



Australian Government

Department of Agriculture, Fisheries and Forestry

Ms Jeanette Radcliffe
Committee Secretary
Senate Rural and Regional Affairs and Transport Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms Radcliffe

In the course of reviewing the record of responses by officers of the Department of Agriculture, Fisheries and Forestry and portfolio agencies during the Budget Estimates hearings conducted by the Senate Rural and Regional Affairs and Transport Committee on 23 and 24 May 2007, it has been determined that several of the answers provided were incomplete or inaccurate.

The errors occurred through officers of my Department attempting to answer the Committee's questions, in good faith and from memory, without the specific details at hand for reference. We have since had the opportunity to review the answers provided at the hearings and the following pages provide our corrections and in some cases further information for the consideration of the Committee.

I apologise for incorrect or incomplete information supplied at the hearings and for any misunderstanding that may have arisen. It would be appreciated if these corrections could be brought to the attention of the members of the Committee.

If you have any queries on this matter please contact Ms Elizabeth Bie, Acting General Manager, Parliamentary and Media on 6272 5590.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Samson'.

Dr Cliff Samson
Deputy Secretary

6 July 2007

Factual Corrections

In answering Senator O'Brien's question (Hansard page 14; 23 May 2007):

Mr Burns—There are two programs that are affected there. The first one is the AAA International Agricultural Cooperation agreement and there has been a small amount of funds moved forward into 2007-08. They reflect that it has taken longer than expected to get some of the project details finalised. One is a capacity-building project in Eritrea. It is actually administered for us by Volunteers International and they have had trouble finding volunteers wanting to go to Eritrea, so that is the problem there. The second one there is one of our programs under the Australia-China agricultural cooperation agreement, which was a visit by the Chinese to Australia concerning the persimmon industry. Again, that was just a problem with how well the persimmon industry was organised.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the corrections highlighted in yellow.

There are two programs that are affected there. The first one is the AAA International Agricultural Cooperation **Programme** and there has been a small amount of funds moved forward into 2007-08. They reflect that it has taken longer than expected to get some of the project details finalised. One is a capacity-building project in Eritrea. It is actually **managed under a contract with Australian** Volunteers International and they have had trouble finding volunteers wanting to go to Eritrea, so that is the problem there. The second one there is one of our **projects** under the Australia-China **Agricultural Cooperation Agreement**, which was a visit by **Australians to China** concerning the persimmon industry. **The Chinese partners were unable to provide a suitable tonnage of persimmons for shipment which related to the purpose of the visit.**

In answering Senator O'Brien's question (Hansard page 16; 23 May 2007):

Mr Burns—The budget estimate for 2007-08 in the program that supports those MOUs is \$1.29 million. The spending in the first six months is expected to be \$430,000 and \$860,000 in the second half. So we were underspent by \$260,000 in 2006-07 and that has been moved forward to 2007-08.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the correction highlighted in yellow.

The budget estimate for 2007-08 in the program that supports those MOUs is \$1.29 million. The spending in the first six months is expected to be \$430,000 and \$860,000 in the second half. So we were underspent by **\$290,000** in 2006-07 and that has been moved forward to 2007-08.

In answering Senator O'Brien's question (Hansard page 16; 23 May 2007):

Mr Burns—\$1.4 million was the estimate for 2006-07.

Senator O'BRIEN—That is before you carry forward, is it?

Mr Burns—Yes.

Senator O'BRIEN—\$250,000 is it?

Mr Burns—Yes.

Senator O'BRIEN—So \$1.15 million, and you do not know how it splits, first and second half of the year, given your comment about the coming financial year?

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the following corrections.

\$1.72 million was available in 2006-07. After the movement of \$0.29 funds into 2007-08, the estimate is \$1.43 million.

In answering Senator O'Brien's question (Hansard page 17; 23 May 2007):

Mr Burns—It is paid in a lump sum, generally in the first half of the year.

Senator O'BRIEN—How far ahead do we know how much we need to contribute?

Mr Burns—The pattern is that we normally find out in about November and we try and pay in January or February.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the following corrections.

