036	\$ 44,546.40	\$ 485.25	91.80
QLD	Port of Brisbane	Level 1, Port Central Sandpiper Avenue	Port of Brisbane Pty Ltd	143384749	78143384749	\$ 191,470.08	\$ 315.44	607.00
QLD	Sherwood	Level 1, 606 Sherwood Road	G & H Fiore	594697995	96594697995	\$ 29,298.12	\$ 238.20	123.00
QLD	Toowoomba	196 Hume St	Marsden Family Superannuation Trust	957826477	48957826477	\$ 41,062.08	\$ 315.86	130.00
QLD	Townsville	7-13 Tomlins Street	Savills (QLD) Pty Ltd (River Quays)	010654109	14010654109	\$ 135,489.36	\$ 331.27	409.00
QLD	Weipa	Evans Landing Shed	Australian Customs and Border Protection Service	015286036	66015286036	\$ 3,076.92	\$ 73.61	41.80
QLD	Weipa	Evans Landing	Australian Customs and Border Protection Service	015286036	66015286036	\$ 5,870.76	\$ 106.74	55.00
QLD	Weipa	Residential Tenancy Agreement	Australian Customs and Border Protection Service	015286036	66015286036	\$ 28,599.96	n/a	0.00
SA	Adelaide	Adelaide International Airport Ground Floor	Adelaide Airport Limited	075176653	78075176653	\$ -	\$ -	203.87
SA	Adelaide	10 Corbett Court Export Park	Adelaide Airport Limited	075176653	78075176653	\$ 679,194.36	\$ 295.06	2,301.90
SA	Albany	49 Bolt Terrace	Australian Customs and Border Protection Service	015286036	66015286036	\$ 13,068.84	\$ 40.19	325.20
SA	Barmera	Shop 9 5 Barwell Avenue	Berri Barmera Loxton C/- Ray White	104005263	81104005263	\$ 4,017.36	\$ 58.22	69.00
SA	Gillman	AQIS Store D Whicker Road	AWH Pty Ltd	069066842	81069066842	\$ 2,771.40	\$ 92.38	30.00
SA	Port Lincoln	King Street	Flinders Ports Pty Ltd	097377172	83097377172	\$ 19,278.72	\$ 444.21	43.40
SA	Port Lincoln	King Street	Flinders Ports Pty Ltd	097377172	83097377172	\$ 31,833.00	\$ 460.28	69.16
SA	Port Osbourne	Cnr Veitch & Victoria Road	Australian Customs and Border Protection Service	015286036	66015286036	\$ 11,208.84	\$ 417.93	26.82
SA	Torrens Island	Torrens Island Avian Facility	Generation Lessor Corporations	933779309	97933779309	\$ 62,317.40	\$ 109.33	570.00
SA	Walleroo	41B Owen Terrace	Evan Kordonis	362087860	90362087860	\$ 8,211.84	\$ 102.65	80.00
QLD	Thursday Island	Pearls Building Victoria Parade	Australian Fisheries Management Authority	098497517	81098497517	\$ -	\$ -	130.00

Question: 1 (continued)

Attachment 1

State	Suburb	Street Address	Owner/Lessor Name	ACN	Owner ABN	Annual Rental	Rent per m ²	NLA Sqm
VIC	Docklands	401 Docklands Drive	Asia-Australia Real Estate Pty Ltd	144787959	38144787959	\$ 42,225.72	\$ 329.89	128.00
VIC	Kensington	5 (Lot 2) McClure Road	Ryder Commercial Pty Ltd	755058022	54755058022	\$ 85,800.00	\$ 215.83	397.54
VIC	Knoxfield	621 Burwood Highway	Victorian Department of Sustainability and the Environment	579412233	42579412233	\$ 130,000.00	\$ 52.00	2,500.00
VIC	Merbein	68 Commercial Street	Rescom Mildura	520143590	21520143590	\$ 5,925.48	\$ 79.01	75.00
VIC	Nth Geelong	The Esplanade Corio Quay West	Geelong Port Pty Ltd	003996594	50003996594	\$ 26,500.08	\$ 145.60	182.00
VIC	Port Melbourne	4-10 Enterprise Rd	Australian Customs and Border Protection Service	015286036	66015286036	\$ 15,462.72	\$ 694.64	22.26
VIC	Port Melbourne	McKenzie Road	ATCO Structures	083902309	71083902309	\$ 6,960.00	\$ 84.06	82.80
VIC	Portland	25B Gawler Street	P H Carr			\$ 8,065.92	\$ 179.24	45.00
VIC	Shepparton	127D Fryers Street	Furphy Foundry Executive Super Fund	423383759	75423383759	\$ 10,999.92	\$ 200.00	55.00
VIC	Spotswood	43-47 Craig Street	Omni Pacific Investments Pty Ltd	097980071	54097980071	\$ 417,167.40	\$ 20.06	20,795.00
VIC	Tullamarine	Customs House Cnr Grants & Centre Roads	Australian Customs and Border Protection Service	015286036	66015286036	\$ 914,546.28	\$ 380.11	2,406.00
VIC	Tullamarine	249-255 Melrose Drive	Karobran	731564166	18731564166	\$ 354,815.28	\$ 260.55	1,361.80
VIC	Tullamarine	Terminal 2 Level 2 Arrivals	Melbourne Airprot Corporation Pty Ltd	064891541	51064891541	\$ -	\$ -	0.00
VIC	West Melbourne	McKenzie Road	ATCO Structures	083902309	71083902309	\$ 5,280.00	\$ 105.60	50.00
WA	Belmont	Kleinig Road Dog Kennels	Australian Customs and Border Protection Service	015286036	66015286036	\$ 64,999.92	\$ 25.90	2,510.00
WA	Broome	Shop 3 Port of Pearls House 401 Port Drive	First National Real Estate Broome	008933060	55008933060	\$ 65,125.68	\$ 373.00	174.60
WA	Broome	Broome International Airport Macpherson Rd	Broome International Airport	074187732	99074187732	\$ -	\$ -	0.00
WA	Broome	Storage Unit 24 33 McDaniel Road	Hutchinson Real Estate	074179249	98074179249	\$ 3,360.00	\$ 134.40	25.00
WA	Broome	Residential Tenancy Agreement	Keat and Julie Bryce C/- Hutchinson Real Estate	518503756	80518503756	\$ 40,039.92	n/a	0.00

