

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2006

Agriculture, Fisheries and Forestry

Question: GRDC 01

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding

Hansard Page: 79-80 (24/05/06)

Senator Nash asked:

Senator NASH—What do you in GRDC use that funding for?

Mr Reading—The funding is primarily spent across a number of what we call lines of business: varieties, farming practices, new products, capacity building, and communication. It is right across that lot. The majority of investment, probably approximately 60 per cent, is into varieties which covers pre-breeding, breeding, and a thing which has just been introduced last year called national variety testing. The majority goes into bringing a lot of expenditure into Australia, not only by GRDC but by other monies as well, in the pre-breeding end. Varieties is about 60 per cent.

Senator NASH—That is to those entities that we were talking about earlier. Is that right?

Mr Reading—No, that is only a small part of it. If you look up what makes up breeding or the breeding pipeline, it starts with pre-breeding, which is all the stuff about germ plasm, manipulation, gene discovery, genetic tools and all the traits. Building the traits is the pre-breeding part, and there are a number of bodies in that. Some of the CRCs are in that; CSIRO is a big player in that. Then you go into the actual breeding programs themselves, the ones we have just mentioned. Then you go out of that and into what they say is the commercialisation of that variety and national variety testing. The main stages we are involved are pre-breeding, and we put about \$16 million a year into that. Of the total it is about \$80 million that is spent up there. *The total investment in breeding programs all up is about \$29 million; I would have to take on notice what our percentage of that is.* Then we go into variety testing. As these programs move from the public to private, growers are demanding independent variety evaluation. So we fund that independent variety evaluation. I think the cost of that each year is about \$4.3 or \$4.4 million.

Answer:

Mr Reading was referring to total investment nationally in wheat-breeding programs (not all plant-breeding programs) by all participants as being about \$29 million. The Grains Research and Development Council's (GRDC) proportion of that national investment is approximately one third.

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Question: GRDC 02

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding

Hansard Page: 80 (24/05/06)

Senator Nash asked:

Senator NASH—Just roughly, on average per year, how much of the grower levy would go to those private entities we were mentioning earlier?

Mr Reading—None goes into Longreach which is a fully private entity. Into DARWA, which is a completely public entity, we are putting about \$1.3 million. AGT is in the transferral stage. It is a research program that became a combination of program. SARDI was a public program. I think our research funding with that finishes in June next year, if I remember correctly. I think we are putting about \$1.5 to \$2 million into the EGA programs. But again, I would have to take it on notice and get back to you with specifics.

Answer:

The Grains Research and Development Council is investing approximately \$2.5 million into the Enterprise Grains Australia (EGA) programs in 2005/2006.

Question: GRDC 03

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding

Hansard Page: 81 (24/05/06)

Senator Nash asked:

Senator NASH—Would it be possible for the committee to have a description of the makeup and a breakdown of the funding that goes to each of those initial entities we were talking about, particularly the grower funding that has come to you that goes back out to those entities?

Mr Reading—We can certainly provide that.

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Answer:

In 2005/2006 the Grains Research and Development Council (GRDC) invested approximately \$9.6 million into the following wheat-breeding entities: Department of Agriculture and Food Agriculture Western Australia (DAFWA); Enterprise Grains Australia (EGA), the joint venture between New South Wales Department of Primary Industries and Agriculture and Queensland Department of Primary Industries and Fisheries; Australian Grain Technologies Pty Limited; the Commonwealth Scientific and Industrial Research Organisation (CSIRO); HRZ Wheats Pty Ltd through Export Grains Centre Limited; and Grains Biotech Australia Pty Limited through Export Grains Centre Limited.

In providing funds to these entities, the GRDC does not distinguish between funds received from growers through levies and the Australian Government's matching funds.

Question: GRDC 04

Division/Agency: Grains Research and Development Corporation

Topic: GRDC staffing

Hansard Page: 81 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—How many of these would be classified as administrative staff?

