

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD01

Division/Agency: Corporate Policy

Topic: Youth Allowance

Hansard Page: 110-111 (25/05/2009)

Senator Nash asked:

Senator NASH—Within rural policy, I remember in the past asking questions about general rural policy type issues. Perhaps I will ask here and you will tell me if it is not the right spot. The changes to youth allowance that the government has brought in in the budget obviously have a very specific impact on rural and regional areas in particular. Given your expertise in regional areas and communities, I wondered whether you were consulted at all before the government decided to make the changes and, if not, why not?

Dr O'Connell—We would have to check with our corporate policy area, but I do not think so. We would have to take that on notice and have a look at what the sequence of events was.

Senator NASH—All right, if you would not mind. I imagine that might not be too hard. I understand the taking on notice process, so perhaps by the end of the day tomorrow you might be able to advise the committee.

Answer:

The Department of Education, Employment and Workplace Relations has responsibility for developing and implementing policies relating to student income support arrangements, including Youth Allowance.

The government has announced reforms to the Youth Allowance in response to the *Bradley Review of Higher Education*.

The Department of Agriculture, Fisheries and Forestry was consulted on the response to the *Bradley Review* as part of 2009-10 Budget deliberations.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD02

Division/Agency: Corporate Policy

Topic: Productivity for agriculture

Hansard Page: 102 (26/05/2009)

Senator Heffernan asked:

Senator HEFFERNAN—In the present climate, which is very difficult in southern New South Wales, Victoria and lots of Western Australia, could I ask the secretary what he thinks the impact will be, in terms of productivity for agriculture, of the implementation of the division 7A enforcement on Australian farm producers?

Mr Grant—I think I might have to take that on notice.

Answer:

Agricultural productivity is driven by a complex range of factors including the production systems used, the size and efficiency of farming operations, global prices for farm inputs and outputs and business management skills. The effect on agricultural productivity on each farm as a result of changes to Division 7A will depend on the individual circumstances of the farm producer.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD03

Division/Agency: Department of Agriculture, Fisheries and Forestry

Topic: Treasury impact

Hansard Page: 104 (26/05/2009)

Senator Williams asked:

Senator NASH—Can I ask a question on that, directly related—and Senator Heffernan is absolutely right and this is a productivity issue. Were you consulted at all by Treasury on the impact of this particular measure before they have put it forward to budget?

Dr O’Connell—I will take that on notice.

Senator NASH—And if not, why not?

Dr O’Connell—What I am quite happy to do, because I can—

Senator HEFFERNAN—We are going to have to march on parliament if this is true.

CHAIR—Senator Heffernan, Dr O’Connell has answered the question. He is taking it on notice.

Senator HEFFERNAN—Righto. The secretary has been very patient.

CHAIR—You might not get the answer you like, but it is taken on notice. Are there other questions to the department of fisheries?

Senator WILLIAMS—On this issue, the question is simple: were you consulted?

Dr O’Connell—It is not a simple answer in the sense that I would have to go and find out whether or not we were consulted—

Senator WILLIAMS—You were not consulted personally, obviously.

Dr O’Connell—or whether or not any information was provided or what was the sequence of events. So I will take that on notice so that I can give you an accurate answer.

Senator HEFFERNAN—You can be sure Australia’s farmers were not consulted.

Senator COLBECK—If the agency was consulted, which arm of the agency was most likely to have been consulted?

Senator HEFFERNAN—Productivity.

Dr O’Connell—No, it is possibly corporate policy area, but we will take that on notice.

Answer:

The Department of Agriculture, Fisheries and Forestry was not consulted in relation to the Division 7A measure prior to the Budget.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD04

Division/Agency: Corporate Policy

Topic: Farms market value

Hansard Page: 104 (26/05/2009)

Senator Colbeck asked:

Senator COLBECK—What about one of the research arms? I understand you have taken that on notice. It is a question of farm productivity. The calculation has been done that a family farm that is valued at \$1.5 million with a market rental value of, say, four per cent would attract a rental payment of \$60,000 per year. That is one calculation that has been done. I understand that this is an issue and a measure that is being instituted by the tax department, but when we are talking about issues that impact on other sectors, it is sometimes—and I say sometimes—the case that Treasury will contact the relative arm of that agency, not necessarily known to you, Dr O’Connell, to ask questions about that. So I appreciate you taking the question on notice, but it does come back to a profitability of rural sector issue, because there are so many farms that are structured in this way.