Question: 1 (continued)

Attachment 1

State	Suburb	Street Address	Owner/Lessor Name	ACN	Owner ABN	Annual Rental	Rent per m ²	NLA Sqm
WA	Broome	Residential Tenancy Agreement	Robert Smith C/- PRD Nationwide	806975330	70806975330	\$ 28,600.00	n/a	0.00
WA	Bunbury	Unit 3 7 Jetty Road	Stocker Preston	125383628	66125383628	\$ 12,935.88	\$ 308.00	42.00
WA	Byford	Nettleton Road	O'Neil Real Estate	749259147	34749259147	\$ 96,410.25	\$ 4.05	23,790.00
WA	Fremantle	Patricks Access Road	Fabco Pty Ltd	083201567	53083201567	\$ 9,100.08	\$ 315.98	28.80
WA	Fremantle Nth	2 Birksgate Road	Australian Customs and Border Protection Service	015286036	66015286036	\$ 31,811.04	\$ 177.72	179.00
WA	Geraldton (Wandina)	Residential Tenancy Agreement	Active West Pty Ltd T/A - Kalazich Smith & Associates	127297901	31127297901	\$ 20,800.00	n/a	0.00
WA	Karratha	Unit 1/28 Gray Place	Ray White (Karratha)	009454737	49009454737	\$ 53,789.40	\$ 416.00	129.30
WA	Karratha	Residential Tenancy Agreement	Andrew Peter Murfin C/- Pilbara Real Estate	118035082	30118035082	\$ 83,428.56	n/a	0.00
WA	Karratha	Residential Tenancy Agreement	Mark Ley Jenkins C/- Pilbara Real Estate	118035082	30118035082	\$ 91,250.04	n/a	0.00
WA	Karratha	Residential Tenancy Agreement	Bush Cove Pty Ltd C/- Pilbara Real Estate	118035082	30118035082	\$ 104,285.76	n/a	0.00
WA	Karratha	Residential Tenancy Agreement	Brydon Paul Eaton C/- Pilbara Real Estate	118035082	30118035082	\$ 93,857.16	n/a	0.00
WA	Karratha	Residential Tenancy Agreement	Yangan Pty Ltd C/- Ray White Karratha	009454737	49009454737	\$ 88,642.80	n/a	0.00
WA	North Fremantle	Rudderham Drive,Rous Head	Panelfab	009794290	84009794290	\$ 9,099.36	\$ 181.99	50.00
WA	Perth	Fricker Road WA Headquarters	Westralia Airports Corporation Pty Ltd	077153130	24077153130	\$ 1,003,737.84	\$ 287.77	3,488.00
WA	Perth	International Airport	Westralia Airports Corporation Pty Ltd	077153130	24077153130	\$ -	\$ -	113.36
WA	Port Hedland	Suite A/2 42 Anderson Street	Hedland First National Real Estate	759657213	42759657213	\$ 55,568.04	\$ 497.03	111.80
WA	Port Hedland	Residential Tenancy Agreement	Zebedee William Nickolai C/- Crawford Realty	131733876	31131733876	\$ 88,400.04	n/a	0.00
WA	Port Hedland	Residential Tenancy Agreement	Roger Harris C/- Jan Ford Real Estate	002420046	23002420046	\$ 127,399.92	n/a	0.00
WA	Port Hedland	Residential Tenancy Agreement	F. Kadina and E.Gelman C/- Headland First National Real Estate	759657213	42759657213	\$ 114,399.96	n/a	0.00
Yam Island	Yam Island	Yam Island	Torres Strait Island Regional Council	292645165	15292645165	\$ -	\$ -	16.00