Mr Reading—I can get back to you with the exact number—I am just going through the breakdown in my head. I think it is probably about 15 to 20, but I would like to take the specific figure on notice. It depends on how you define admin, because you have pure admin such as the personal assistants; you have admin in corporate services, which covers accounts payable and payroll, for example. In the project management area, we have program managers and we also have some program assistants. Part of that is admin—for example, making sure the reports are in on time et cetera. So it is really a question of defining what level of admin. We can supply that information to you.

Answer:

The Grains Research and Development Council (GRDC) has 8 staff carrying out administrative functions.

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Question: GRDC 05

Division/Agency: Grains Research and Development Corporation

Topic: GRDC staffing

Hansard Page: 82 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Could you give us a snapshot of the changes in the employment patterns of GRDC over that period?

Mr Enright—I was looking at the numbers the other day and I think four years ago we were at roughly 42. I can give you the accurate numbers, but we have gone up from 42 to 49, I think.

Senator O'BRIEN—Thank you, if you could take that on notice.

Answer:

The Grains Research and Development Council (GRDC) staff numbers have changed from 42 in 2002-03 to 52 in 2005-06.

Question: GRDC 06

Division/Agency: Grains Research and Development Corporation

Topic: GRDC staffing

Hansard Page: 82 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—So I take it that it is fair to say that the percentage of your budget that is spent on administration has increased over time?

Mr Enright—I will have to seek the actual numbers, but it has not increased exponentially.

Senator O'BRIEN—But you think there has been some increase, perhaps, but not—

Mr Enright—In percentage terms it has remained pretty low.

Senator O'BRIEN—If you could check that for us and let us know, I would appreciate it.

Mr Reading—Again, we will give you the different breakdown of admin just in case there is a difference in what you call admin and what we call admin from a project sense et cetera.

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Answer:

Over the past 3 years the percentage of the Grains Research and Development Council's (GRDC) budget spent on administration has remained fairly constant at approximately 9%.

Question: GRDC 07

Division/Agency: Grains Research and Development Corporation

Topic: GRDC travel expenditure

Hansard Page: 83 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Thanks for that. How much did GRDC spend on travel last year?

Mr Reading—The number was about \$750,000. I think it was around that. I will take that again on notice.

Senator O'BRIEN—Was that an unusual amount?

Mr Reading—No, not in comparison with previous years, obviously allowing for inflation, and even though the major fuel impacts would have been this year.

Senator O'BRIEN—Would it be easy to pull out the figures for each of the last five years?

Mr Reading—Yes.

Answer:

The Grains Research and Development Council, (GRDC) has spent the following amounts on staff air travel over the past 5 years:

2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
\$994,333.74	\$884,963.07	\$988,909.39	\$829,638.10	\$765,476.48

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Question: GRDC 08

Division/Agency: Grains Research and Development Corporation

Topic: GRDC credit cards

Hansard Page: 83 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Is there a document that sets out the guidelines for the use of the credit cards?

Mr Reading—Yes, there is.

Senator O'BRIEN—Is that able to be supplied to the committee?

Mr Reading—Yes.

Answer:

The Grains Research and Development Council (GRDC) Policy 6.26 Corporate Credit Cards is **attached**.

[GRDC 08 attachment]

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Question: GRDC 09

Division/Agency: Grains Research and Development Corporation

Topic: GRDC hospitality

Hansard Page: 83-84 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—How much would GRDC have spent on corporate hospitality, let us say, in the current financial year?

Mr Enright—I would have to do some analysis and provide you with that figure. Corporate hospitality is not big in our area. We do have expenses for conducting our business, being a national organisation, and talking with research institutions right across the country. We have a lot of people travelling, obviously, and doing a lot of negotiations with people with whom we are investing. Obviously, they eat when they are travelling, but I do not know whether you would put that in the category of corporate entertainment or whatever.

Senator O'BRIEN—Are you entertaining people with a business relationship with GRDC?

Mr Enright—We certainly do some of that.

Senator O'BRIEN—Could you give me some details of the expenditure on that form of corporate hospitality over the current financial year and the previous one?

