

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD01

Division/Agency: Corporate Finance

Topic: Contribution to the operating costs of Animal Health Australia – parameter adjustments

Hansard Page: 99-100 (26/05/2009)

Senator COLBECK asked:

AAHL Funding- Parameter Adjustments

Senator COLBECK—Has there been any increase in the diagnostic workload of the organisation from 2007-08 to 2008-09?

Mr Aldred—Again, I do not have the specific details but I would expect it has probably gone down, from our perspective. 2007-08 was of course when the equine influenza incident was on, and certainly AAHL would have been well involved there.

Senator COLBECK—Did that require an increased funding commitment over that period of time from the department?

Mr Aldred—Yes. My recollection is that there would have been additional costs above what we would term ‘normal commitments’ that would have been part of the cost-sharing arrangements for equine influenza.

Senator COLBECK—The budget papers indicate an increase of \$21,000 from 2008-09 to 2009-10. Is that based on any specific requirement or is it just a matching process?

Mr Aldred—That would be a normal factor of rebasing that would be put in by the department of finance.

Senator COLBECK—By the department of finance?

Mr Aldred—In relation to these figures, that vary a little from year to year but that are standard figures. I am not sure I can explain the technical part, but there is not quite a CPI but rather an adjustment figure that is applied.

Senator COLBECK—Effectively to reflect the base cost of obtaining the agency’s contribution?

Mr Aldred—No. My understanding is that it is more of a blanket thing that covers all sorts of programs that go across several years at a standard rate.

Question: CFD01 (continued)

Dr O’Connell—It might be parameter adjustments, but we could take that on notice.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD01 (continued)

Senator COLBECK—Can you give us any sense of what the additional workload is from the agency's perspective that might generate that increasing funding, or is that just a sum that is allocated by the department of finance?

Mr Aldred—It is just a parameter adjustment. I can take it on notice, but it is not a change that has been made only to AAHL as a specific program. As you can see on page 73, most of those programs would have some form of parameter adjustment, minor variation from year to year.

Answer:

The increase of \$21,000 from 2008-09 to 2009-10 for the payment to CSIRO – Contribution to the operating costs of the Australian Animal Health Laboratory is a result of the application of Wage Cost Index #3 (WCI3).

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD02

Division/Agency: Corporate Finance

Topic: Departmental expenses for program 2.2

Hansard Page: 75 (26/05/2009)

Senator NASH asked:

Quarantine and Export Services

Senator NASH—I have just got a couple of quick questions. I have been out of the room a bit, so, please just bear with me if these questions have already been asked, and I will simply stop asking. In the budget papers, on page 68, on program 2.1: ‘Quarantine and export services’, ordinary annual services had a decline of around \$25 million or \$26 million. What is that cut?

Dr O’Connell—If you bear with us, Senator, we will see if somebody can give you that.

Senator NASH—That would be excellent. While we are waiting, perhaps—

Dr O’Connell—I think it will be a set of things. Can we take that on notice?

Senator NASH—Yes. I will just see if Senator Colbeck has something further. We are coming to the end of quarantine, but, if he has something further while we are waiting, Senator Colbeck might like to—

Senator COLBECK—If we want to keep things moving, I might put them on notice. There is a range of budget measures, but I think we could put them on notice and move on.

Senator NASH—All right. It seems to be proving a little difficult.

Dr O’Connell—We will have to confirm it. I will have to take it on notice in the event that it is not right, but I think that is predominantly the export subsidy reduction. I am just not absolutely sure because our CFO is not around at the moment.

Senator NASH—All right. I am happy for you to take it on notice.

Dr O’Connell—We will take that on notice, Senator.

Senator NASH—Further, also on page 68, under program 2.1, there is ‘Quarantine and Export Services’ and ‘Revenues from Independent Sources’, and that is an increase of what looks to be around \$35 million. Could you let the committee know what those independent sources are that you are gaining that \$35 million from?

Mr Delane—Senator, I am reasonably confident that is the subject of a long discussion around the 40 per cent cost recovery.

Answer:

The answer to this question is incorporated in the responses to CFD 05 and 07.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD03

Division/Agency: Corporate Finance

Topic: Departmental expenses for program 2.2

Hansard Page: 100–101 (26/05/2009)

Senator NASH asked:

Senator NASH—I might need some help traversing this, but I want to take you again to page 69 of the PBS, which I assume is still under plant and animal health. Are these the ordinary annual services figures relating to plant and animal health?