Dr O’Connell—I am not questioning that there are not serious and significant issues. What I am saying is that I have not had any notice that this issue was coming. If we had, we would have been prepared for it.

CHAIR—Dr O’Connell, you have made it very clear on a number of occasion that you will take it on notice.

Dr O’Connell—And I will take it on notice.

Answer:

The Department of Agriculture, Fisheries and Forestry was not consulted in relation to the Division 7A measure prior to the Budget.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD05

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

Who edits and produces the videos on the Minister's website?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD06

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

Did the Department purchase a video and/or editing program to produce these videos?
How much did these items or any other items associated with the production of the
Minister's videos/ podcasts cost?

Answer:

This question was answered in response to a written question by Senator Williams—
see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport
Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD07

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

Does anyone from the Department or Minister's office travel with the Minister to film these videos?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD08

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

How much travel allowances have they been paid?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD09

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

What are there are their other duties?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

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Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD10

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

When did they start with the Department?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD11

Division/Agency: Corporate Policy

Topic: Video production

Hansard Page: Written

Senator Nash asked:

Were they specifically hired because of their ability to produce videos?

Answer:

This question was answered in response to a written question by Senator Williams—see CPD10, February 2009 sitting of the Rural and Regional Affairs and Transport Senate Standing Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: CPD12

Division/Agency: Corporate Policy

Topic: Reviews, committees, taskforces and inquiries done by the department

Hansard Page: Written

Senator Nash asked:

1. How many reviews, committees, taskforces, and inquiries have been started or formed since 24th November, 2008?
2. What is the current status of each of these reviews, committees, taskforces and inquiries currently underway? Please indicate whether they will be released publicly and if so when.
3. What is the purpose of each of these reviews, committees, and taskforces and inquiries?
4. Who is undertaking each of these reviews, committees, and taskforces and inquiries? Provide a list of Members, their qualifications and remuneration (including daily fees, Travel Allowance)
5. How much is each of these reviews, committees, taskforces and inquiries costing? Provide a breakdown of the cost of each individual review, committee, taskforce and inquiry?

Answer:

1. From 24 November 2008 to the question on notice date, the following reviews, committees, taskforces and inquiries have been started or formed:

- Six joint Industry – Australian Quarantine and Inspection Service (AQIS) Ministerial taskforces were established in April 2009 representing industry sectors (meat fish, dairy, grain, horticulture and live animals) that will be affected by the response to the Beale Review recommendation for AQIS export certification functions to return to 100 per cent cost recovery by 1 July 2009
- The Rural Research and Development (R&D) Council was established in January 2009
- The Primary Industries Ministerial Council Equine Influenza Expert Review Panel (PIMC EI) was established in November 2009
- The Recreational Fishing Advisory Committee was first convened on 25-26 February 2009
- The Livestock Export Standards Advisory Group (LESAG) and Consultative Forum on the Livestock Export Industry (CFLEI) were established on 20 February 2009.

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Agriculture, Fisheries and Forestry

Question: CPD12 (continued)

2. The status of each of these reviews, committees, taskforces and inquiries is as follows.

Joint Industry – AQIS Ministerial taskforces – the Hon. Tony Burke MP, Minister for Agriculture, Fisheries and Forestry is considering proposed reform agendas and papers, which explore the efficient and effective structural arrangements for the delivery of government export inspection activities, from each taskforce for their respective industries. The minister is also considering whether these documents will be released publicly.

Rural R&D Council – The council has been established for a period of three years. As at the date of the question on notice, the council had held two full meetings. Its key term of reference is to create a national strategic rural R&D investment plan, which will be made public, however there is no confirmed date of publication.