Answer:

Total corporate hospitality expenses in 2004/2005 were \$17,898 plus GST

Total corporate hospitality expenses in 2005/2006 are estimated to be \$15,903 plus GST.

These amounts do not include light meals and drinks provided during meetings. The meals and drinks represent sustenance and therefore are not entertainment in nature.

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Question: GRDC 10

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding of grain industry

Hansard Page: 85 (24/05/06)

Senator O'Brien asked:

Mr Reading—There is a conference called the agricultural conference. We support that to the tune of about \$8,000 or \$9,000 a year. From time to time, we have had requests to support state conferences for sponsorship and we do that on a case by case basis.

Senator O'Brien—Those would be the sorts of grains industry events that you would sponsor?

Mr Reading—Correct. The benefit we provide is that it brings together a lot of growers. They normally have topics on the agenda which are of particular interest. I think Senator Siewert was talking about biofuels—those types of things. They are specific types of industry things. There is a sunflower association, a maize association, a sorghum association and we help support those conferences. But they are basically research conferences—growers come and they learn about the latest R&D techniques and things like that.

Senator O'Brien—There would be 20 or 30 a year?

Mr Reading—No, not that many. I think there would be about seven a year. Again, I can get you the specific number if you want. I am just trying to remember them. Certainly, sorghum, maize, sunflower associations—

Answer:

The Grains Research and Development Council (GRDC) funds approximately seven grains industry events per year – the number can change slightly from year to year. Conference sponsorships for the Grains Council of Australia (GCA) and its affiliates in 2005-2006 were:

- Victorian Farmers Federation Annual Conference 2006
- NSW Farmers Federation Annual Conference 2006 (conference will be held in July 2006)
- Western Australian Farmers Federation Annual Conference 2006
- Western Australian Farmers Federation Merredin Zone Council Meeting
- Grains Council Australia - Grains Week 2006

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Question: GRDC 11

Division/Agency: Grains Research and Development Corporation

Topic: review of GRDC operations

Hansard Page: 85 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—You talked about commissioning, I think, Graham Pocknee and Associates to undertake a review. Was that the review in 2002-03 to review GRDC operations?

Mr Enright—Not to review GRDC operations.

Senator O'BRIEN—Did Pocknee and Associates, in fact, do that?

Mr Reading—No. The background to Single Vision is that it started in about 2003. I was checking the notes the other day. There were great changes going on in the grains industry in terms of the traditional statutory bodies going to public listed corporations and the breakdown of things like PBR legislation and all these things. There was a thing about relooking at the industry: where is the industry going? That looked at things such as future demand scenarios; ongoing sustainability; fragmentation and duplication that exist in the industry; and the potential new demand uses that neutraceuticals, pharmaceuticals and bioceuticals have. That culminated in that document entitled *Towards a Single Vision*—which I am happy to leave you a copy of—which was launched at April Grains Week in Perth. That is all the consolidation work that went into the publication of that document.

Answer:

Pocknee and Associates did not undertake a review for the Grains Research and Development Corporation (GRDC) of GRDC operations, either in 2002-2003 or later.

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Question: GRDC 12

Division/Agency: Grains Research and Development Corporation

Topic: Review of GRDC operations

Hansard Page: 100 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Someone keeps telling me that Pocknee did a report for GRDC which was about the GRDC's operations. You are categorically saying that did not happen?

Mr Reading—I have been in the job since February 2004 and certainly not in my time.

Senator O'BRIEN—It was commissioned in 2002-03, I am told.

Mr Reading—I have no knowledge of it.

Senator O'BRIEN—Can you take that on notice?

Mr Enright—Yes, sure. It was a report on—

Senator O'BRIEN—A review of the operations of GRDC.

Mr Enright—In 2002?

Senator O'BRIEN—It was commissioned in 2002-03.

Mr Enright—I have no independent recollection of that, but I will check on that.

Answer:

Refer to GRDC 11.

Question: GRDC 13

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding of Single Vision Grains

Hansard Page: 101 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—The Grains Council inform us that they were in fact paid by GRDC. Does that mean that they could simply have GRDC pay a bill and claim it as their remuneration?