It is paid in the first half of the financial year. The pattern is that we find out about it in November and then pay for it in about July of the following financial year. This is because the funds are not allocated until the new financial year.

In answering Senator O'Brien's question (Hansard page 17; 23 May 2007):

Senator O'BRIEN—So we are paying less this year?

Mr Burns—Correct.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the following corrections.

Our contribution to the FAO in 2006-07 was more than in 2005-06 due to a small increase in the overall budget of the FAO (and so Australia's percentage share) and movements in relative exchange rates.

In answering Senator O'Brien's question (Hansard page 18; 23 May 2007):

Mr Burns—The budget for that is split between administered funds, which are \$650,000, and departmental money, which is roughly \$800,000.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the correction highlighted in yellow.

Mr Burns—The budget for that is split between administered funds, which are \$650,000, and departmental money, which is roughly **\$950,000**.

In answering Senator O'Brien's question (Hansard page 18; 23 May 2007):

Mr Burns—Yes. A lot of that funding is available for projects that might come up. What we tend to do is allocate out of the administered funds early in the financial year to make sure that that is spent. In the second half of the year, funding tends to come from the departmental funds.

Senator O'BRIEN—Is this a recurring program? What is its history?

Mr Burns—I think it has been in place since 1996. It was not in place before 1996, but it has certainly been over eight years, from memory.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the following corrections.

The Department allocates funding to administered projects early in the financial year, but often those projects are not completed until later in the financial year. Departmental funds are allocated early and are often smaller projects which are completed more quickly and so the spending is spread more widely on Departmental funds.

The predecessor to the International Agricultural Cooperation Programme was the Farm Growth through Export Growth Programme which commenced in 2000-01.

In answering Senator O'Brien's question (Hansard page 19; 23 May 2007):

Mr Burns—There is. The 2008-09 figure is \$663,000 in admin money; for 2009-10 it is \$677,000; for 2010-11 it is \$691,000; and for 2011-12 it is \$704,000.

Senator O'BRIEN—What about administered funds?

Mr Burns—That was the administered funds. The departmental figure for 2008-09 is \$1.6 million; for 2009-10 it is \$1.7 million; for 2010-11 it is \$1.7 million; and for 2011-12 it is \$1.8 million.

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the corrections highlighted in yellow.

Figures should have been rounded up not down. The correct figures are:

Mr Burns—There is. The 2008-09 figure is **\$664,000** in admin money; for 2009-10 it is **\$678,000**; for 2010-11 it is \$691,000; and for 2011-12 it is **\$705,000**.

Senator O'BRIEN—What about administered funds?

Mr Burns—That was the administered funds. The departmental figure for 2008-09 is **\$1.7 million**; for 2009-10 it is \$1.7 million; for 2010-11 it is \$1.7 million; and for 2011-12 it is \$1.8 million.

In answering Senator O'Brien's question (Hansard page 19; 23 May 2007):

Mr Burns—Part of the increase there reflects money that has been reallocated from other purposes, I think.

Senator O'BRIEN—What other purposes?

Mr Burns—We were drawing some money out of the National Food Industry Strategy for the overseas posts; some of that money has moved back into our division permanently. I think some of that is appearing under that figure, but let me check that one for you.

Senator O'BRIEN—What work is going to be performed with the extra money?

Mr Burns wishes to advise the committee that he would like to update the information he provided and make the following corrections.

Money was not reallocated or drawn from the National Food Industry Strategy. This is new funding to continue and expand the existing International Agricultural Cooperation Programme (IAC).

The new IAC programme will build on the successes of the original programme and continue to provide targeted agricultural technical capacity building to Australia's key and emerging agricultural trading partners.

New funding has also been earmarked to enable a rapid response to unexpected and significant market access crises and to raise the awareness of the Australian community of the importance of international trade for Australia's agriculture, fisheries and forestry industries.

These new initiatives are vital to maintaining and expanding Australia's share of the world agricultural market in the face of increasingly stringent technical market access requirements, especially as more than two thirds of Australia's agricultural production is exported.