PIMC EI - The inquiry panel is due to report mid-July 2009. The public release of the report is a matter for Primary Industries Ministerial Council consideration.

Recreational Fishing Advisory Committee – the committee has met three times. The next committee meeting is scheduled for 25 September 2009. The committee is conducting targeted stakeholder meetings. The first of these meetings was held in Perth in June 2009. The committee expects to release for public comment a draft strategy and policy documents in the second quarter of 2009–10.

LESAG and CFLEI - the first meeting of LESAG was on 17–18 June 2009. The membership of CFLEI is expected to be finalised by 30 June 2009, member organisations have been asked to nominate representatives.

3. The purpose of each of the reviews, committees, taskforces and inquiries is outlined below.

Joint Industry – AQIS Ministerial taskforces - the taskforces were established in response to a recommendation from the Beale Review for AQIS export certification functions to return to 100 per cent cost recovery by 1 July 2009. Minister Burke requested taskforces for the affected industries be established to develop a reform agenda and to review and endorse the fees and charges resulting from the impending cessation of the 40 per cent Australian Government contribution to export services on 30 June 2009.

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Agriculture, Fisheries and Forestry

Question: CPD12 (continued)

Rural R&D Council – The purpose of the council is to advise Minister for Agriculture, Fisheries and Forestry on matters relating to rural R&D. The council's terms of reference are available at www.daff.gov.au/agriculture-food/innovation/council. The council will have a central role in facilitating more effective use of public resources to address priority issues of importance to Australia's primary industries and associated value-chains. These include enhance the speed with which research outputs are delivered to and taken up by Australia's primary producers, and enhancing domestic and international cooperation and collaboration. The council will also work closely with the rural R&D corporations and companies, industry sectors, research providers, state and territory jurisdictions and relevant government agencies to strengthen rural R&D through improved collaboration, facilitation and prioritisation of investment, and performance measurement and reporting.

Recreational Fishing Advisory Committee – The committee is part of a 2007 Australian Government election commitment to prepare a Recreational Fishing Industry Development Strategy that will include a review of the 1994 National Recreational Fishing Policy. Further information is available on the Department of Agriculture, Fisheries and Forestry's (DAFF) website at www.daff.gov.au/fisheries/recreational/rfids

PIMC EI - the purpose of the inquiry is to examine the costs and benefits of a number of response scenarios for managing the risks associated with any future incursion of equine influenza in the Australian horse population.

LESAG and CFLEI - the LESAG was established as a means to provide advice to Minister Burke on the revision, further development and implementation of the Australian Standards for the Export of Livestock (ASEL).

The CFLEI will be the mechanism for consulting on the standards proposed by the LESAG, it is not intended to be a decision making group. The CFLEI will incorporate a wide selection of livestock export industry stakeholders.

4. Details about the members, their qualifications and remuneration (including daily fees and travel allowance) undertaking each of the reviews, committees, taskforces and inquires are provided below.

Joint Industry – AQIS Ministerial taskforces – AQIS was represented on each taskforce. The industry membership of each taskforce was determined by the

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Agriculture, Fisheries and Forestry

Question: CPD12 (continued)

respective industry sector to ensure representation across affected commodities.

Industry membership included representatives from the following organisations:

- Grain Taskforce – ABB Grain, Grain Trade Australia, Grains Council of Australia, Australian Fodder Industry, Australian Seed Federation, CBH Group, GrainCorp Operations, AWB Ltd, Sunrice; Pulse Australia, Australian Oilseeds Federation, Australian Cottonseed Industry Association and Grain Poll Pty Ltd.
- Livestock Taskforce – Australian Livestock Exporters' Council.
- Meat Taskforce – Australian Meat Industry Council.
- Fish Taskforce – Abalone Fisherman's Co-op Ltd, Tasmanian Seafoods Pty Ltd, Ocean Foods Pty Ltd, Australian Maritime College and Seafood Services Australia.
- Dairy Taskforce – Safe Food Production Queensland, Dairy Food Safety Victoria, Australian Dairy Products Federation, Australian Dairy Farmers, Murray Goulburn, Fonterra and Dairy Australia.
- Horticulture Taskforce – Australian Horticulture Exporters Council, Horticulture Australia Council, Nursery Garden Industry Australia, Horticulture Export Consultative Committee (Citrus/Mango) and Horticulture Australia Limited.