Mr Reading—I would have to take that on notice, but I presume what would have happened, if the Single Vision interim board came to an agreement with GCA, GCA would have then passed the bill on to Single Vision, who then would have asked us to pay that bill. I will take that on notice. I can get you that answer tomorrow morning. I just have to ask the accountants.

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Answer:

The interim board approached the Grains Council to use the name '*Single Vision Grains Australia*' and to gain access to the website www.singlevision.com.au. The Grains Council Australia required that the interim board pay a total of \$14,500, comprising \$10,500 for the website, \$1,600 for the establishment costs of Single Vision Grains Australia Ltd, and \$2,400 for the administration costs of Single Vision Grains Australia Ltd. GST payments of \$1,450 brought the total payment to the Grains Council of Australia to \$15,950. In gaining access to the name Single Vision Grains Australia and the website, certain members of the interim board also acquired the company.

On 16 December 2005, on behalf of the Single Vision Grains Australia interim board the Grains Research and Development Council, (GRDC) paid the Grains Council of Australia, (GCA) by electronic funds transfer.

Question: GRDC 14

Division/Agency: Grains Research and Development Corporation

Topic: GRDC funding of Single Vision Grains

Hansard Page: 104-105 (24/05/06)

Senator O'Brien asked:

Mr Enright—I am happy to answer to the best of my ability. I am trying to do that, but I think we need to look at it in the context of what has been put in place here. The fact was that the only way we could use that name was to buy the company from GCA. That is where it is operating but, as I have stressed on a number of occasions, in terms of GRDC operating with that corporate company we do not operate it.

Senator O'BRIEN—Perhaps you could take on notice and let us know how it came to pass, if it did, that a GRDC cheque or an electronic funds transfer paid Grains Council for the company?

Mr Enright—I will certainly do that.

Senator O'BRIEN—If that occurred, then there would need to be an explanation; otherwise, it would appear that you owned the company.

Mr Enright—Yes. I will make sure we get the financial transactions of how this occurred. I will sort them out.

Answer:

See response to GRDC 13.

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Question: GRDC 15

Division/Agency: Grains Research and Development Corporation

Topic: export marketing research - Single Vision

Hansard Page: 105 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Now that we have clarified that Single Vision actually is part of GRDC, I want to go to the work Single Vision commissioned into the export marketing arrangements for the industry. This research commenced in March this year and included economic analysis of different wheat marketing systems, and the Centre for International Economics undertook some modelling of alternatives to the current single desk marketing arrangements. How much is Single Vision or GRDC paying CIE for the work?

Mr Reading—The amount that CIE were paid? I am not sure if we have received a bill from them yet. I will take that on notice and get back to you.

Answer:

On 18 May 2006 the Grains Research and Development Council, (GRDC) paid a Centre for International Economics, (CIE) invoice for \$26,400 (including GST). On 8 June 2006 GRDC paid a final CIE invoice for \$36,210.01 (including GST). We do not anticipate receiving any further invoices from CIE.

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Question: GRDC 16

Division/Agency: Grains Research and Development Corporation

Topic: Research funded by other research and development corporations

Hansard Page: 106 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Was the department aware of any examples of research and development corporations operating through other entities using the research and development pool of funds they have through those entities for the research work? I will try to express the current situation we have been discussing, in a meaningful way. I take it, Mr Banfield, you heard the discussion. You know the arrangements that exist between GRDC and the unincorporated body Single Vision et cetera?

Mr Banfield—I am not aware of other research that has been funded by other research and development corporations, so if you want me to take the detail of that on notice, I am happy to do that. The point that I would make is that, as I think Mr Enright and Mr Reading have indicated, there is a remit in the PIERD Act for the RDCs to legitimately undertake research into some of these wider areas, including in relation to things like marketing. If your question is, 'Have other R&D corporations potentially funded research associated with marketing and aspects of that?' the answer is yes, as I understand it; but I would take the detail on notice. Whether that has got to structures, in terms of potential structures of industry, is another matter. The point I am making in general terms is that, as I understand it, research into marketing and those sorts of things is legitimately covered within the ambit of the PIERD Act.