Mr Aldred—The portfolio budget statement actually has a translation table from outcomes and outputs to a program basis for 2009–10. Program 2.2 is plant and animal health, and that includes what we call PIAPH, or product integrity, animal and plant health. The figures that you are referring to under ‘Ordinary annual services and revenues from independent sources’ would also include some figures for AQIS activities.

Senator NASH—So it does relate to this area. I am just making sure I am on the right track.

Mr Aldred—The bulk of PIAPH, as we know it, sits within that program, but it also covers some AQIS activities.

Senator NASH—On that basis—and I bet you are going to tell me you want to take this on notice—there is about a \$10 million drop in the services figure, and the revenue has increased by nearly \$10 million. Is it possible to supply information to the committee on what those figures actually represent? I am happy for you to take that on notice if you would prefer, to make sure we get the detailed information.

Mr Aldred—Yes, I will take it on notice and we will align that with the previous question and deal with program 2.1 and 2.2.

Answer:

The response to this question is incorporated in the response to question CFD22.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD04

Division/Agency: Corporate Finance

Topic: Reduction in Average Staffing Level – Outcome 2

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009–10, Agriculture, Fisheries and Forestry Portfolio, page 69, Average Staffing Level shows a cut of 125 jobs in 2009–10 from the previous year, please provide a breakdown from which programs each of these jobs will be lost?

Which programs will be affected by job losses? (Please include which areas and classification the terminated positions will be?)

Answer:

The department is still working through the issues surrounding the reduction in our Average Staffing Level and the distribution of these reductions. In considering options, we are taking into account statutory requirements, the government's priorities, maintaining our core capacity and skills, opportunities to make greater use of existing expertise, and resourcing emerging areas of work.

The change in average staffing levels from 2008–09 to 2009–10 will be managed by efficiencies in support functions without impacts on frontline biosecurity operations.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD05

Division/Agency: Corporate Finance

Topic: Program 2.1 - Appropriations

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009–10, Agriculture, Fisheries and Forestry Portfolio, page 68, Program 2.1: Quarantine and Export Services, Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) the estimated actual expenses for 2008–09 were \$121 049,000, which will be cut to \$95 353 000 in 2009–10. Doesn't this represent a cut to the government's contribution of \$25 969 000?

From which program areas is this funding to be cut?

Answer:

The decrease in Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) revenue is not the result of program cuts. In 2005–06, the then government introduced a measure over four years to provide a subsidy to agricultural export industries of 40 per cent of the Australian Quarantine and Inspection Service (AQIS) export fees and charges. The measure terminates as scheduled at the end of 2008–09. For 2008–09, this equates to \$37.4 million.

Because AQIS contributes to programs 2.1 and 2.2, the impact of the termination of the subsidy is allocated to both programs. It is the major component in the decrease in Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) for program 2.1.

Service delivery for program 2.1 is not affected by the scheduled termination of the subsidy program. The source of funding is changed from Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) to revenues from independent sources (Section 31). Overall government spending on departmental outcomes for program 2.1 will increase by \$5 million in 2009–10.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD06

Division/Agency: Corporate Finance

Topic: Government contribution to Outcome 2

Hansard Page: Written Question

Senator Nash asked:

Why is the Government deliberately ignoring the Ministers 'in-principle' support for an additional \$260 million per annum and cutting the Government's contribution by \$25.969 million in 2009-10?

Why is the Government deliberately ignoring the Ministers 'in-principle' support for an additional \$260 million per annum and cutting the Government's contribution to Plant and Animal Health programs by \$10.181 million in 2009-10?

Answer:

The department has received continuation of funding for the following lapsing programs, pending the government's detailed consideration during this year of the reforms to the biosecurity framework proposed by the Beale review: \$68.6 million has been provided for the continuation of quarantine border security; \$15 million for avian influenza border control; \$5 million for the Securing the Future measure, protecting our industries from biological, chemical and physical risks; and \$3.6 million for the continuation of the international mail program.

In 2005-06, the then government introduced a measure over four years to continue to provide a subsidy to agricultural export industries of 40 per cent of the Australian Quarantine and Inspection Service export fees and charges. The measure terminates as scheduled at the end of 2008-09. In accordance with the 2005-06 measure, the 2008-09 funding is \$37.4 million. The 26 May 2009 Hansard record at page 49 indicates that an updated cash figure for the subsidy is \$43m in 2008-09.