State	City	Address	Sub-Tenant	Area Rented m2	Office Rent 2010 / 2011	Car Bays	Car Bay Rental 2010 / 2011
ACT	Canberra	18 Marcus Clarke St	Cafe Mocca	460.90	\$ 234,299.40	1	\$ 4,932.07
ACT	Canberra	7 London Circuit and 18 Marcus Clarke St	Department of Environment and Heritage – Joint Team	2,162.44	\$ 546,749.16	18	\$ 36,228.00
NSW	Rosebery	Crewe Place	Department of Infrastructure and Transport	1,000.00	\$ 283,167.56	10	\$ 15,445.13
VIC	North Geelong	The Esplanade Corio Quay West	Australian Customs and Border Protection Services	58.00	\$ 13,312.94	0	N/a
WA	Perth	Fricker Road WA Headquarters	Department of Agriculture WA	382.00	\$ 113,484.96	40	\$ 34,205.16

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Question: 4

Division/Agency: CFD – Corporate Finance Division

Topic: Legal services

Proof Hansard Page: 14

Senator COLBECK asked:

Mr Withers: I will have to take that question on notice in terms of what the record shows.

Senator COLBECK: I just want to finish on this particular topic that Senator Milne is talking about. Mr Withers, you said you had done an assessment of fees across the panel of lawyers who were providing services and there was a circumstance, the equine influenza, that caused an increase in demand and that that internal process had demonstrated value for money. Why is it then that the report itself said there were no documents to show that variation represented value for money? You are telling us that an assessment was done. Wouldn't there be some record of that process, if that were the case?

Answer:

A legal rates comparative analysis was performed on 27 October 2008, which compared Blake Dawson's revised blended rate with the Department of Agriculture, Fisheries and Forestry's (DAFF's) legal services panel providers. In summary, the analysis identified that the revised rates, with identical legal classifications, supported DAFF's decision to extend the legal services contract.

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Question: 6

Division/Agency: CFD – Corporate Finance Division

Topic: Efficiency dividend

Proof Hansard page: 16

Senator MACDONALD asked:

Senator IAN MACDONALD: Getting back to the efficiency dividend, Dr O'Connell, has the efficiency dividend in any way curtailed your negotiations on the next workplace agreements? Has it impacted them? I think you told us last time that it had had an impact on your graduate intake.

Dr O'Connell: That was the previous year. It has had no specific and particular impact this year on the negotiations. It is part of the budget framework—the budget that we have to manage.

Senator IAN MACDONALD: Will you end up with fewer staff as a result of it?

Dr O'Connell: As an overall part of the budget target we have, and that is \$32.8 million savings plus the dividends—\$11 million—we will obviously have to have some reductions in staffing levels over the forward estimates. That is an inevitable feature of managing that level of savings in appropriation. That is on the appropriation side, assuming there is no other new policy, which very often occurs during the period of the estimates. Of course, 60 per cent of our staff are cost recovered based, coming particularly out of the biosecurity area, and that comes from a different revenue stream and not from the appropriations. So, the overall numbers of staff will depend very much on the mix of appropriation and cost recovery staff.

Senator IAN MACDONALD: Because time is short can you on notice tell me over the forward estimates—and I appreciate the qualification, as you say—where you would anticipate the staff cuts would come from?

Dr O'Connell: Yes.

Answer:

It is expected that staff positions will be reduced across the business in areas relating to:

- finance
- human resources
- information technology
- program support
- and some operational areas.

Although positions will be reduced, staff cuts will be less as some positions are vacant. It is expected that natural attrition, redeployment and a reduction in the use of contractors will account for the majority of positions lost.

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Question: 8

Division/Agency: CFD – Corporate Finance Division

Topic: Carbon footprint

Proof Hansard page: 17

Senator MACDONALD asked:

Senator IAN MACDONALD: Because time is short and my colleagues want to ask questions, could I get all the answers on notice. Finally, question No. 5 taken on notice at the last estimates was about whether the department had done any specific work on the impact of a carbon price on portfolio industries. That is something I can raise the appropriate time in this estimates. But, as a corporate question, has the department done any assessments of its carbon imprint or how you could reduce carbon, such as shutting off lights, reducing travel, reducing overseas visits?

That is one part of the question, but the final part of my final question is this. I note that you say ABARES was doing some work on sequestration and the potential for reforestation activities, but doesn't the department feel some obligation to do some sort of assessment of the impact of carbon pricing on all of the industries for which the department does indirect advocacy? There are several questions there.

Dr O'Connell: Yes. In terms of the footprint of the department, I think it would probably be best to take that on notice. We do record that according to the government's environmental and sustainability requirements, so we will get that on notice.