No remuneration is provided to industry members. Work undertaken by AQIS staff was part of the normal duties of the officers involved and is absorbed within normal program funding.

Rural R&D Council – The members of the council and their qualifications are:

- Dr Kate Grenot (chair), PhD (Science), MSc (Policy), FAICD
- Professor James Pratley, PhD, BSc
- Professor Robert Clark, PhD (Agricultural Science), B Ag Science (First Class Hons)
- Professor Elizabeth Woods, DPhil(Oxon), B Agricultural Science (First Class Hons)
- Dr Robert Rose, PhD (Marine Science), BA
- Professor Penny D Sackett (the Chief Scientist *ex officio*)
- Dr Frances Shapter, PhD (Plant Genetics), B Ag Science
- Mr Mark McHenry, PhD scholarship to 2010, BSc (Energy Studies)
- Mrs Anne Stünzner, Graduate Diploma Business Management, Bachelor Asian Studies, Churchill Fellow
- Ms Cathy McGowan AO, Master of Applied Science (Agriculture and Rural Development), BA, Diploma of Education, Certified Practising Agriculturalist

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Question: CPD12 (continued)

While there is no legislative requirement for a fee determination by the Remuneration Tribunal, Minister Burke has agreed sitting fees for the council that are in line with tribunal's category 3 set daily fee for holders of part-time public office (\$572 for chair and \$509 for members). Sitting fees for members are \$531 per day and \$597 per day for the chair. Travel allowance is as per Remuneration Tribunal Tier 2: \$23 per day for incidentals and \$102 for meals if not booked and paid for by DAFF.

PIMC EI - The inquiry panel is chaired by Mr Roger Beale AO (economist). Other members of the panel are Dr Michael Currell (scientist), Professor Anne Kelso AO (virologist/epidemiologist) and Mr David Watson (economist).

The inquiry is managed for DAFF by Animal Health Australia (AHA). Remuneration rates for the inquiry members are a matter for negotiation between AHA and individual panel members.

Recreational Fishing Advisory Committee – a list of members of the committee is available on Minister Burke's website at www.maff.gov.au/media/media_releases/2009/february/rudd_government_investing_in_future_of_recreational_fishing

The committee chair and members are paid Remuneration Tribunal allowances in accordance with category 2 of Determination 2008/07 Remuneration and Allowances for Holders of Part-Time Public Office and travel allowance is as per tier 2 of Determination 2004/03: Official Travel by Office Holders.

LESAG and CFLEI - LESAG members were selected based on particular personal expertise and experience so as to ensure a broad level of industry expertise across the group. Members include Mr Jim Paradice, Dr Tony Higgs, Mr John Edwards, Mr Brad Groves, Professor Clive Phillips, Dr Bidda Jones, Mr Cameron Hall, Mr Patrick Underwood, Mr Ian Feldtmann and Mr Garry Cullen.

Eligible members are paid a daily rate of \$531 per day or part thereof (inclusive of GST) in accordance with category 3 of the Remuneration Tribunal Determination 2008/07, for holders of part-time public office. Travel allowance is paid in accordance with Remuneration Tribunal Determination 2008/14: Official Travel by Office Holders.

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Question: CPD12 (continued)

The Commonwealth will not pay any daily fees or travel allowances associated with meetings of the CFLEI.

5. A breakdown of the costs for each of the reviews, committees, taskforces and inquiries is provided below.

Joint Industry – AQIS Ministerial Taskforces - the meetings of the taskforces have been conducted at the members' own expense. Teleconferences are used where possible and meetings are organised to minimise costs to members. Any work and travel undertaken by AQIS staff was part of the normal duties of the officers involved and is absorbed within normal program funding.

