

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2008

Agriculture, Fisheries and Forestry

Question: FA 01

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: 99 (18/02/2008)

Senator McGauran asked:

Senator MCGAURAN—Is this the death of the single desk?

Mr Mortimer—That is not a statement for me to respond to, Senator.

Senator SHERRY—I will take that on notice and get the minister to analyse your description and respond.

Answer:

The new arrangements will introduce multiple exporters into the wheat export market. Exporters will need to gain accreditation from a single regulatory body, Wheat Exports Australia.

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Agriculture, Fisheries and Forestry

Question: FA 02

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Please advise the date, number and duration of meetings held between the Minister and the Wheat Export Marketing Alliance on the future of the Australian wheat industry.

Answer:

The Minister for Agriculture, Fisheries and Forestry has had one meeting with the Wheat Export Marketing Alliance on the future of the Australian wheat industry. This meeting took place in Canberra on 15 February 2008, and ran for approximately 45 minutes.

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Agriculture, Fisheries and Forestry

Question: FA 03

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Please advise of any other meetings between the Minister and actual wheat growers for consultation on the future of the wheat industry.

Answer:

The Minister has met with the following wheat growers:

12 December 2007 – Tamworth, New South Wales.

- Ron Greentree.
- Richard Heath.

13 December 2007 – Tamworth, New South Wales

- Bernie George.
- Phillip Lawrance.

22 January 2007 – Western Australia

- Graham Shields at ‘Glenvar’ near Wongan Hills.
- Michael and Amanda Shields at ‘Glenvar’ near Wongan Hills.
- Kellie and Donald Pentz at ‘Glenvar’ near Wongan Hills.
- Mark Hyde at ‘Glenvar’ near Wongan Hills.
- Gary McGill of Calingiri at Torobrook.
- Ian Grant of Geraldton at Torobrook.
- Kim Halbert of Eneabba at Torobrook.

4 March 2008 – Canberra, ACT

- Kathy Maslin of Beckom.
- Penny Black of Rankins Springs.
- Shirley Dwyer of Rankin’s Springs.
- Gayle Day of Ardlethan.
- Marion Billing of Old Junee.
- Lynda Turner of Old Junee.
- SD Hardie of Tallimba.
- Carol Reardon of Old Junee.

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The Minister has met representatives from the following grower organisations:

15 February 2008 – Canberra, ACT.

- Wheat Export Marketing Alliance - Graham Blight.
- New South Wales Farmers Association Grains Committee - John Ridley.
- Wheat Growers Association Inc - Bob Iffla.
- Wheat Growers Association Inc - Peter Wells.
- Agforce Grain Committee - Lyndon Pfeffer.

4 March 2008 – Canberra, ACT.

- Victorian Farmers Federation - Geoff Nalder.
- New South Wales Farmers Association Grains Committee: John Ridley and Richard Clarke.
- Agforce Grain Committee: Lyndon Pfeffer and Lindsay Krieg.
- South Australian Farmers Federation Grains Council: Peter White and Jamie Smith.
- West Australian Farmers Federation: Trever DeLandgraft and Derek Clauson.
- Eastern Wheat Growers: Chris Kellock.
- Grains Council of Australia - Tara Taubenshalg.
- Grain Growers Association – Peter Flottman and Dan Manglesdorf.
- Pastoralists and Graziers Association of West Australia – Leon Bradley and Slade Brockman.

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Agriculture, Fisheries and Forestry

Question: FA 04

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Can the Department advise when the Minister will be in a position to inform Australian wheat growers how the new export wheat marketing arrangements will affect them?

Answer:

The Minister for Agriculture, Fisheries and Forestry publicly released exposure drafts of the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 on 5 March 2008. These exposure drafts, and the accompanying explanatory notes, inform growers about how the arrangements will work.

The Minister has also consulted with various industry organisations, as outlined in questions FA02 and FA03.

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Agriculture, Fisheries and Forestry

Question: FA 05

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department provided advice to the Minister on how growers will be affected if the government-accredited exporter fails to pay growers?

Answer:

As reflected in comments made by the Secretary, Dr O'Connell, at the Committee on Rural and Regional Affairs and Transport Senate estimates hearing on Monday, 18 February 2008, the Department of Agriculture, Fisheries and Forestry provided advice to the Minister on key issues relating to the implementation of the Government policy.