Answer:

In relation to that part of the question as to whether the Department of Agriculture, Fisheries and Forestry (DAFF) has completed any assessments of its carbon footprint, DAFF reports information in compliance with the Energy Efficiency in Government Operations (EEGO) policy. This involves the monitoring of consumption by the Department of Climate Change and Energy Efficiency (DCCEE). EEGO results are available from the DCCEE website at: www.climatechange.gov.au/

In relation to that part of the question as to whether DAFF has completed any assessments of how it could reduce carbon emissions, no formal assessment has been completed. DAFF has introduced a range of environmental building measures for its largest properties in the Australian Capital Territory. These measures include movement light sensors and energy efficient light bulbs; recycling of organic and other waste including paper, glass, plastic and printer and toner cartridges; and installing block-out blinds to limit heat gain and heat loss. DAFF also leases 11 hybrid vehicles across the country.

Following the completion of the *Australia's Low Carbon Future* report by The Treasury in 2008, the Australian Bureau of Agricultural and Resource Economics and Sciences

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Question: 8 (continued)

(ABARES) published a series of papers on the impacts of the proposed climate change policy on agricultural industries (listed below). ABARES is currently undertaking research into the effects of the three year fixed carbon price on portfolio industries.

The Treasury has undertaken modelling for the Australian Government's Climate Change Plan *Securing a Clean Energy Future*. This Treasury analysis on the implications of carbon pricing suggests that, under all scenarios modelled, agricultural output is expected to grow relative to 2010 (Australian Government 2011). ABARES provided estimates for potential sequestration from reforestation activities for the Treasury analysis.

Australian Government 2011, Update: Strong Growth, Low Pollution: modelling a carbon price, September, Canberra.

Burns, K, Hug, B, Lawson, K, Ahammad H. and Zhang K. 2011. Abatement Potential from Reforestation under Selected Carbon Price Scenarios, ABARES Special Report, Canberra, July.

Tulloh, C, Ahammad, H and Ford, M, 2009, Effects of the Carbon Pollution Reduction Scheme on the economic value of farm production, issues insights, Vol. 09.6, ABARE, June. (http://www.abares.gov.au/publications_remote_content/publication_topics/agricultural)

Ford, M, Gurney, A, Tulloh, C, McInnis, T, Mi, R and Ahammad, H, 2009, Agriculture and the Carbon Pollution Reduction Scheme (CPRS): economic issues and implications, issues insights, Vol. 09, ABARE, March. (http://www.abares.gov.au/publications_remote_content/publication_topics/agricultural)

Hug, B and Ahammad, H, 2011, The economics of Australian agriculture's participation in carbon offset markets, Conference paper 11.11, ABARES, March.

Senate Rural Affairs and Transport Legislation Committee
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Question: 9

Division/Agency: CFD – Corporate Finance Division

Topic: Electricity expenses

Proof Hansard page: 17

Senator MACDONALD asked:

Mr Withers: I can make a couple of comments in relation to that. In terms of our electricity provision, we have an arrangement with ERM Power through the whole-of-government procurement arrangements for the supply of electricity, and that provider sources 10 per cent of the electricity from renewable green power sources. In addition to that, in terms of the way that our Canberra central office buildings are run, there are a range of environmental measures including movement sensor lights, energy efficient lighting, stormwater fed toilets throughout the building and other water-saving features like waterless urinals and hand activated taps in the bathrooms. We recycle our organic and other waste, including paper, glass and plastic, as well as our printer and toner cartridges.

Senator IAN MACDONALD: Do you have a measure of what that is reducing your carbon output by?

Mr Withers: No.

Senator IAN MACDONALD: How are you going to know if any of that works? But, more importantly, from 1 July next year, according to all reports, increases in the price of electricity are going to be anywhere from 10 to 20 per cent. Have you budgeted for that? How are you going to pay for that increase? Perhaps I should ask: what is your total electricity spend per financial year and, secondly, how are you going to budget for any increase in the cost of electricity?

Answer:

The department's total electricity expense for 2010–11 was \$2 152 306.12 (excluding GST).

The department has a number of electricity contracts in place. These contracts contain specified contract rates. The department budgets for electricity costs based on contractual commitments and market rates. Any increases are factored into our normal internal budgeting and priority processes each year, along with any other savings, efficiency dividends and internal cost pressures.

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Question: 10

Division/Agency: CFD – Corporate Finance Division

Topic: Electricity expenses

Proof Hansard page: 17

Senator ADAMS asked:

There was a question on notice which I would like you to add to. What is the extra cost to the department of using 10 per cent green power? Could you put that in with Senator Macdonald's list, please?

Answer:

The department sources 10 per cent green power electricity. In comparison to market rates for electricity, in 2010–11 the approximate extra cost to the department for green power electricity was \$166 000.

