

BUDGET ESTIMATES, 25, 26 MAY 2005 - ANSWERS TO QUESTIONS ON NOTICE

Department of Agriculture, Fisheries and Forestry

Rural Policy and Innovation Division

Question: RPI 01

Topic: Drought & EC [Drought Declared Areas]

Hansard Page: 30

Senator O'Brien asked:

Do you have a figure for drought declared, including but not exclusively EC?

Answer:

Queensland and New South Wales are the only two states with a systematic drought declaration process. On 10 June 2005, Henry Palaszczuk MP, Queensland Minister for Primary Industries and Fisheries, announced that more than 60 percent of Queensland's land area was drought declared. On 8 June 2005, the Hon Bob Carr MP, Premier of New South Wales, announced that 91 per cent of New South Wales was officially drought declared. Information on the impact of drought for the remainder of Australia is not readily accessible as not all state and territory governments drought declare and report this information.

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Rural Policy and Innovation Division

Question: RPI 02

Topic: Dairy Industry Reform Act [Dairy Act Compliance Report]

Hansard Page: 36

Senator O'Brien asked:

When did the minister first seek information about this matter?

Mr Pearson—I will have to take that on notice. I cannot recall. There has been an iterative process. As the annual report and other information have been coming in, the minister has been trying to reassure himself that compliance has been made by Dairy Australia.

Senator O'BRIEN—I would appreciate if you would let me know the details of the process: when the department first contacted the minister about the matter, when the minister first contacted the department about the matter and what requests he made.

Answer:

The Department of Agriculture, Fisheries and Forestry has been working with the industry-owned companies, including Dairy Australia (DA), since May 2004 to strengthen the accountability framework under the funding agreements following the release of the Australian Wool Innovation Senate Inquiry Report. As part of this work, the Department has been in consultation with DA and government agencies on the requirements of the Dairy Act Compliance Report from October 2004. The Minister's Office was advised of this work in mid-November 2004.

The Minister sought specific advice from the Department in February 2005 on the form of the Report and the scope of its requirements - the Dairy Act Compliance Report for 2003-04 will be the first under the operations of DA.

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Question: RPI 03

**Topic: EC declarations [Uptake rate of Exceptional Circumstances
Interest Rate Subsidies]**

Hansard Page: 36-37

Senator O'Brien asked:

On average, what is it?

Mr Koval—At the moment it is just over 13 per cent of farmers within EC declared areas.

Senator O'BRIEN—So you will be able to get us on notice the number that was used to calculate that figure?

Mr Koval—I can do that.

Senator O'BRIEN—And you will be able to get us the number that has been used to calculate the current figure in the PBS for next year?

Answer:

The figure of \$248.2m was based on a total estimated number of 21,582 producers within Exceptional Circumstances declared areas receiving Exceptional Circumstances Interest Rate Subsidies.

The number used to calculate the current figure in the 2005-06 Portfolio Budget Statement, \$131.9m, was based on a total estimated number of 23,269 producers within Exceptional Circumstances declared areas receiving Exceptional Circumstances Interest Rate Subsidies.

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
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Rural Policy and Innovation Division

Question: RPI 04

Topic: AAA Package for rural finance counselling

(Rural Financial Counselling Service Program Funding Indexation)

Hansard Page: 37

Senator O'Brien asked:

In nominal terms it is a slight increase. In real terms, if the increase is less than the projected rate of inflation, it is a reduction, isn't it?

Mr Williamson—I am not sure. The numbers are as they are in the PBS.

Senator O'BRIEN—You said they are indexed. What are they indexed against?

Answer:

The Rural Financial Counselling Service Program is indexed against the Wage Cost Index 3 (WCI3). The variation of \$0.013 million between 2004-05 and the 2005-06 Estimates as stated in the 2005-06 Portfolio Budget Statement is consistent with the movement in WCI3 for the March 2005 adjustment.

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Rural Policy and Innovation Division

Question: RPI 05

Topic: 1994 Rural Partnership Program

Hansard Page: p40

Senator O'Brien asked:

On notice, can you give us more detail about this? I would like to know why there was a view that no milestones would be met and suddenly \$3.8 million worth of milestones has popped up in these projects.