The impact of the terminating subsidy is the dominant reason for the change in the government's departmental funding to Outcome 2 and has an impact on both program 2.1 (\$25.969m change) and program 2.2 (\$10.181m change).

In December 2008 the government accepted in principle all 84 recommendations of the Beale Review. The government's preliminary response noted its intention to consider specific resourcing requirements in the usual Budget process. This is expected to happen in 2009-10.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD07

Division/Agency: Corporate Finance

Topic: Program 2.1 – Section 31

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009–10, Agriculture, Fisheries and Forestry Portfolio, page 68, Program 2.1: Quarantine and Export Services, Departmental Expenses; Revenues from Independent Sources (Section 31) states the estimated actual expenses for 2008–09 was \$184 133 000 and for 2009–10 estimated expenses climb to \$219 269 000. Why is there an increase of \$35 136 000 in revenues from Independent Sources?

Please identify each of the taxes, charges and/or user fees by name and under which Act they are collected?

How are each of the Revenues from Independent Sources collected and for what reason they are collected?

Provide a breakdown of the actual cost of providing each service which is paid for by either a tax, fee, charge, and/or user charge (i.e. AQIS Export Inspection Services) for Revenues from Independent Sources collected in 2008–09 and 2009–10?

How much profit did/will the government make the taxes, fees, charges and/or user charges it collects from the Revenues from Independent Sources in 2008–09 and 2009–10?

Answer:

The increase in revenues from independent sources (Section 31) has arisen as a result of the termination of the subsidy to agricultural export industries of 40 per cent of the Australian Quarantine and Inspection Service (AQIS) export fees and charges. This is detailed in the response to question CFD05. The overall cost of service delivery for program 2.1 will increase by \$5 million in 2009–10.

Because AQIS contributes to programs 2.1 and 2.2, the impact of the increase in external revenues is allocated to both programs. It is a major component in the increase in Revenues from Independent Sources (Section 31) for program 2.1.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD07 (continued)

The revenues from independent sources are the fees and charges that AQIS collects to cover the costs of service delivery. Detail of all AQIS taxes, fees and charges are available on the Department of Agriculture, Fisheries and Forestry website at www.daff.gov.au/fees/aqisfees-charges.

In accordance with government cost-recovery policy, the department does not make a profit on cost-recovered services. The fees and charges are set at a level that ensures that, over the life of the fee or charge, the cost of service delivery equals the revenue raised. The cost recovery policy is also available on the department's website detailed above.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD08

Division/Agency: Corporate Finance Division

Topic: AQIS lapsing programs—dollar impact

Hansard Page: Written

Senator Nash asked:

What is the actual decrease in dollar terms from 2009–10 to 2010–11 which relates to the lapsing of Avian Influenza, International Mail and Securing the Future programs?

Answer:

Funding provided in 2009–10 for avian influenza border control is \$15 million; the international mail measure has \$3.6 million; and Securing the Future, protecting our industries from biological, chemical and physical risks, has \$5 million.

These measures have no funding in the forward estimates for 2010–11 but will be taken into account when the government considers funding for the Beale report recommendations.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD 09

Division/Agency: Corporate Finance

Topic: Significant Public Funding

Hansard Page: Written

Senator Nash asked:

What sort of funding does the department believe is ‘significant public funding’?

Answer:

The budget advice provided by the Department of Finance and Deregulation for preparation of the 2009-10 Budget documentation provides a definition of a major new policy proposal. Major proposals have a financial impact of more than \$10 million in one or more of the Budget and forward years.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD10

Division/Agency: Corporate Finance

Topic: Budget Paper 4 – Agency resourcing

Hansard Page: Written

Senator Nash asked:

The figure in Budget Paper No. 4 Agency Resourcing; page 71 which states in 2008 – 09 there was \$2,857.347 million in total budget resources and in 2009 – 2010 the total budget will be \$1,949.113 million, doesn't this represent a cut of \$908 million?

Answer:

The difference in total portfolio resourcing between 2008-09 and 2009-10 largely reflects decisions taken in previous budgets, the application of a consistent approach to funding drought expense estimates and a small reduction in departmental funding against the business as usual scenario. The cumulative impact of these changes is a reduction in the funding provided to the department of \$835 million and a reduction in the funding provided to portfolio agencies of \$73 million.

