

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: EWC 01

Division/Agency: Export Wheat Commission

Topic: EWC PBS 08-09 – Employees Expense

Hansard Page: 116 (26/05/08)

Senator Nash asked:

Senator NASH—You might be able to explain this for me; I am sure there is a simple explanation. Page 268 talks about the average staffing level. For 2007-08, it is 19, increasing by one to 20. So the staffing level is roughly the same and yet those employees expenses are significantly different. All I am trying to get at is: are there things other than that staffing level that are contained in that expense of employees?

Mr Woods—No. Currently we are looking at a full-time estimate of around about 19 we look at continuing. I actually cannot explain why, if we put in a full cast of 20, we have halved our budget for staff—for employee costs. It should have been approximately the same, so I would have to take that on notice.

Senator NASH—That, to me, would seem a significant point to be able to advise the committee on. If the staffing level is the same and it is for less than a quarter of the funding that has been allocated, there seems to be quite a discrepancy there.

Mr Woods—I would have to check. It seems like some incorrect numbers may have got transposed into here.

Answer:

The 2008-09 Portfolio Budget Statement (PBS) is for the Export Wheat Commission (EWC) as if it were to continue in existence in its current role, and does not relate to the proposed new agency Wheat Exports Australia.

No additional funding has been approved for the EWC as it is not expected to continue in existence past 30 June 2008, and funding for Wheat Exports Australia has not yet been allocated (as stated by Mr Mortimer at Senate Budget Estimates on 26 May 2008).

If the EWC was to continue past 30 June 2008, the expected income from the Wheat Export Charge (WEC) levy of \$1.622 million would be insufficient to fund the full operations of the EWC (around \$5.182 million in 2007-08). The Finance Minister has not approved an operating loss for the EWC for 2008-09 due to the expected cessation of the EWC on 30 June 2008. Hence the PBS could only be prepared based on expected income, and the expenditure figures have been entered on a pro rata basis, up to the total value of expected income.

If the EWC was to continue past 30 June 2008, the staffing level would remain roughly the same, therefore no provision has been made for redundancies for EWC staff, or downsizing of the organisation.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: EWC 02

Division/Agency: Export Wheat Commission

Topic: EWC PBS 2008-09 – Infrastructure, plant and equipment

Hansard Page: 116 (26/05/08)

Senator Nash asked:

Senator NASH— Could you; it would be good if you could do that. Interestingly, in the non-financial assets, on page 283, infrastructure, plant and equipment is going up \$10,000 from 2007-08 to 2008-09. What infrastructure, plant and equipment does the EWC have?

Mr Woods—There are only computers and those sorts of things—office equipment. We have actually identified that it will be reducing, not going up, in the last couple of weeks with some write-downs on software from the non-bulk scheme and previous roles that we did—

Senator NASH—So those figures are actually incorrect—the increase by \$2,000?

Mr Woods—They are now. We have looked at them. In the last couple of days in moving forward, we have been looking at some of these things.

Senator NASH—All right. Well, could you then advise the committee when you have that finalised and correct that for us and advise the committee?

Mr Woods—Yes

Answer:

The 2008-09 Portfolio Budget Statement (PBS) is for the Export Wheat Commission (EWC) as if it were to continue in existence in its current role, and does not relate to the proposed new agency Wheat Exports Australia. A PBS could not be prepared for Wheat Exports Australia as the legislation creating this agency has not yet been passed.

The figures showing in the 2008-2009 PBS for the EWC are based on the review of asset balances and reallocation of balances to the appropriate classifications, ie. EWC reallocated \$10,000 from Infrastructure, Plant & Equipment (I,P&E) to Intangibles.

As at 30 April 2008, the EWC had the following non-financial asset balances:

Infrastructure, plant & equipment	\$70,000
Intangibles	\$48,000

The EWC has identified a number of obsolete software items which were written down in May 2008. Infrastructure, plant and equipment include the following items:

- Leasehold improvements
- Computer Equipment
- Office Equipment
- Furniture & fittings
- Other Equipment

Intangibles include both commercially produced and EWC specific computer software items.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: EWC 03

Division/Agency: Export Wheat Commission

Topic: Containerised wheat exports from Western Australia

Hansard Page: 117 (26/05/08)

Senator Adams asked:

Senator ADAMS—This is for Mr Watson and comes from your report commenting on the first eight months of deregulation of the containers. How much of those 1.5 million tonnes of wheat came from Western Australia? Can you split it?

Mr Watson—We would have to check those figures. We do not break it down by state when we publish it.

We publish total exports. We do it for the countries it goes to in the upcoming growers addendum. We would have to do a bit more analysis to say which states they came from.

Senator ADAMS—Would you be able to do that?

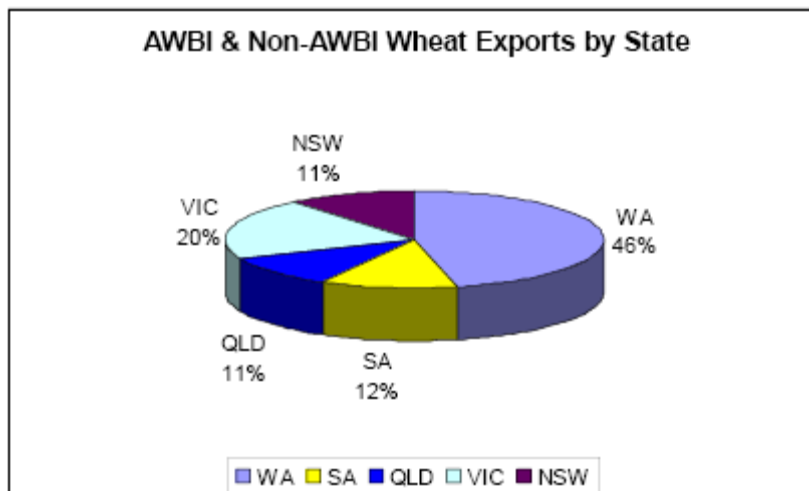
Mr Woods—Yes, we could.