The IAC programme will also help to address regional animal and plant health priorities, protect Australia's biosecurity and fulfil Australia's obligations to work with developing countries on international standards.

In answering Senator O'Brien's question (Hansard page 121; 23 May 2007):

Senator O'Brien – Are they required to reapply for funding for three years commencing in the coming financial year?

Mr Thompson – The current contracts we have with them expire at the end of the current program, which is in June 2008, and the proposal is that the services will be retendered for a subsequent period of time with the new program money that was announced in the budget. So yes, there will be a tender process called later this year.

Mr Thompson wishes to advise the committee that he would like to update the information he provided and make the corrections highlighted in yellow.

The current contracts we have with them expire at the end of the current program, which is in June 2008, and the proposal is that the services will be **re-let** for a subsequent period of time with the new program money that was announced in the budget. So yes, there will be a **grant application** process called later this year.

In answering (Hansard page 123; 23 May 2007):

Rural Financial Counselling Service Programme

Page 123 of the Hansard records discussion around the funds available to the Rural Financial Counselling Service Programme. This requires clarification as there was some confusion between administered and departmental expenses.

The Rural Financial Counselling Service Programme will have **\$16.103 million** available to it in 2007-08. This is comprised of administered funds of **\$13.778 million** which is grant funding used to pay the rural financial counselling services and **\$2.325 million** of departmental funds which is used by the department to run the programme and also pays for things like additional training for the counsellors and monitoring and reporting. The **\$2.325 million** of departmental funding is around **14 per cent** of the total funding available in 2007-08.

In answering Senator O'Brien's question (Hansard page 7; 24 May2007):

Senator O'BRIEN—Of the moneys in the funding for 2006-07, how much of that has been committed to date?

Mr Bowen—Are you talking about this financial year?

Senator O'BRIEN—Yes, the current financial year.

Mr Bowen—Of the \$4.5 million that is available, leaving aside some adjustments and departmental running costs, about \$4 million has been committed.

Mr Bowen wishes to advise the committee that he would like to update the information he provided and make the corrections highlighted in yellow.

Of the \$5.316 million administered funding that is available, \$4.8 million has been committed.

In answering Senator O'Brien's question (Hansard page 14; 24 May2007):

Senator O'BRIEN—So the average grant is something less than \$3,000 today.

Mr Thompson—Is that right?

Ms Cupit—When a person comes in to apply for a grant, they are able to come in and get any amount up to the \$5,500. There is usually a sort of staggered process: \$1,000 is available for an initial viability, then they can use the remaining allocation for any of the professional advice that they may need to use. So at this stage we have not got an average figure but that is in general.

Ms Cupit wishes to advise the committee that the word 'assessment' should have been included in her response which should now read as—When a person comes in to apply for a grant, they are able to come in and get any amount up to the \$5,500. There is usually a sort of staggered process: \$1,000 is available for an initial viability assessment, then they can use the remaining allocation for any of the professional advice that they may need to use. So at this stage we have not got an average figure but that is in general.

In answering Senator O'Brien's question (Hansard page 17; 24 May2007):

Senator O'BRIEN—So how much of the \$335.5 million is available for that aspect in EC?

Mr Thompson—The amount of money for professional advice and training in EC in 2007-08?

Mr Thompson wishes to advise the committee that he would like to update the information he provided and make the corrections highlighted in yellow.

The amount of money for Professional Advice and Planning Grants in EC in 2007-08?

In answering Senator O'Brien's question (Hansard page 21; 24 May2007):

Senator O'BRIEN—Do you know how many applications were rejected in the last 12 months on the grounds of a failure to meet the income and asset test?

Mr Thompson—I have the total numbers for the interest rate subsidy and I have the total numbers of approvals and declines as at April this year. I do not think we have them for income support.

Ms Cupit—No.

Mr Thompson—But we do have the interest rate subsidy. Essentially, the interest rate subsidy does not have an income and asset test. But for income support, the main reasons for rejection have been an assessment that the business was not in need. There were some declarations in the past that required you to have two failed crops or to be in certain industries. That excluded some people up until this year. A number were rejected because less than 50 per cent of their income comes from farming; that is, predominantly they have off-farm sources of income. I do not have the numbers for income support.