The main differences in resourcing for the department between 2008-09 and 2009-10 were foreshadowed in the 2008-09 Budget papers and include the scheduled conclusion of programs. There have also been changes to the delivery method of funding to the States and Territories, the Australian Fisheries Management Authority (AFMA) and Centrelink.

The programs concluding on or before 30 June 2009 include the following:

- The Dairy Adjustment Levy was terminated in February 2009 accounting for a \$218.8 million decrease. This occurred because the dairy industry adjustment program funded by this levy was completed.
- The Murray-Darling Basin Grants for Irrigators Program concludes as scheduled on 30 June 2009 resulting in a \$117.9 million change to the agriculture portfolio's 2009-10 appropriation.
- The Tasmanian Community Forest Agreement Industry Development Program concludes as scheduled on 30 June 2009. The 2008-09 Budget included \$38.2 million to assist the Tasmanian timber industry adjust to changes in the quantity and quality of timber resources.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD10 (continued)

- Funding for the Emergency Animal Disease Response Agreement – Equine Influenza concluded in 2008-09 resulting in a \$12.5 million reduction to the 2009-10 appropriation.

Approximately \$300m in 2008-09 Department of Agriculture, Fisheries and Forestry (DAFF) funding has been transferred to other government agencies in 2009-10. To accommodate the revised funding arrangements associated with the introduction of the *Federal Financial Relations Act* \$243.6 million has been transferred to Treasury. Prescribing AFMA under the *Financial Management and Accountability Act* (FMA Act) has transferred \$29.9 million DAFF's appropriation to AFMA. Centrelink will be directly appropriated for service delivery from 2009-10 (\$24.9 million impact). These revised payment arrangements are merely technical funding issues which do not affect the total government resourcing provided for the functions.

Compared to the numbers for 2008-09, drought funding estimates have been revised downward by \$150.6 million in 2009-10 due to a decrease in the number of areas that are Exceptional Circumstances declared.

The department's 2009-10 budget also includes the following budget efficiency and savings measures:

- a 3.25% efficiency dividend (\$5.9 million).
- an efficiency saving applied to the department's information technology spending as a result of the Gershon Review (\$0.8 million).
- a \$3.4 million savings measure in 2009-10.

The main differences in resourcing for the portfolio agencies between 2008-09 and 2009-10 are as follows.

- The government has decided to cease funding for Land and Water Australia from 31 December 2009 resulting in a reduction in resourcing from 2008-09 of \$19.3m.
- The Rural Industries Research and Development Corporation has had its resources reduced by \$3 million per annum.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD10 (continued)

- The budget papers for the Sugar Research and Development Corporation indicate that it has had its funding reduced by \$14.5m. The bulk of this difference however relates to the fact that the 2008-09 figure is overstated by \$13.7m.
- The budget papers for AFMA indicate that it has had its funding reduced by \$37.7m. This difference can be attributed to different reporting requirements for AFMA following its prescription under the FMA Act.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD11

Division/Agency: Corporate Finance

Topic: Demand driven funding cuts

Hansard Page: Written Question

Senator Nash asked:

Please provide a list of all demand driven programs, terminating programs, programs shifted to other Departments, and programs which have had cuts in funding from 2008-09 to 2009-10, including the magnitude of the cuts and reason for cuts in funding?

Answer:

There have been no funding cuts to demand driven programs. By definition these are funded to meet demand. Variations in estimates reflect changed seasonal or other conditions rather than decisions to reduce funding.

For further information on terminating programs see answer to question CFD15.

The list of programs under which funding shifted to other Departments is provided in CFD16.

Below is a list of demand driven programs:

- Drought Assistance - Interim Income Support Payments
- AAA - Advancing Agricultural Industries
- Drought Assistance - Professional Advice
- AAA - Farm Help
- Drought Assistance - Re-establishment Assistance
- New Industries Development Program
- Drought Package 2007 - support for irrigators in the Murray-Darling Basin Grants
- Rural Financial Counselling Service
- Exceptional Circumstances
- Farm Household Support Act 1992. s. 57(3) - Exceptional Circumstances Relief payments

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD12

Division/Agency: Corporate Finance

Topic: Revenue from Independent Sources

Hansard Page: Written Question

Senator Nash asked:

How much revenue from sources other than Treasury will the Department be collecting in 2008-09 and 2009-10? Identify the taxes, charges and/or user fees, how they are collected and for what reason they are collected, and a breakdown of the actual cost of providing each service which is paid for by either a tax, fee, charge, and/or user charge (ie AQIS Export Inspection Services)?