Answer:

At the time of preparation of the estimates included in the PBS it was not clear (in March 2005) what final amount would be payable under the programme and from where funds would be transferred in order to make these payments.

The required transfers for funding of payments due under the program were finalised in late April 2005, to provide funding of the likely payments of approximately \$1.9 million from ADP and \$1.9 million from FarmBis (totalling \$3.8 million).

The Rural Partnerships Program started in 1994 with funding of the first RPP project, the South West Queensland Strategy. The aim of the Program is to achieve long-term change and to encourage profitable and self-reliant rural sectors. There were 12 individual RPP projects across all States (except Tasmania) and the Territories.

The Rural Partnership Program is a partnership between governments and community and has therefore been subject to delays in implementation dependant on community and regional capacity. The Program is demand driven and in some instances delivery has been impacted by drought conditions. In all instances the Australian Government has attempted to accommodate communities and regions, to ensure that the longer term outcomes of the projects are met. This flexibility has meant that the timing of payments has varied, particularly given the length of the various projects.

The current RPP projects are:

West 2000 Plus, which is achieving positive results by helping landholders in the western division of NSW improve their economic performance, their business and management skills and, where possible, develop alternative industries. This is occurring through the project measures such as Training and Skills Development, Development of Alternative Industries, Natural Resource Sustainability, Better Managing the Natural Resource Base, Rural Re-structuring and Managing of WEST 2000 Plus. Project achievements include: two Young Farmer Forums have been run successfully with over 100 attendees at the meetings and over 58 farmers attending other workshops, 300 people involved in activities designed to address long term planning issues, 1,628 training grants have been awarded, 87 grants have been made to pastoralists to implement new industries, and 65,000 hectares of land are being managed under an enterprise-based conservation project.

Desert Uplands, which is aimed at sustaining profitable production systems based on sustainable economic and environmental development. It provides lease rental subsidies and interest rate subsidies to farmers for productivity improvements such as increasing property size, improving water, pasture and vegetation management and implementing best practice sustainable property management. Project achievements include: 48 landholders have received interest rate subsidies and 104 land titles have been amalgamated into 68 saleable titles (increasing the size of farms in the region).

MIA (Riverina), which specifically targeted citrus growers for the first year of the Program, at the request of the community committee, in recognition of the adjustment and business planning needs in this sector. As at 31 March 2005, 242 business plans had been implemented, with 92 applicants obtaining redevelopment grants. The redevelopment grants have been used for replanting grape and citrus crops, broadacre, diversifying into avocado, prunes and other stone fruits, as well as innovation and new technology. One thousand one hundred and nineteen hectares are scheduled for redevelopment in the region under these grants.

Gascoyne Murchison, which promoted better business management in the region and has contributed to over half of the pastoral businesses putting business plans into place. The Program has administered productivity grants and voluntary lease adjustments, assisted the development of regionally based alternative enterprises, and improved access to finance for the region.

Kickstart Sunraysia, which focussed on farmers in the Victorian and New South Wales Sunraysia region, who owned a farm enterprise with between 8 and 25 hectares of permanent horticultural crop. It has achieved an increase in on-farm business planning, increased the uptake of more efficient irrigation technologies and promoted sustainable farming practices through training programs offered under the Program.

The table attached indicates the actual and currently estimated payments for the remaining projects under the Rural Partnership Program.