Answer:

In funding research and development and facilitating the dissemination, adoption and commercialisation of the results of this research, the research and development corporations use a wide range of funding arrangements including directly commissioned research; investment partnerships; and unincorporated and incorporated joint ventures. Such arrangements are within the scope of the *Primary Industries and Energy Research and Development Act 1989*.

This research and development may include acquiring knowledge to improve the production, processing, storage, transport or marketing of primary industry produce.

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Question: GRDC 17

Division/Agency: Grains Research and Development Corporation

Topic: SVGA study

Hansard Page: 106 (24/05/06)

Senator O'Brien asked:

Senator O'BRIEN—Is it appropriate, in the government's view, for one statutory authority indirectly to inquire into the appropriateness of another statutory authority's existence?

Mr Banfield—Again, I would have to take the detail of that on notice, but what we are talking about here is a different set of circumstances, where you have the GRDC, which as you know is part industry and part government funded, looking at research across the whole of the grains industry at a time when there is a lot of discussion about wheat marketing arrangements. As you know, there are a variety of proposals that have been floated publicly around the place. On the other hand, you have the Wheat Export Authority, which has a very clear remit in terms of monitoring of the single desk arrangement and of monitoring AWBI. In a contextual sense, I think there is a difference here, in that WEA is very much more constrained in terms of its roles and responsibilities.

Senator O'BRIEN—I will read that answer with interest.

Mr Banfield—If you are asking me in a legal sense, I will take that on notice. I am giving you a bit of context around it, trying to be helpful.

Answer:

Single Vision Grains Australia's (SVGA) work into export marketing is not looking into whether the WEA is fulfilling its functions under the *Wheat Marketing Act 1989*. As with any other research project, the research undertaken by SVGA to assess, examine or outline options for alternative export marketing arrangements for wheat will generate information that will be considered by industry and government.

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Question: GRDC 18

Division/Agency: Grains Research and Development Corporation

Topic: Climate change

Hansard Page: 107 (24/05/06)

Senator Siewert asked:

Senator SIEWERT—False hope! How much work are you doing to factor climate change into the research that you are doing? I am aware of, for example, some of the work that Ross Kingwell has been doing in WA. How much do you factor that into the research that you fund and do?

Mr Enright—We have quite an investment. Do you have the details, Peter? We can probably get them to you, Senator, if not. There are a number of examples I can think of—the CRCs and the climate initiative, the name of which escapes me.

Mr Reading—I will come back on notice with the specific amount. What we are trying to do on climate, which is consistent with some of the discussions we were having before, is to work with all the bodies to make sure we are not duplicating and we are not fragmenting. We are looking at climate change from a number of aspects. Some are specific in terms of the impact on rainfall and things such as that. We are taking a lead role and looking at the impact on the plant system itself. With climate change, not only do you have reducing moisture in certain areas—and Western Australia is a case where rainfall has reduced—but we are looking at the impact of greenhouse gases in terms of not only the environmental greenhouse impact but also in terms of crop yield and in terms of actually increasing crop production because of the higher concentrations of CO₂.

We need to make sure we are taking a coordinated approach across all industry groups, and we are making some progress there through the CRC through our panel chairs—one of the climate variability studies. We are looking specifically at plant interreactions and soil interreactions. It is quite a substantial campaign.

Senator SIEWERT—Are you able to provide some of the detail on the—

Mr Reading—The dollars?

Senator SIEWERT—Yes.

Mr Reading—Yes.

Mr Enright—There is a nationally coordinated body that is looking at all aspects of this. I cannot remember the name of it offhand, but we will give you that.

Answer:

In 2005-2006 the Grains Research and Development Council (GRDC) invested approximately \$900,000 in the area of climate change. The Managing Climate Variability Program, managed by Land and Water Australia, is the nationally coordinated program referred to above.