Mr Thompson wishes to advise the committee that the interest rate subsidy does have an asset test and his response should have read as (changes highlighted in yellow)—But we do have the interest rate subsidy. Essentially, the interest rate subsidy does not have an income test but does have an asset test. But for income support, the main reasons for rejection have been an assessment that the business was not in need. There were some declarations in the past that required you to have two failed crops or to be in certain industries. That excluded some people up until this year. A number were rejected because less than 50 per cent of their income comes from farming; that is, predominantly they have off-farm sources of income. I do not have the numbers for income support.

In answering Senator O'Brien's question (Hansard page 22; 24 May 2007):

Senator O'BRIEN—Given the difference in eligibility requirements for each of the available support programs, has the department undertaken any reviews to investigate what streamlining would be possible to improve the accessibility of the support programs?

Mr Thompson—Yes. We regularly review the nature of the assets and income tests to see that they are appropriate. The income and assets tests for income support essentially are in line with those for other welfare payments, with some relief being provided to assets tests to recognise the different nature of farming. We exclude essential farm business assets. There are differences in purpose between income support and the business assistance provided under the interest rate subsidy, in that the income support tests essentially are about ensuring that those families most in need of assistance for day-to-day living can be met, whereas the interest rate subsidy, which is about business support, essentially is looking at the health of the business and whether the business both requires the money to maintain its financial position or be able to recover it in the future, but does not have such assets that it can be expected to draw those down first. So, in many senses, a business or family would be in a healthier condition receiving an interest rate subsidy, but they may not be able to receive income support. So we end up with a category of farmers receiving business support through interest rate subsidies who probably would have higher levels of income and assets than the ones receiving income support. But accessibility is looked at.

Mr Thompson wishes to advise the committee that in the fifth sentence the words 'be met' should have been 'have their needs met' and the word 'or' should be 'and' and his response should have read as (changes highlighted in yellow)—Yes. We regularly review the nature of the assets and income tests to see that they are appropriate. The income and assets tests for income support essentially are in line with those for other welfare payments, with some relief being provided to assets tests to recognise the different nature of farming. We exclude essential farm business assets. There are differences in purpose between income support and the business assistance provided under the interest rate subsidy, in that the income support tests essentially are about ensuring that those families most in need of assistance for day-to-day living can **have their needs** met, whereas the interest rate subsidy, which is about business support, essentially is looking at the health of the business and whether the business both requires the money to maintain its financial position **and** be able to recover it in the future, but does not have such assets that it can be expected to draw those down first. So, in many senses, a business or family would be in a healthier condition receiving an interest rate subsidy, but they may not be able to receive income support. So we end up with a category of farmers receiving business support through interest rate subsidies who probably would have higher levels of income and assets than the ones receiving income support. But accessibility is looked at.

In answering Senator O'Brien's question (Hansard page 109; 24 May 2007):

Senator O'BRIEN—What is the total estimated budget and breakdown of the campaign costs, including market and other research, creative, pre-production, production and media purchasing?

Ms Gordon—For 2006-07?

Senator O'BRIEN—Yes.

Ms Gordon—The amount for the total campaign, including our own salaries and overheads or just the campaign?

Senator O'BRIEN—The campaign. TV placements, radio placements, newspaper placements, mail-out, internet, websites and any other placements.

Ms Gordon—For the two campaigns combined, \$1.97 million plus \$0.6 million. That is for 2006-07.

Senator O'BRIEN—So \$2.57 million. Is that all?

Ms Gordon—Yes, \$2.57 million.

Ms Gordon wishes to advise the committee that in answering the question on the estimated 2006/07 costs for advertising placements for both campaigns (Quarantine Matters and Avian Influenza), quoted the television only component (\$1.97 million) of the Quarantine Matters campaign. The estimated 2006/07 costs for all advertising placements for the Quarantine Matters campaign including television was \$2.2 million.