Answer:

The following outlines the revenue from independent sources that the department expects to receive in 2008-09 and 2009-10.

	2008-09	2009-10
	\$'000	\$'000
Administered Revenue	538,077	331,674
Departmental Revenue	285,635	326,641

The vast majority of the administered revenue relates to industry levies. The department is responsible for the effective administration, collection and disbursement of levies imposed by:

- the *Primary Industries (Excise) Levies Act 1999*,
- the *Primary Industries (Customs) Charges Act 1999*,
- the *National Residue Survey (Customs) Levy Act 1998*,
- the *National Residue Survey (Excise) Levy Act 1998*,
- the *Dairy Adjustment Levy (Customs) Act 2000*,
- the *Dairy Adjustment Levy (Excise) Act 2000* and
- the *Dairy Adjustment Levy (General) Act 2000* on a range of rural commodities and products.

Levies and charges are also collected from growers/producers under

- the *Primary Industries Levies and Charges Collection Act 1991* and
- the *Dairy Produce Act 1986*.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD12 (continued)

Levy revenue collections are based on a self-assessment system, which is monitored and reviewed for legislative compliance by the department. Funds raised by levies and charges are subsequently disbursed to specific bodies to fund research and development, marketing, residue testing and plant and animal health programs.

The estimated full cost (approximately \$5.3 million per annum) of collecting, disbursing and administering levies and charges is recoverable from the levy industries via monthly user charges to each levy industry.

The majority of the departmental revenue received from independent sources relates to Australian Quarantine and Inspection Service (AQIS) and National Residue Survey (NRS) fees and charges.

AQIS receives revenue from collecting fees and charges for cost recovered activities. The legal basis of AQIS fees and charges are contained in a number of principal and subordinate legislation.

AQIS sets fees and charges in line with the principles in the *Australian Government Cost Recovery Guidelines* issued by the Department of Finance and Deregulation in 2005. All AQIS cost-recovery programs calculate the cost of activities using a consistent methodology and include costs relating to program management and infrastructure, and service delivery costs. Fees and charges are set to recover the full costs of providing inspection services to the relevant user group. These costs will include all direct and indirect costs reasonably attributable to the activity involving these clients. Expenditure and revenue information is provided to industry representatives at an appropriate level of detail agreed with industry. Consultation with the Industry Consultative Committees occurs prior to any change to the fee and charging structure and is documented in the development of the subsequent Cost Recovery Impact Statement.

The NRS was established under the *National Residue Survey Administration Act 1992 (Cwlth)* for the purpose of monitoring and reporting the level of contaminants in food, inputs to production and/or the environment. The NRS is funded by levies collected through the *National Residue Survey (Customs) Levy Act 1998*, the *National Residue Survey (Excise) Levy Act 1998* and related legislation. The funds raised by the levies are, with industry agreement, used for residue testing in animal and plant commodities from participating industries.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD12 (continued)

The balance of the departmental revenue received from independent sources relates to a variety of minor fee for service activities such as publications, research papers and sub-lease charges.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD13

Division/Agency: Corporate Finance

Topic: Prosecutions for owed monies

Hansard Page: Written Question

Senator Nash asked:

Have any prosecutions being launched against individuals or companies who owe monies, for either, a tax, fee, user charge? Have they been successful?

Clarification of question:

Please advise what is viewed as a prosecution, and over what time frame.

Answer:

They would like to know about any type of action taken, ranging from legal action to chasing up people with letters etc

Answer:

Clients of the department acquire debts to the department in two separate ways – through payments against administered levies, and in the course of the department's general business activity. Debt recovery is managed in two different areas in the department based on this distinction. Debt specifically in relation to the administered levies is managed as part of the overall levies collection service. All other debts are managed centrally as part of the department's operating financial activities and the central debt recovery processes are as follows:

- one statement run each month, with about 3,800 statements, sent to all debtors with invoices on their account.
- reminder letters are sent fortnightly to all debtors that have debt that is older than 30 days overdue and greater than or equal to \$20.00. About 850 of these letters are sent each fortnight.
- if neither payment nor response is received from the above letters, escalation letters are then sent. These letters makes reference to further debt recovery actions which can be taken if invoices not paid. There are normally less than 50 escalation letters sent each month.