REGIONAL ASSISTANCE PROGRAMMES

Rural Partnership Programme - Payments made by Australian Government for the remaining projects and estimates for future years

Project	Estimated Total											
	Commonwealth Commitment	1997-98 Actuals	1998-99 Actuals	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 Actuals	2004-05 Estimates *	2005-06 Estimates*	2006-07 Estimates*	2007-08 Estimates*
								-	-			
West 2000 Plus	5,912,500				200,000	833,120	365,675	897,361	3,043,730	307,200	232,100	33,314
Desert Uplands	2,000,000		75,000	196,578	224,167	350,485	265,805	381,184	456,749	50,000		
MIA (Riverina)	2,500,000	48,800		-	37,661	287,730	422,838	1,067,588	345,000			
Gascoyne Murchison	5,417,000		400,000	621,157	1,000,000	1,161,711	1,014,127	1,186,174	20,397			
Kickstart Sunraysia	6,974,400		4,364,500	1,339,800	775,800	214,000	7,000		7,038			
Totals		48,800	4,839,500	2,157,535	2,237,628	2,847,046	2,075,445	3,532,307	3,872,914	357,200	232,100	33,314

* Estimates based on latest available figures (as of 13 June 2005)

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Department of Agriculture, Fisheries and Forestry

Rural Policy and Innovation Division

Question: RPI 06

Topic: South Australian Government's drought relief contribution

Hansard Page: 41

Senator Ferris asked:

The Australian Government has committed more than \$1 billion in drought funding to farmers since 2003-03. In total, this is four times the amount of funding announced by all state governments. In the current drought, more than 46,000 applications for income support grants, EC relief payments and interest rate subsidies have been approved. Total Australian government expenditure to date for drought measures amounts to \$676 million. For this drought, though, a special Premier's package of up to \$5 million was announced in October 2002 for rural counselling support, additional FarmBis support, individual business and community grants, but no real money went directly to farmers. In fact, of the total, South Australia has spent only \$2.3 million. Can you advise the committee: how much real money has the South Australian government contributed to drought funding during 2003-04; how this would compare with other states?

Answer:

The Department of Agriculture, Fisheries and Forestry does not hold this information. State and territory government drought expenditure figures should be obtained from the relevant state or territory government to ensure the accuracy of this information.

Question: RPI 07

**Topic: South Australian drought: NRAC Recommendations for
rejected applications**

Hansard Page: 42

Senator Ferris asked:

Can you explain to me why the other two [Mallee 1 and Mallee 2 applications] were not accepted?

It is my recollection that some of the reasoning in the applications related to specific events on specific days—whether it was frost, wind or particularly bad climatic conditions—which dramatically affected the crop but which may not in the wider context have met the conditions for a successful application. Is that your recollection?

Answer:

The Southern Mallee Number 1 and Southern Mallee Number 2 Exceptional Circumstances (EC) applications, received from the South Australian Government, were essentially the same application and neither could demonstrate a case for EC assistance against the EC criteria.

On 4 December 2002, the South Australian Government lodged the Southern Mallee Number 1 EC application for producers who were experiencing financial difficulties as a result of frost damage in 2000 and 2001, and who also lost crops due to the drought in 2002. This application established a *prima facie* case for EC on 15 December 2002. The National Rural Advisory Council (NRAC) conducted a full EC assessment including visiting the area on 18 December 2002. NRAC found that a rare and severe event resulting in a prolonged downturn in income had not been demonstrated on a significant regional scale. The application was rejected by the Minister for Agriculture, Fisheries and Forestry (the Minister) on 5 February 2003.

On 14 May 2003, the South Australian Government lodged the Southern Mallee Number 2 application. On 29 June 2003, it was rejected for *prima facie* assistance. The Drought Taskforce located in the Department of Agriculture, Fisheries and Forestry, advised the Minister that this application was essentially the same application as the Southern Mallee Number 1 and was not able to demonstrate a *prima facie* case for EC against the EC criteria.

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Question: RPI 08

Topic: South Australian drought: role of South Australian Farmers Federation

Hansard Page: 42

Senator Ferris asked:

When you are looking at the records that go back a couple of years, can you see whether you are able to comment on the role played by the South Australian Farmers Federation in those applications?

Answer:

The South Australian Farmers Federation (SAFF) was a member of the Mallee Community Reference Group that assisted the Department of Primary Industries and Resources South Australia in the development of the Southern Mallee Numbers 1 and 2 Exceptional Circumstances applications.

SAFF were also involved in discussions with the National Rural Advisory Council members during their assessment visit to the Southern Mallee Number 1 application area on 18 December 2002.