

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2009

Agriculture, Fisheries and Forestry

Question: APD 01

Division/Agency: Agricultural Productivity Division

Topic: Rail Taskforce looking into New South Wales grain lines (Dept of Infrastructure, Transport, Regional Development and Local Government)

Hansard Page: 21

Senator Williams asked:

Senator WILLIAMS—When does this report—or this committee or whatever has been formed—on this whole transport issue of wheat kick off?

Mr Grant—There is a task force that has been established. That is currently operating.

Senator WILLIAMS—Who is on that task force?

Mr Grant—I do not have a list of the members. I know it is chaired by Mr Des Powell, and I know the secretariat comes out of the infrastructure and industry department. I will have to take it on notice and get the members of the task force from the other department.

Answer:

The Chair of the New South Wales Grain Freight Review is **Des Powell**, former Deputy Chair of the National Transport Commission. Other members of the Taskforce include:

- **Peter Flottmann** - Chief Executive, Grain Growers Association;
- **Richard Clark** - Senior Vice President, New South Wales Farmers Association;
- **Neil Johns** - Chief Development Officer, GrainCorp Operations Ltd;
- **Sasha Grebe** - Government Relations Manager, AWB Ltd (Alternate: Matt Watt, Freight Manager, AWB Ltd);
- **Simon McNair** - General Manager, Australian Bulk Alliance & representing ABB Grains Ltd;
- **Chris Raeburn** - Operations Coordinator, Grain El Zorro Transport Solutions;
- **Helen Newell** - Director, Corporate Development and Government Relations, Asciano Ltd;
- **Alec Mackenzie** - General Manager, Country Regional Network/Services, Australian Rail Track Corporation;
- **Alex Claassens** – New South Wales Divisional Secretary, Locomotive Division, Rail, Tram and Bus Union;
- **Richard Connors** - Senior Policy Officer, Roads and Transport Local Government Association of New South Wales and Shires Association of New South Wales;
- **John Campbell** - General Manager, Manildra Flour Mills;

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- **Luke Fraser** - Executive Director, Australian Livestock Transporters' Association;
- **Jim Glasson** - Director-General, Ministry of Transport, New South Wales;
- **Carolyn McNally** - Executive Director, Infrastructure Investment, Australian Government Department of Infrastructure, Transport, Regional Development and Local Government; and
- **Allen Grant** - Executive Manager, Agricultural Productivity, Australian Government Department of Agriculture, Fisheries and Forestry.

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Question: APD 02

Division/Agency: Agricultural Productivity Division

Topic: Horticulture Code of Conduct

Hansard Page: 125 (23/02/2009)

Senator Williams asked:

Senator WILLIAMS—Has or will the department be contributing to this review?

Mr Grant—We provide the secretariat to the Horticulture Code Committee and are involved in providing a service to that committee to ensure that it does its work effectively and efficiently.

Senator WILLIAMS—Has the department undertaken any independent inspections of the markets to ensure the code is operating effectively?

Mr Grant—I cannot give you the names and dates of when our officers went to markets but I know they have. Whether or not you define them as inspections, I do not know, but certainly our staff have been in and around markets to try to understand the sorts of relationships that exist between wholesalers and growers.

Senator WILLIAMS—Is the department aware of any industry concerns that the government is attempting to water down the code?

Mr Grant—I would wait until we hear from the industry itself through the code committee before we make judgments in that area.

Senator WILLIAMS—Could you take on notice whether the department has undertaken any independent inspections of the markets to ensure the code is operating effectively? Can you get some finer detail on that?

Mr Grant—Yes, of course

Answer:

The Department, as the secretariat for the Horticulture Code Committee, performs broad and independent consultation with all industry sectors, including growers, and visits markets for general discussion about the operation and effectiveness of the Horticulture Code of Conduct. As Horticulture Code Committee secretariat, departmental officers have most recently visited the Sydney markets on 27 February 2009 and the Melbourne markets on 16 December 2008. Departmental officers have visited the Brisbane, Sydney and Melbourne markets on previous occasions. It is not the Department's role to inspect or audit specific businesses in the market with a view to gauge compliance with the Code. Currently, the ACCC independently investigates markets regarding specific complaints and, where necessary, takes enforcement action against anyone who fails to comply with the Horticulture Code.

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Question: APD 03

Division/Agency: Agricultural Productivity Division

Topic: Release of Horticulture Australia report on expenditure of vegetable levy funds

Hansard Page: 127-128 (23/02/2009)

Senator Colbeck asked:

Senator COLBECK—I am not sure if this is the right place, Dr O’Connell, but I want to ask some quick questions about funding into one of the R&D corporations. I know that we have a whole heap of them in on a separate basis, but I wanted to ask some quick questions about the dust-up within Horticulture Australia with AUSVEG and the review process that was conducted. I am aware that the previous minister requested a review into AUSVEG. I understand there may have been more than one done, but I am not certain that they have actually seen the light of day.