The levies debt recovery processes are as follows:

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD13 (continued)

- one statement run each month, with about 600 statements, sent to all debtors (levy paying agents who have lodged returns but not made full payment)
- informal contact is made by compliance officers by telephone, email and/or letter to debtors seeking payment of debts
- If payment is not received a further letter is sent requesting payment within 14 days, with reference to possible legal action if the payment is not made. While the number of such letters sent is very variable it is usually less than 100 per month.
- Where no payment is made and the debt is material the matter may be referred to the Department's legal representatives for a letter of demand to be sent. In 2008-2009 approximately 19 letters of demand were sent.
- Where debt is greater than \$5,000 or there is a matter of public interest in pursuing the debt, further prosecutions are continued only with the approval of the General Manager of the Levies, Contracts and Services Branch. During 2008-2009 four prosecutions were continued. Three were successful in recovering the outstanding debt and one resulted in the winding-up of the debtor company.
- In South Australia, in 2008-2009, two actions were taken by departmental officers in the small claims court for recovery of debt, and one garnishee action was undertaken. All actions were successful.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD14

Division/Agency: Corporate Finance

Topic: ASL staffing in 2009-10

Hansard Page: Written

Senator Nash asked:

Budget paper No.1, Budget Strategy and Outlook, page 6-66 states that average staffing level (ASL) will be cut by 312 positions will be cut in 2009 – 10, how much funding will be saved as a result of these positions being terminated?

Answer:

Staff Numbers (table 2.1 on page 33 & 69)

The table below summarises average staffing level (ASL) by Portfolio and Outcome.

The Department of Agriculture, Fisheries and Forestry (DAFF) - The reduction in ASL of 250 is due to the application of savings measures, efficiency dividends and increasing operational costs which will be met through efficiencies within the department.

Australian Fisheries Management Authority (AFMA) – The change is due to lapsing funding from the Securing Our Fishing Future package and internal efficiencies.

Land and Water Australia (LWA) – The reduction in ASL reflects the winding up of LWA by early 2010.

Rural Industries Research and Development Corporation (RIRDC) – The reduction in ASL of six is due to the application of savings measures, efficiency dividends and increasing operational costs which will be met through efficiencies within the agency.

Sugar Research and Development Corporation (SRDC) – The reduction in ASL by three is due to increasing efficiencies within the agency.

Wheat Exports Australia (WEA) – The reduction in overall staffing results from a number of factors including completion of transitional activities completion of the Export Wheat Commission legacy obligation functions and reduced application activity forecast for 2009-10.

Senate Rural and Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
 Budget Estimates May 2009
Agriculture, Fisheries and Forestry

Question: CFD14 (continued)

Division	2008-09 Estimates Actual	2009-10	Change
DAFF Outcome 1	4,485	697	-3,788
DAFF Outcome 2	-	3,538	3,538
AFMA	246	221	-25
LWA	38	3	-35
RIRDC	29	23	-6
SRDC	9	6	-3
WEA	16	13	-3
Total of remaining 7 portfolio agencies	424	434	10
Total	4,823	4,478	-312

This table is also in BP1 (C5-pg 6-66)

These ASL numbers reflect the reductions required to ensure that agencies do not exceed their available funding.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD15

Division/Agency: Corporate Finance

Topic: List of terminating programs 2007 to 2011

Hansard Page: Written Question

Senator Nash asked:

Please provide a breakdown/list of every program which has terminated in 2007-08, 2009-10 and is set to terminate in 2010-11 and the actual amount of funding provide per year of each terminating program?

What was the purpose of these terminating programs and for how many years did they operate?

How much of the funding each year of operation of terminating program was spent in 1) Canberra; or 2) regional, rural or remote regions; or 3) other capital cities?

How much funding over the life of the program was spent on administration for each terminating program?

Over the life of the program how much funding was spent on actual grants for each terminating program?

Have any of the functions of these terminating programs been absorbed by other programs within the Department? If so what functions and to which Department have they been absorbed? Has funding been increased to match this increased workload?

Did these terminating programs fulfil all their objectives and bench marks? If not in what areas were they deficient?