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Agriculture, Fisheries and Forestry

Question: FA 06

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

What safeguards or protections for growers has the department investigated, should government accredited exporters fail to pay or delay to pay their wheat suppliers?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 07

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

What measures are being considered to provide assistance for the comprehensive education of wheat growers in the world of international trading, hedging, futures contracts and associated financial dealings to prepare growers faced for the first time with these decisions under new marketing arrangements?

Answer:

At the request of the state farming organisations, the Minister for Agriculture, Fisheries and Forestry will be writing to each of them inviting them to work with the government to develop and implement a series of seminars and workshops on marketing. The objective of these seminars and workshops will be to help growers better understand the new arrangements and the marketing options available to them.

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Agriculture, Fisheries and Forestry

Question: FA 08

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department considered and provided advice to the Minister of the ramifications of growers not having a guaranteed buyer for the wheat crop for the first time in over 60 years?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 09

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department taken steps to advise the Minister of the great uncertainty for, and market vulnerability of, growers as they sow the 2008 crop without any explanation about the proposed new marketing program that will apply for the sale of that crop?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 10

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department evaluated the government's proposed wheat marketing policy in terms of its impact on working family growers?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 11

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Can the Department advise what the government's proposed wheat marketing policy is?

Answer:

The Government outlined its wheat marketing policy prior to last the election in the election policy document *Australian Wheat Export Marketing*.

This policy is reflected in exposure drafts of the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 on 5 March 2008.

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Agriculture, Fisheries and Forestry

Question: FA 12

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department investigated whether Australia's wheat growers will be forced into absorbing added biosecurity risk management costs with the introduction of multiple sellers likely to lead to a breakdown in current grain hygiene controls and established systems of grain handling and transport?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 13

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department advised the Minister of the financial and morale impact on working family growers of the present 2 to 6 years of drought?

Answer:

The Department of Agriculture, Fisheries and Forestry regularly advises the Minister for Agriculture, Fisheries and Forestry on the various affects of the drought.

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Agriculture, Fisheries and Forestry

Question: FA 14

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department assessed the impact on farm family income in a deregulated wheat export market dominated by international corporations seeking to maximise returns to foreign shareholders rather than Australian working family growers?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 15

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department assessed the advantages and disadvantages of removing the strict controls over the AWB group that are set out in the Wheat Marketing Act?

Answer:

Refer to FA 05.

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Agriculture, Fisheries and Forestry

Question: FA 16

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Minister been made aware by the Department of the history behind Glencore, a Swiss-based international trading company?

Answer:

Yes.

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Agriculture, Fisheries and Forestry

Question: FA 17

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Did the Department advise the Minister to direct the Export Wheat Commission to issue an export consent to Glencore - a company cited in the United Nations Oil for Food inquiry as being involved in highly dubious dealings in Iraq during the reign of Saddam Hussein?

Answer:

The Department of Agriculture, Fisheries and Forestry provided advice to the Minister for Agriculture, Fisheries and Forestry on all the applications for wheat export permits. The content of that advice is confidential.

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Agriculture, Fisheries and Forestry

Question: FA 18

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

What steps have been taken to obtain “direct industry input” into progressing the Government’s new wheat marketing arrangements, given that the Prime Minister when Opposition Leader committed his government to seeking such input in a letter to the Wheat Growers Association, a Member of the Wheat Export Marketing Alliance, in early November 2007 in which he stated “*Importantly, if Labor is successful at the next election we will seek direct industry input as to the best means of progressing these new marketing Arrangements*”?

Answer:

The Government has a number of steps in place to allow all growers to voice their ideas and concerns about the new arrangements.

The Minister for Agriculture, Fisheries and Forestry publicly released draft legislation on 5 March 2008. Growers and the wider community have until 3 April 2008 to assess the new legislation and provide submissions to the Department of Agriculture, Fisheries and Forestry.

The Minister and the department have also met with all the state farmer organisations and major bulk handling and trading companies to discuss the draft legislation.

The Minister has established the Wheat Industry Expert Group (IEG) to advise the Government on the delivery of industry development functions under the new arrangements. The IEG released a discussion paper for public comment on 13 March 2008, with submissions open until 27 March 2008.

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Agriculture, Fisheries and Forestry

Question: FA 19

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: Written Question.

Senator Boswell asked:

Has the Department sought to consult the Australian Bankers Association on the financial implications for Australian wheat growers under the Government's proposal to repeal the current Wheat Market Act? If so, what advice was received and conveyed to the Minister?