Mr Grant—Yes, I can help you. The previous minister did ask for a review to be undertaken about project funding that was made available by Horticulture Australia to AUSVEG. There were some concerns expressed about whether that funding had been used to reflect the full extent of the funding agreement; so whether it had been used appropriately.

Senator COLBECK—Yes.

Mr Grant—A report was provided. When the government changed, and the current minister looked at that, he was not happy with the response that had been provided so he asked for further work to be undertaken and further analysis of the issue. Subsequent to that, Horticulture Australia have written to the minister providing the additional information that he requested in terms of the arrangements that existed between HAL and AUSVEG. The minister has not released that information and he is still considering it.

CHAIR—We are over time, Senator Colbeck, so I would ask if you could—

Senator COLBECK—I will wrap this up. I do not want to go into it in too much detail. Is the report in a form that could be released?

Mr Grant—The report is a letter from Horticulture Australia, with an attachment provided by a set of consultants. In theory, if the minister were willing to release it, it could be released in that form.

Senator COLBECK—Could you take on notice whether he would be prepared to release it.

Mr Grant—Sure. I could ask him.

Senator COLBECK—I would be interested. Obviously, in my general neck of the woods, it is an issue of some interest, certainly within the horticulture sector. So I would be very interested to see if I get some sense of what the outcomes of those investigations were, because the fact that questions have been asked, there was a process that was put into place and there has been no known outcome from it at this point in time, is causing some angst.

Mr Grant—I am happy to take it on notice

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Answer:

The owner of the report is Horticulture Australia Limited (HAL). HAL has advised the report is an internal management document that contains material that is commercial-in-confidence, and therefore would not be appropriate for public release.

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Question: APD 04

Division/Agency: Agricultural Productivity

Topic: CRC for Sheep Industry Innovation

Hansard Page: Written questions

Senator Fierravanti-Wells asked:

1. What has been the level of investment by the department in the CRC?
2. Please provide any documents regarding progress, recommendations etc. which have been produced by the CRC.

Answer:

1. The Department of Agriculture, Fisheries and Forestry has no funds invested in the CRC for Sheep Industry Innovation.
2. The CRC for Sheep Industry Innovation does not report to the Department of Agriculture, Fisheries and Forestry. Documents produced by the CRC are provided to the Department of Innovation, Industry, Science and Research which administers the CRC program. Information on the operations of the CRC for Sheep Industry Innovation is available on its website at <http://www.sheepcrc.org.au/industry-tools-and-information/publications/general.php>.

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Question: APD 05

Division/Agency: Agricultural Productivity Division

Topic: Management of Red Meat Industry Reserves

Hansard Page: Written

Senator Williams asked:

Under the Anderson Deed Agreement of 1997 the Red Meat Advisory Council (RMAC) was give access to interest from \$40 million levy reserve left of over from the wind up of AMLC and AMRDC. A condition of the deed was that the principle was not to be touched.

Why has no one questioned the loss of over \$6 million from the fund and why have the RMAC members increased their drawings in the last year?

Answer:

The reserve is invested on a commercial basis with a funds manager and RMAC reports to the Minister for Agriculture, Fisheries and Forestry on a quarterly basis on the fund's performance. The recent fall in value of the fund mirrors the significant economic downturn being felt across the world.

The red meat industry's Memorandum of Understanding and the RMAC Scheme Rules provide guidelines agreed by industry and government on the management of the reserve and distribution of income from it. The distribution is capped at 6 per cent. The RMAC board agreed to a reduction in distributions from an operating level of 5.5 per cent to 5.0 per cent for the financial year 2008-2009.

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Question: APD 06

Division/Agency: Agricultural Productivity Division

Topic: Horticulture Code of Conduct

Hansard Page: Written

Senator Williams asked:

1. Is the Department satisfied that the Horticultural Code of Conduct is achieving its aim?
2. Is the Department aware of any reviews in the Horticultural Code of Conduct by the ACCC?
3. Has or will the Department be contributing to this review?
4. Has the Department undertaken any independent inspections of the markets to ensure the code is operating effectively?
5. Is the Department aware of any industry concerns that the Government is attempting to water down the code?