Answer:

Of the department's administered programs, 16 terminated in 2007-08, 7 will be terminating in 2009-10 and 4 terminating in 2010-11.

Details of funding provided in 2007-08, 2009-10 and in the forward estimates for 2010-11; the purpose of the programs; the amount and use of funds provided over the life of the programs; and their achievements against objectives is provided in the attached spreadsheet.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD16

Division/Agency: Corporate Finance

Topic: Programs transferred to other Departments

Hansard Page: Written Question

Senator Nash asked:

What programs formerly administered by the Department have been moved to other Departments or Treasury?

Answer:

No programs have been transferred to other departments.

Funding for Australian Fisheries Management Authority (AFMA) is appropriated directly, due to them becoming an FMA agency on 1st July 2008 and Centrelink will be receiving direct funding from 1st July 2009.

The below list represents programs that have had funding transferred to another department during the Portfolio Budget Statement 2009-10, following the COAG reforms of Commonwealth State financial transactions.

List of appropriation transfers	Dept
Citrus Canker Eradication Program	Treasury
EADRA - Equine Influenza	Treasury
Eradication of the Red Imported Fire Ant	Treasury
Exceptional Circumstances	Treasury
Exotic Disease Preparedness Program	Treasury
Other Exotic Disease Preparedness Program	Treasury

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD17

Division/Agency: Corporate Finance

Topic: Lower Priority Activities

Hansard Page: Written

Senator Nash asked:

Budget Paper No. 2, Budget Measures, page 80, states ‘This measure will provide savings of \$12 million over four years through identifying lower priority activities that can cease with a minimal impact on the delivery of key government objectives, what projects and programs are considered ‘lower priority activities’?

Answer:

The Department of Agriculture, Fisheries and Forestry’s (DAFF) high priority activities include work done to satisfy statutory requirements, meet government and ministerial priorities, maintain core capacity and skills, provide opportunities to make greater use of existing expertise and properly resource emerging areas of work. This includes frontline biosecurity services.

Activities that fall outside of the above areas are lower priority functions and in some cases will be reduced and in others may cease. This includes the DAFF support areas.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD18

Division/Agency: Corporate Finance

Topic: Further efficiencies

Hansard Page: Written

Senator Nash asked:

Please list which projects/programs these ‘further efficiency’ saving will be made to over the next four years?

Answer:

The objective of efficiency dividends is that the department manages the same outputs, the same outcomes for the clients as it would have before the application of the dividend. Efficiency dividends are designed to drive efficiencies in delivery without detracting from outputs.

Efficiency dividends are applied to all departmental activities.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD19

Division/Agency: Corporate Finance

Topic: Carbon Pollution Reduction Scheme

Hansard Page: Written

Senator Nash asked:

1. When will the department undertake work on the cost of the government's proposed Carbon Pollution Reduction Scheme (CPRS) to its budget?
2. Will the cost be included in this year's budget in the forwarded estimates for 2010–11?
3. Will Treasury be compensating the department for increased running costs as a result of the Government's CPRS or will further efficiencies have to be found to cover the increased costs?

Answer:

1. Once the details of the Carbon Pollution Reduction Scheme (CPRS) are known estimates will be determined in the context of the department's overall budget.
2. This is a matter for the Department of Finance and Deregulation.
3. See answers one and two.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD20

Division/Agency: Corporate Finance

Topic: Outcome 2 – Appropriation

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009 -10, Agriculture, Fisheries and Forestry Portfolio, page 69, Outcome 2 Totals by Appropriation Type; Departmental Expenses, Ordinary Annual Services (Appropriation Bill No.1) states: in 2008-09 Estimated Actual Expenses was \$196.723 million, the 2009 -10 Estimate Expenses of \$160.846 million? Doesn't this represent a cut of \$35.877 million in Government funding?

Please provide a detailed breakdown from which program areas is this funding to be cut?

Answer:

Outcome 2 is comprised of programs 2.1 and 2.2. Answers to questions relating to the Departmental Expenses, Ordinary Annual Services (Appropriation Bill No.1) for programs 2.1 and 2.2 are provided at CFD05 and CFD22 respectively.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD21

Division/Agency: Corporate Finance

Topic: Outcome 2 – Section 31

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009 -10, Agriculture, Fisheries and Forestry Portfolio, page 69, Outcome 2 Totals by Appropriation type, Departmental Expenses; Revenues from Independent Sources (Section 31) states; 2008-09 Estimated Actual Expenses, \$229.220 million, increasing to \$273.011 million Estimated Expenses 2009-10. Why is there an increase of \$43.891 million in revenues from Independent Sources in 2009-10?