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Supplementary Budget Estimates October 2011
Agriculture, Fisheries and Forestry

Question: 137

Division/Agency: CFD – Corporate Finance Division

Topic: Efficiency dividend

Proof Hansard Page: Written

Senator COLBECK asked:

In response to a request for information regarding the impact of the co-ordinated procurement savings on the Agricultural Productivity Division (QON 253, Estimates May 2011), the following response was provided

“Potential savings to Agriculture Productivity Division will not be known until the procurement arrangements are finalised”.

1. Are the co-ordinated procurement arrangements finalised?
2. If so, what is the impact on the Agricultural Productivity Division?
3. If not, what is the current situation and when will they be finalised?

Answer:

1-3. Coordinated procurement is a whole of government initiative that is being implemented and managed by the Department of Finance and Deregulation (Finance). Questions about the status of coordinated procurement arrangements and the impact of such arrangements on agencies should be directed to Finance.

The department has not conducted any analysis of the impact of coordinated procurement on individual divisions.

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Question: 138

Division/Agency: CFD – Corporate Finance Division

Topic: Efficiency dividend

Proof Hansard page: Written

Senator COLBECK asked:

1. Please provide details of all expiring programs. In response to QON 181, 183, 184 and 186 May 2011, the following response was received:
“The efficiency dividend will focus the department in consolidating and streamlining our organisation, in an effort to eliminate red tape and duplicate functions across our corporate functions”.
2. Please provide specific details of the impact, in practical terms, of the efficiency dividend for each of the departmental divisions, including Corporate Finance Division, Biosecurity Services Group, Agricultural Productivity, ABARES, APVMA, AFMA and Sustainable Resource Management?

Answer:

1. Details of programs expired as at 30 June 2011.

Departmental Funding

Program 1.11: Drought Programs
Drought Assistance – Professional Advice
Drought Assistance – Re-establishment Assistance
Program 2.1: Quarantine and Export Services
Export Certification Reform Package

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Administered Funding

Program 1.3: Forestry Industry
Australia's Forest Industry – preparing for the future
Tasmanian Forest Policy – Tasmanian Contractors Exit Assistance Program
Program 1.4: Fishing Industry
Fishing Structural Adjustment Package
Recreational Fishing Industry Development Strategy Program
Program 1.5: Horticulture Industry
Promoting Australian Produce Program
Program 1.10: Agricultural Resources
Promoting Australian Produce Program – Major Events
Program 1.11: Drought Programs
Drought Assistance – Interim Income Support Payments
Drought Assistance – Professional Advice
Program 2.1: Quarantine and Export Services
Export Certification Reform Package
Program 2.2: Plant and Animal Health
Quarantine Research and Preparedness Plan

2. The impact of the efficiency dividend on all the department's divisions is that positions will be reduced across the department in areas relating to:
- finance
 - human resources
 - information technology
 - program support
 - some operational areas.

Although positions will be reduced, staff cuts will be less as some positions are vacant. It is expected that natural attrition, redeployment and the reduction of contractors will account for the remainder. A process is currently underway to detail where these positions will be reduced.

The impact on portfolio agencies is:

Australian Fisheries Management Authority

In practical terms this will be achieved through increased focus on efficient processes, linking with larger agency panel arrangements to reduce procurement costs, and implementing video conferencing facilities to reduce the necessity for travel and improve communications between offices.

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Question: 138 (continued)

Australian Pesticides and Veterinary Medicines Authority (APVMA)

The APVMA's activities are predominantly funded through cost recovery. Budgetary appropriations comprise only a small component of the organisation's total income. Accordingly, the APVMA does not anticipate any material impact on its operations as a result of the efficiency dividend.

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Question: 139

Division/Agency: CFD – Corporate Finance Division

Topic: Contractor expenditure

Proof Hansard Page: Written

Senator COLBECK asked:

1. The Corporate Policy and Corporate Finance Divisions increased their spending on contractors in the 2009 – 10 financial year. Provide specific details of the contractor spending and services purchased for Corporate Policy and Corporate Finance Divisions.
2. The Agricultural Productivity, Sustainable Resource Management, Climate Change and Trade and Market Access programs experienced a decrease in contractor spending in the 2009 – 10 financial year. Provide specific details of the cost savings achieved compared to the previous financial year.
3. Provide finalised figures for the 2010 – 11 financial year and specific details of where and how cost savings have been achieved.

Answer:

1. In 2009–10, Corporate Policy Division spent \$614 655.33 and Corporate Finance Division spent \$1 188 509.42 on contractors. These services were sought from suppliers including Careers Unlimited, Hudson Global Resources, Hays Specialist Recruitment, Effective People, RPV Consultants, LSA Recruitment, Business Services and Solutions and Horizon One Recruitment Pty Ltd. Contractors were used to fill short-term staffing needs or to complete tasks where specific skills were required.
2. The Agricultural Productivity Division spent \$49 384.97 on contractors in 2009–10 compared to \$132 999.36 in 2008–09. The division reduced expenditure by \$83 614.39 on its contractors between the two financial years.