Answer:

The Minister for Agriculture, Fisheries and Forestry has raised the issue with the Australian Bankers Association (ABA).

The ABA advised that it is unaware of any bank not lending because of the proposed wheat export reforms. Growers are being assessed by banks on the basis of the financial performance of their operations.

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Agriculture, Fisheries and Forestry

Question: FA 20

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department sought input from the Minister for Infrastructure and Transport and/or his Department on wheat growers' concerns that under the Government's proposed wheat marketing arrangements there would be serious issues of road safety, more rail closures, greater port congestion and higher transport carbon emissions?

Answer:

The Government, through the Department of Infrastructure, Transport, Regional Development and Local Government, has established *Infrastructure Australia* to audit and assess Australia's current infrastructure, and devise a plan for future investment to deal with such issues as rail, infrastructure bottlenecks and port congestion.

The Government has committed to establish two grain taskforces to examine longer term grain haulage issues, one in NSW and one in Western Australia. The taskforces will comprise representatives from the grain and rail industry and the Commonwealth and state governments and will focus on the development on integrated and sustainable transport solutions.

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Agriculture, Fisheries and Forestry

Question: FA 21

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

Has the Department done any work to assess how a majority of export growers will receive cash flow when their grain is no longer taken up by the national pool? Is it true that traditionally some 30% of the export remains unsold on the international market twelve to eighteen months after harvest with the unsold wheat being rolled into the succeeding pool and growers always assured of receiving cash flow by way of pool distributions or by entering into harvest loans based on their tonnage delivery and the estimated pool return. How is this matter being addressed in the government's wheat policy?

Answer:

The Australian Bureau of Agricultural and Resource Economics has conducted an assessment of the impact on growers of the new arrangements and determined that growers should have little difficulty in adjusting to the new arrangements.

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Agriculture, Fisheries and Forestry

Question: FA 22

Division/Agency: Food and Agriculture Division

Topic: Wheat Export Marketing Reforms.

Hansard Page: written question.

Senator Boswell asked:

In reference to the department's assessment of the effects of deregulation of the Australian wheat industry single desk, please list any studies, models, reports, assessments or papers (reported separately) that the department, or external consultancies have carried out for the department, on the short term and long term effects of deregulation of the wheat industry to the economy, growers, exporters, other industries, transport, infrastructure or the effects on any other sectors (reported separately)

Answer:

A large number of studies and reports have been made into various wheat marketing arrangements, including deregulation. These include:

- Productivity Commission 2000, *Submission to the National Competition Policy Review of the Wheat Marketing Act 1989*, July 2000.
- Allen Consulting Group 2000, *The Wheat Marketing Act 1989 – The Economic Impact of Competitive Restrictions*, October 2000.
- Econtech 2004, *Single Desk Marketing of Wheat – Three Price Premium Models: report to AWB(I)*, March 2004.
- ACIL Tasman 2006, *Marketing Australian Wheat, competition and choice in the Australian wheat market – increasing growers' net returns*, November 2006, prepared for the Australian Wheat Industry by ACIL Tasman commissioned by the AGEA.
- ITS Global (International Trade Strategies Pty Ltd) 2006, *Sustaining Australia's Wheat Export Markets*, Report for AWB by ITS Global, Melbourne, November 2006.

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Agriculture, Fisheries and Forestry

Question: FA 23

Division/Agency: Food and Agriculture Division

Topic: New Industries Development Program

Hansard Page: written question

Senator Siewert asked:

Does the Government intend to continue to invest in the development of new small to medium sized agri-businesses?

Answer:

The government's new *Regional Food Producers Innovation and Productivity Program* will be open to all regional food processors. It will provide competitive grants for projects that encourage innovation in production, processing and value-adding in the regional food industry.

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Agriculture, Fisheries and Forestry

Question: FA 24

Division/Agency: Food and Agriculture Division

Topic: New Industries Development Program

Hansard Page: written question

Senator Siewert asked:

How will that investment be funded?

Answer:

The *Regional Food Producers Innovation and Productivity Program* will be fully funded from the Budget.

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Agriculture, Fisheries and Forestry

Question: FA 25

Division/Agency: Food and Agriculture Division

Topic: New Industries Development Program

Hansard Page: written question

Senator Siewert asked:

Given the New Industries Development Program is currently under review, can the Government guarantee that projects currently funded under the program will not have funding removed and projects will be allowed to finish?

Answer:

All existing funding commitments made under the New Industries Development Program will be fully honoured.