Please identify each of the taxes, charges and/or user fees covered under the budget line item Revenues from Independent Sources by name and under which Act they are collected?

How is each of the Revenues from Independent Sources collected and for what reason they are collected?

Provide a breakdown of the actual cost to the Department of providing each service which is paid for by either a tax, fee, charge, and/or user charge (ie AQIS Export Inspection Services) for Revenues from Independent Sources collected in 2008-09 and 2009-10?

How much profit did/will the Government make from the taxes, fees, charges and/or user charges it collects from the Revenues from Independent Sources in 2008 -09 and 2009-10?

Answer:

Outcome 2 is comprised of programs 2.1 and 2.2. Answers to questions relating to the Appropriation type, Departmental Expenses; Revenues from Independent Sources (Section 31) for programs 2.1 and 2.2 are provided at CFD07 and CFD23 respectively.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD22

Division/Agency: Corporate Finance

Topic: Program 2.2 - Appropriations

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009 -10, Agriculture, Fisheries and Forestry Portfolio, page 69, Program 2.2: Plant and Animal Health Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) the estimated actual expenses for 2008 -09 was \$75.674 million which will be cut to \$65.493 million in 2009 -10. Doesn't this represent a cut to the Governments contribution of \$10.181 million?

From which program areas is this funding to be cut?

Answer:

The decrease in Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) revenue is not the result of program cuts. In 2005-06, the then government introduced a measure over four years to provide a subsidy to agricultural export industries of 40 per cent of the Australian Quarantine and Inspection Service (AQIS) export fees and charges. The measure terminates as scheduled at the end of 2008-09. For 2008-09, this equates to \$37.4 million.

Because AQIS contributes to programs 2.1 and 2.2, the impact of the termination of the subsidy is allocated to both programs. It is the major component in the decrease in Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) for program 2.2.

Service delivery for program 2.2 is not impacted by the scheduled termination of the subsidy program. The source of funding is changed from Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) to revenues from independent sources (Section 31).

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD23

Division/Agency: Corporate Finance

Topic: Program 2.2 – Section 31

Hansard Page: Written

Senator Nash asked:

Budget Related Paper No. 1.1, Portfolio Budget Statements 2009 -10, Agriculture, Fisheries and Forestry Portfolio, page 69, Program 2.2: Plant and Animal Health, Departmental Expenses; Revenues from Independent Sources (Section 31) states the estimated actual expenses for 2008 -09 was \$45.087 million and for 2009 -10 estimated expenses climb to \$53.742 million. Why is there an increase of \$8.655 million in revenues from Independent Sources?

Please identify each of the taxes, charges and/or user fees covered under the budget line item Revenues from Independent Sources by name and under which Act they are collected?

How is each of the Revenues from Independent Sources collected and for what reason they are collected?

Provide a breakdown of the actual cost to the Department of providing each service which is paid for by either a tax, fee, charge, and/or user charge (ie AQIS Export Inspection Services) for Revenues from Independent Sources collected in 2008-09 and 2009-10?

How much profit did/will the Government make from the taxes, fees, charges and/or user charges it collects from the Revenues from Independent Sources in 2008 -09 and 2009-10?

Answer:

The increase in revenues from independent sources (Section 31) has arisen as a result of the termination of the subsidy to agricultural export industries of 40 per cent of the Australian Quarantine and Inspection Service (AQIS) export fees and charges. This is detailed in question CFD22.

Because AQIS contributes to programs 2.1 and 2.2, the impact of the increase in external revenues is allocated to both programs. It is a major component in the increase in Revenues from Independent Sources (Section 31) for program 2.2.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CFD23 (continued)

The revenues from independent sources are the fees and charges that AQIS collects to cover the costs of service delivery. Detail of all taxes, fees and charges are available on the Department of Agriculture, Fisheries and Forestry (DAFF) website at <http://www.daff.gov.au/fees/aqisfees-charges>.

In accordance with government cost recovery policy, the department does not make a profit on cost recovered services. The fees and charges are set at a level that ensures that, over the life of the fee or charge, the cost of service delivery equals the revenue raised. The cost recovery policy is also available on the DAFF website detailed above.