Senator ADAMS—And let the committee secretariat have it?

Mr Woods—Yes.

Answer:

The following chart shows tonnage of 1.534 million tonnes shipped in bags and containers by both AWB International Ltd (AWBI) and non-AWBI in the 27 August 2007 to 30 April 2008 period by State.



Tonnes (Rounded figures)

WA	713,414
SA	179,607
QLD	161,388
VIC	311,710
NSW	168,695
Total	1,534,814

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: EWC 04

Division/Agency: Export Wheat Commission

Topic: New markets for containerised wheat exports

Hansard Page: 119 (26/05/08)

Senator McGauran asked:

Senator McGAURAN—You say 37 countries. Are there any new markets in there?

Mr Woods—There are some varying markets in that respect. It is quite an exhaustive list. There is Fiji. This is from April. Largely, Senator, by the end of April, from the stats I am looking at at the moment, since August last year there has been shipping right across all of those countries. I do not have the stats for the previous year to compare with that, but we could provide that easily on notice.

Answer:

From the date the Non-bulk Wheat Quality Assurance Scheme commenced on 27 August 2007 to April 2008, containerised wheat has been shipped to 37 countries. In comparison, wheat was exported to 26 countries in the same period in 2006-2007. The 13 new countries in the 2007-08 year are:

2007/08 Tonnage in bags and containers

Totally new markets in 2007/08

Sweden	1,807
Virgin Islands	987
Saudi Arabia	518
Macau	375
Ireland	200
Seychelles	74

Resumed markets previously exported to in bags and containers prior to August 2006

Belgium	11,680
Kuwait	3,782
Sri Lanka	2,196

Markets exported to in bulk by AWBI

Yemen	5,840
Qatar	4,506
Nigeria	476
Sudan	40

Total 32,481

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: EWC 05

Division/Agency: Export Wheat Commission

Topic: AWB Geneva sales of Australian wheat

Hansard Page: 120 (26/05/08)

Senator Heffernan asked:

Senator HEFFERNAN—It all has to be ticked back, I realise, after the sale, which is stupid. Have you got a record of the destinations of those 2.9 million tonnes?

Mr Woods—We published destinations in our last growers report and the previous one.

Senator HEFFERNAN—The question I put on notice in May last year, to which we go the answer this February, was about how much was the throughput in the previous 18 months to May last year. That is 18 months from a year ago. The answer came back as 2.9 million tonnes or whatever. Do you have a record of where that wheat went? We were told there were all sorts of reasons why it was too risky for the growers through the pool to do it. They were making generous use of themselves to take the risk off the growers.

Mr Woods—We would have where that wheat has gone to.

Senator HEFFERNAN—Could you provide that on notice?

Mr Woods—Yes. I would be able to give a more comprehensive list on notice.

Answer:

The Export Wheat Commission (EWC) does have a record of export markets for Australian wheat sold through AWB Geneva International Trading division. However, AWBI advises that this information is commercial-in-confidence and therefore the EWC is unable to release this information to the Senate.

Senate Standing Committee on Rural and Regional Affairs and Transport

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Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: EWC 06

Division/Agency: Export Wheat Commission

Topic: Forecast of containerised wheat exports

Hansard Page: 21 (27/05/08)

Senator O'Brien asked:

Senator O'BRIEN—As I understand it, currently this season we are looking at over one million tonnes having been exported in containers.

Mr Mortimer—That was discussed with the EWC yesterday, and they certainly pointed to the great growth in container trade. I am not aware of any forecasts about what might be the period ahead. I will take that on notice and seek advice from the EWC, if you like, but I am not aware of any particular forecasts on that one.

Answer:

The Export Wheat Commission (EWC) in the Growers Report 2007 provided an analysis of container shipments but this did not include a forecast of containerised wheat exports. The EWC estimates Australia has additional container capacity but is constrained because containers are not necessarily in wheat export regions (particularly WA and SA) and because of the need to ensure containers are food grade standard.

With reference to pages 16 and 17 of the Growers Report 2007, approximately 222,000 empty containers left Australia in the 2006–07 financial year. The EWC has calculated, on the basis of 20 foot containers and assuming an average 24 tonnes of wheat per container, the maximum capacity that could be used for exporting wheat is five million tonnes. However, this is limited, as not all 20 foot containers are suitable for wheat export due to strict hygiene requirements and the lack of empty containers in major wheat export States.

As reported in the Growers Report 2007 Addendum, further analysis by the EWC on the cost structures associated with exporting non-bulk (bags and containers) and bulk wheat from Australia has demonstrated that exporting in bags and containers is marginally more cost effective than exporting in bulk.

It should be noted that in a large production year, it would not be possible for all wheat to be exported in containers due to a lack of containers and the inherent logistical problems associated with containers vs. bulk shipments.

From 27 August 2007 to 30 April 2008, a total of 1.534 million tonnes has been exported in bags and containers.