Answer:

1. The Horticulture Code of Conduct aims to improve the clarity and transparency of transactions between growers and wholesalers of fresh fruit and vegetables and provide a fair and equitable dispute resolution procedure. The Horticulture Code Committee is now considering the Australian Competition and Consumer Commission's (ACCC) recommendations to enhance the operation of the Horticulture Code of Conduct.
2. On 22nd January 2008 the Assistant Treasurer and Minister for Competition Policy & Consumer Affairs requested that the ACCC hold a public inquiry into the competitiveness of retail prices for standard groceries pursuant to Part VIIA of the Trade Practices Act 1974. The ACCC provided its report on 31 July 2008 and made 13 recommendations to improve the code's effectiveness as part of this review. The Minister for Agriculture, Fisheries and Forestry re-established the Horticulture Code Committee in October 2008 to advise the Australian Government on its response to the recommendations.
3. The Department responded to this question as per Hansard page reference 125: We provide the secretariat to the Horticulture Code Committee and are involved in providing a service to that committee to ensure that it does its work effectively and efficiently.
4. The Department, as the secretariat for the Horticulture Code Committee, performs broad and independent consultation with all industry sectors, including growers, and visits markets for general discussion about the operation and effectiveness of the Horticulture Code of Conduct. As Horticulture Code Committee secretariat, departmental officers have most recently visited the Sydney markets on

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27 February 2009 and the Melbourne markets on 16 December 2008.

Departmental officers have visited the Brisbane, Sydney and Melbourne markets on previous occasions. It is not the Department's role to inspect or audit specific businesses in the market with a view to gauge compliance with the Code.

Currently, the ACCC independently investigates markets regarding specific complaints and, where necessary, takes enforcement action against anyone who fails to comply with the Horticulture Code.

5. The Horticulture Code Committee is undertaking comprehensive consultation with industry. Concerns in relation to the Horticulture Code are matters for consideration by the Committee, which will report to the Minister in due course.

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Question: APD 07

Division/Agency: Agricultural Productivity Division

Topic: FarmReady Reimbursement Grants

Hansard Page: Written

Senator Colbeck asked:

1. How many FarmReady Reimbursement Grants have been paid?
2. What is the process to register a course with the FarmReady program?
3. What percentage of the \$26.5 million allocated for training farmers to prepare for climate change has been allocated to the FarmReady grants program?

Answer:

1. As at 13 March 2009, no reimbursement grants had been paid. The opportunity to apply for FarmReady Reimbursement Grants training courses began on 2 February 2009. During the period until 13 March 2009, 599 applicants were pre-approved by the FarmReady Reimbursement Grants Administrator (the Administrator) to attend approved FarmReady training courses.

To receive the FarmReady Reimbursement Grants applicants must:

- receive pre-approval prior to commencement of the FarmReady approved course from the Administrator
 - pay the training provider the full cost of the course
 - successfully complete the course
 - lodge a "Claim for Reimbursement and Course Review Form", tax invoices and receipts with the Administrator within 30 days of completion of the course.
2. Training providers wishing to register a course with the FarmReady program need to complete and lodge a FarmReady "Training Provider and Course Registration Form" with the Administrator for assessment. Training Providers must provide details of the proposed activity, associated learning outcomes and individual trainers, and a copy of the course material (if required¹). The forms are available at the FarmReady website: www.farmready.gov.au
 3. There is flexibility to allocate funding between the two components of the FarmReady program, in response to demand, within the overall \$26.5 million funding allocation.

¹ Registered Training Organisations (RTOs) delivering accredited training under the Australian Qualifications Framework (AQF) and issuing a Statement of Attainment to participants are not subject to this requirement.

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Question: APD 08

Division/Agency: Agricultural Productivity Division

Topic: Research into a Foot and Mouth Disease outbreak in the wool industry

Hansard Page: Written

Senator Fierravanti-Wells asked:

At the estimates hearing, there was considerable discussion about foot and mouth risks. Has DAFF undertaken research, assessment or otherwise given consideration to any impact of an outbreak of foot and mouth on the wool industry. If so, could you please provide copies of any material, report or documents in this respect?

Answer:

The department has not undertaken a specific assessment of the impact of an outbreak of foot and mouth disease on the wool industry.

In 2002, the Productivity Commission prepared a report “Impact of a foot and mouth disease outbreak on Australia”, which examined the impact on the Australian economy as a whole. At that time, the Commission estimated the losses to the sheep industry of a Foot and Mouth Disease outbreak as \$960 million for an outbreak lasting 3 months, up to \$1600 million for an outbreak lasting 12 months. Note that this estimate is for the sheep industry as a whole, as the study did not disaggregate the losses by the wool sector and the sheepmeat sector. The Productivity Commission’s report is available at:

<http://www.pc.gov.au/projects/study/footandmouth/docs/finalreport>