The Climate Change Division spent \$29 254.39 on contractors in 2009–10 compared to \$673 886.82 in 2008–09. The division reduced expenditure by \$644 632.43 on its contractors between the two financial years.

The Sustainable Resource Management Division spent \$601 709.75 on contractors in 2009–10 compared to \$1 032 531.81 in 2008–09. The division reduced expenditure by \$430 822.06 on its contractors between the two financial years.

The Trade and Market Access Division spent \$367 057.81 on contractors in 2009–10 compared to \$538 034.32 in 2008–09.

The division reduced expenditure by \$170 976.51 on its contractors between the two financial years.

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Question: 139 (continued)

3. The department spent \$29 212 684.48 on contractors in 2010–11 in comparison to \$22 126 947.57 in 2009–10. Please note this figure represents expenditure by every division in the department as opposed to the selected divisions reviewed as part of questions 2 and 3.

The increase in expenditure on contractors was a result of an increase in demand to fill short-term staffing post the department's 2009–10 restructure, assist in meeting strict deadlines and to complete tasks where specific skills were required.

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Question: 140

Division/Agency: CFD – Corporate Finance Division

Topic: Travel expenditure

Proof Hansard Page: Written

Senator COLBECK asked:

In response to QON 169 May 2011 the Government advised that, to 17 June 2011 the departmental spend on travel was \$11.6 million and yet the table included with the answer to that question actually showed the travel expenditure to be closer to \$12.6 million.

1. Which figure is correct?
2. What was the final figure for the 2010 – 11 financial year?
3. What was the focus of Minister Ludwig’s trip to Indonesia between 8 and 13 March 2011 and when will the trip report be available (QON 198)?
4. In response to QON 230, the Minister advised that “the cost recovered portions for 2008-09 are not available”. Why is this information not available?
5. What are the contract management and administrative fees for the department’s travel service provider? How are these determined? Is it a percentage of total spend?
6. What proportion of travel is taken using discounted tickets and what are the cost savings due to discounts?
7. What is the travel policy regarding class of air tickets and size of hire car for different employment levels?

Answer:

1. The appropriation funded travel expenditure to 17 June 2011 is \$12.6 million.
2. The Budget funded travel for the Department of Agriculture Fisheries and Forestry (DAFF) was \$13.5 million. In 2010–11 the total departmental expenditure on travel – including cost recovered travel – was \$21.8 million.
3. The Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Joe Ludwig, visited Indonesia for a series of introductory bilateral meetings with his Indonesian counterpart ministers, and to attend the Ministerial Conference of the Governing Body for the International Treaty on Plant Genetic Resources for Food and Agriculture. Minister Ludwig met with the Indonesian Vice Minister for Agriculture, the Indonesian Trade Minister and the Indonesian Ministers for Fisheries and Forestry. Minister Ludwig also participated in the launch of the Australia–Indonesia Emerging Infectious Diseases Program.

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4. DAFF is not able to provide a detailed split of travel expenditure costs between cost recovered and appropriation funded travel for the 2008–09 financial year. This information is not available as changes in the department’s financial management information system were made at this time. Answering this question would require significant systems work to re-create the department’s financial structures at that time and produce the figure required.
5. The department pays a transaction fee for each travel booking. This fee encompasses a range of different charges and services including contract management fees and administration fees.
 - DAFF’s transaction fee is commercial in confidence in that its disclosure would prejudice the commercial interests of the travel service provider and therefore it is not able to be publicly disclosed.
 - DAFF pays an administration fee (as part of its transaction fee) for travel services under the Department of Finance and Deregulation (Finance) whole of government travel arrangements. Questions about the arrangements and the fees payable by agencies under the arrangements should be directed to Finance.
6. In 2010–11, the proportion of travel taken using discounted tickets was 62.5 per cent and the associated cost savings due to these discounted rates was \$5 554 241.
7. DAFF’s travel policy for domestic air travel is economy for non-Senior Executive Service (SES) officials; economy for SES air travel less than 3 hours in duration per flight; and business class for SES air travel exceeding 3 hours in duration per flight.
DAFF’s travel policy for international air travel is business class.
DAFF does not have a policy for the size of hire car for different employment levels.

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Question: 141

Division/Agency: CFD – Corporate Finance Division

Topic: Biosecurity cost recovery

Proof Hansard page: Written

Senator COLBECK asked:

At Estimates 23/5/11, Ms Mellor indicated that she believed it would be in the order of 60 to 65 per cent. More information was requested (QON 171) and indicates the cost recovered component for Outcome 1 was approximately 17% and for Outcome 2 was approximately 40% for 2010-11. Please explain the difference between the information provided verbally at Estimates that that provided in response to QON 171.

Answer:

Ms Mellor's response was relating to the proportion of appropriated and cost recovered revenue across biosecurity functions in the Department of Agriculture, Fisheries and Forestry. The split of appropriated and cost recovered travel is 60 per cent and 40 per cent respectively.

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Question: 142

Division/Agency: CFD – Corporate Finance Division

Topic: Underspends

Proof Hansard Page: Written

Senator COLBECK asked:

1. The Department has provided details of administered underspend of \$22 million across a range of portfolios (QON 176, May 2011). The stated reasons for some underspend in the fishing and horticulture industries was “completion with less cost than initially anticipated”. Please provide details of what was completed and how the underspend was achieved?
2. What, if any, options did the fishing and horticultural sectors have to utilise this underspend?
3. The Department also identified an underspend of \$3.5 million in departmental appropriation underspends, primarily the result of the Export Certification Reform Package (QON 176). Provide specific details of the savings in relation to the reform package.
4. Portfolio underspends are reported to be \$14.4 million (QON 176, May 2011). The rationale for savings of \$1.2 million saving for Wheat Exports Australia was “lower spending on accreditation and monitoring related activities and no expenditure in exporters cost recovery for external audits and Ministerial Investigations”. Do these savings relate to reduced exports, reduced external auditing and Ministerial Investigations or some other factors? Please provided details.
5. Portfolio underspend also shows saving of \$0.6 million from Australian Fisheries Management Authority attributable to “decline in illegal fishing vessel apprehensions”. Does this equate to a decline in the number of illegal fishing vessels or a reduction in resources allocated to surveillance and apprehension?

Answer:

1. What was completed

Fishing Industry - The Fisheries Research and Development Corporation, as part of a service agreement in 2010–11, administered a number of projects supporting the Recreational Fishing Industry Development Strategy (RFIDS) program. These projects included:

- Project 1 – A coordinated national data collection for recreational fishing in Australia
- Project 2 – National education program
- Project 3 – Identifying the health and well-being of recreational fishing
- Project 4 – Expanding the future leaders program
- Project 5 – A national conference on recreational fishing
- Project 6 – Development of a climate change implications paper for recreational fishing
- Project 7 – A national program for the roll-out of angel rings.

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\$0.062 million expenditure in 2010–11 was for the administrative running costs of the Recreational Fishing Advisory Committee and the Recreational Fishing Roundtable, including travel, accommodation, catering and printing.

Payments for all approved projects under the Gippsland Lakes element of the Fisheries Structural Adjustment Package (FSAP) were made.

Projects related to the RFIDS program that were completed in the Lakes Entrance harbour precinct included the following:

- \$0.595 million was provided in 2010–11 to create an attractive and functional harbour precinct in the heart of Lakes Entrance to enable the precinct to be a focal point for visitors
- \$0.769 million was provided in 2010–11 to address a lack of suitable itinerant moorings and facilities and to integrate commercial and recreational fishing, pleasure boats and a picturesque harbour waterfront promenade to generate sustainable growth in employment from tourism
- \$0.372 million was provided in 2010–11 to create a functional “Deep Water Wharf” at Lakes Entrance that will attract larger commercial vessels. An additional \$1.2 million was provided through the Fishing Community Assistance program.

Horticulture Industry - Two funding assessment rounds were completed for the Regional Food Producers Innovation and Productivity Program and Promoting Australian Produce in 2008–09 and 2009–10.

How the underspend was achieved

Fishing Industry - The following table outlines the underspend for the fishing program, taking into account a change in administrative arrangements, essentially precluding the Department of Agriculture, Fisheries and Forestry from carrying out activities outside administered programs that are funded from administered programs. The change in administrative arrangements was the introduction of Regulation 15 of the *Financial Management and Accountability Act 2007*, in January 2011.

Program	Budget	Actual	Variance	Reg 15	Underspend
1.04 - Fisheries Resources Research Fund (FRRF)	\$3.184m	\$1.551m	\$1.633m	\$1.602m	\$0.031m
1.04 - Fisheries Structural Adjustment Package (FSAP)	\$1.832m	\$1.784m	\$0.048m	-	\$0.048m
1.04 - Recreational Fishing Industry Development Strategy (RFIDS)	\$1.0m	\$0.852m	\$0.148m	\$0.140m	\$0.008m
TOTALS	\$6.016	\$4.187m	\$1.829m	\$1.742m	\$0.087m

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The majority of the underspend in the fisheries programs is due to the implementation of Regulation 15 (\$1.742 million) with the remainder being changed timing of milestone payments.

The FSAP program had a full year underspend of \$0.048 million (3 per cent). The ‘*Cunninghame Arm Quay Precinct – On Water*’ project advised in early June that it would not be seeking its final payment of \$0.048 million.

Horticulture Industry - Underspends in the Regional Food Producers Innovation and Productivity Program and the Promoting Australian Produce program in 2010–11 were the result of under-subscription through the assessment process, failure of grantees to accept funding offers and/or withdrawals, and underspends in funded projects.

Program	Budget	Actual	Variance	Reg 15	Underspend
1.05 - Regional Food Producers Innovation and Productivity Program (RFPIPP)	\$2.0m	\$0.996m	\$1.004m	\$0.343m	\$0.661m
1.05 - Promoting Australian Produce (PAP)	\$5.5m	\$5.123m	\$0.377m	\$0.369m	\$0.008m
TOTALS	\$7.5m	\$6.119m	\$1.381m	\$0.712m	\$0.669m

No further funding rounds were conducted in 2010–11 for the RFPIPP and the PAP programs. Neither program accepted out-of-round applications.

2. The fishing and horticulture sectors were not given the opportunity to utilise the underspends.
3. The surplus attributable to the Export Certification Reform Package in 2010–11 was not a saving. Funds will be expended in 2011–12.
4. For the 2010–11 financial year, Wheat Exports Australia (WEA) budgeted \$0.198 million for monitoring and external audits. Expenditure for 2010–11 was \$0.111 million. This added to WEA’s surplus for 2010–11. In the 2010–11 budget, WEA allocated \$0.160 million for ministerial investigations. As WEA was not directed by the Minister to conduct an investigation, this allocation became part of WEA’s budget surplus.

WEA’s 2010–11 budget allowed for 14.64 FTE, the actual FTE was 12.8. This also became part of WEA’s surplus.

As shown in the table below, exports have not reduced.

	2009-10 (Million tonnes)	2010-11 (Million tonnes)
Financial Year	12.9	17.8
Marketing Year	12.1	18.1

* Marketing year is from 1 October to 30 September

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5. In answering this question, it was identified that the Australian Fisheries Management Authority's revised underspend was \$0.060 million, not \$0.600 million as shown in the answer to Question 176 from the Budget Estimates hearing in May 2011. The Department will write a formal letter of correction to the Committee concerning this error. The underspend is attributable to a slight decline in illegal foreign fishing vessel apprehensions.

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Question: 147

Division/Agency: CFD – Corporate Finance Division
Topic: Tenders for stationery and office supplies
Proof Hansard Page: Written

Senator COLBECK asked:

1. On 17 June 2011, the Department of Finance and Deregulation released a Request for Tender for the provision of Stationery and Office Supplies for the Whole of Government. What is the status of this tender process?
2. How many expressions of interest were received?
3. Has the tender been let?
4. What were the specific criteria for assessment of the tenders received?

Answer:

Coordinated procurement is a whole of government initiative that is being implemented and managed by the Department of Finance and Deregulation (DoFD). Questions on the coordinated procurement tender processes should be directed to DoFD.

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Question: 189

Division/Agency: CFD – Corporate Finance Division

Topic: Post entry quarantine arrangements

Proof Hansard page: Written

Senator COLBECK asked:

1. Please provide an update on the planned changes to the Post entry quarantine arrangements?
2. Is the preferred government model to reduce the number of quarantine facilities?
3. In answer to QON 133, May 2011 the department stated that the revised rent on the facility is expected to be negotiated in late 2011, please provide an update.
4. How much more expensive will the new lease be?
5. Why was the rent not negotiated as part of the agreement to extend the leased for a further five year option, wouldn't this give DAFF a better bargaining position?
6. Given that the Department has agreed to extend the lease before agreeing to the value of the rent how can it negotiate the best possible price?
7. Why did they take this approach?
8. Given the user pays structure, does the department have a responsibility to negotiate the best possible pricing for leasing arrangements?
9. Is the approach taken by the department considered the best possible approach?
10. Is it true that the leases will be backdated for nearly 12 months?
11. Given that those that have used the facilities during this "backdated" period, who will pay for any shortfall in the revenue received compared to the rent paid?
12. Why is Spotswood not being considered as an option and is this quarantine facility currently vacant?

Answer:

1. In the 2011–12 Budget, the government made a commitment to fund maintenance and refurbishment of existing post-entry quarantine facilities. Each site will undergo some critical maintenance to allow each station to continue to operate at appropriate standards. The works package was approved by the Public Works Committee on 18 August 2011, allowing planning and procurement to proceed. The program of specific works for each site and species is being developed, including the priority of works for each site.
2. The 2011–12 Budget also provided funding for the acquisition of land for future post-entry quarantine facilities, which will be consolidated at a single site in Victoria. The acquisition of land for this purpose will be undertaken by the Department of Finance and Deregulation. Details about the size and location of the site will not be made available until the purchase is finalised.

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3. The rent determination process concluded on 10 November 2011. The final rent determination is \$3 million per annum.
4. There is no new lease but the revised terms will be documented with the landlord.
5. As noted above, no new lease was negotiated. The Department of Agriculture, Fisheries and Forestry (DAFF) exercised an option clause which has been in the lease since 2001 to extend the tenure at the site until December 2015.
6. The Department engaged in an independent rent determination process under the terms of the lease.
7. Following advice from legal and valuation advisors.
8. Yes.
9. Yes.
10. The revised rent is applicable for the option term which commenced 1 January 2011.
11. The rent liability accrues to DAFF.
12. Spotswood is in use but does not meet all current post entry quarantine needs.