Rural R&D Council – The 2009–10 budget for the council's operations is \$479 997, including the cost of secretariat support from DAFF.

PIMC EI - The budget for the inquiry is \$0.25 million, with costs to be shared by the Commonwealth and states in accordance with an agreed ministerial council formula.

Recreational Fishing Advisory Committee – The Australian Government has provided \$2 million over three years for the development of the strategy and review of the policy. Approximately \$100 000 per annum will fund development of the strategy and operations of the committee. The remaining funds will fund the strategic actions. DAFF is providing secretariat support to the committee.

LESAG and CFLEI – the terms of reference of the LESAG contemplate two in-person meetings per year at an estimated total annual cost of \$20 000.

There is no direct cost to the Commonwealth associated with the activities of the CFLEI.

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Agriculture, Fisheries and Forestry

Question: CPD13

Division/Agency: Corporate Policy

Topic: Farming sector

Hansard Page: Written

Senator Heffernan asked:

1. Rudd Govt announced in this year's Budget a tightening up of the rules surrounding private companies (Division 7A of Income Tax Assessment Act 1936), this will have major consequences and unintended consequences for thousands of Australian farming families when the changes are introduced on 1 July 2009. Many farmers are still struggling with the current drought or its aftermath, many are not paying tax, how will these families cope with this added burden and will there be funding programmes available to assist these farmers?
2. Who is the contact person in DAFF who will be handling this issue of Division 7A?
3. Has DAFF been consulted with the impact of this legislation about this issue, who is the person from Treasury who has consulted DAFF?
4. This will have financial and administrative consequences for the farming sector, if DAFF has not been consulted, will you be endeavouring to consult with Treasury officials and farmers with possible impact on farmers? If not, why not?
5. I understand the Treasury Department will shortly release a discussion paper on the proposed amendments to Division 7A, will DAFF be putting in a submission addressing the concerns of farmers?

Answer:

1. Under the current non-commercial loan rules in Division 7A, which have been in place since 1998, a commercial rate of rent must be paid by a shareholder (or their associate) leasing land and buildings from a private company. If this does not occur, the value may be treated as a deemed dividend. This is subject to there being realised or unrealised profits in the private company.

The changes announced by the Treasurer in the 2009-10 Budget will extend Division 7A 'payments' to include a licence or right to use the real property of a private company or its chattels. Under the proposed changes, shareholders or their associates will have to pay the commercial value for such use otherwise a deemed dividend could arise.

The government is not intending to introduce funding programs in relation to the Division 7A Budget measure.

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Question: CPD13 (continued)

2. The Treasury portfolio is responsible for administering the Division 7A Budget measure. Within the Department of Agriculture, Fisheries and Forestry, the Policy Development (Economic and Cross Portfolio) Branch coordinates whole of portfolio and whole-of-government issues and liaises with other government agencies on cross-portfolio issues.
3. No.
4. Since the Budget the Department of Agriculture, Fisheries and Forestry has been liaising with Treasury in relation to this measure, including on the consultation process and legislation.
5. On 5 June 2009 The Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, Chris Bowen MP, announced the release of a Treasury discussion paper entitled "*Improving fairness and integrity in the Tax System - Tightening the non-commercial loan rules in Division 7A of the Income Tax Assessment Act 1936*". The closing date for submissions is Friday, 3 July 2009.

The Treasury discussion paper provides interested parties with an opportunity to comment on the implementation details of the measure and to raise concerns over any potential unintended consequences. The Department of Agriculture, Fisheries and Forestry will not be making a formal submission.

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Agriculture, Fisheries and Forestry

Question: CPD14

Division/Agency: Corporate Policy Division

Topic: Budget Measures

Hansard Page: Written

Senator Nash asked:

What are ‘the key Government objectives’ referred to in Budget Paper No. 2, Budget Measures, page 80?

Answer:

The Portfolio Budget Statements 2009–10, Budget Related Paper No. 1.1, Agriculture, Fisheries and Forestry Portfolio contains a useful overview of the government’s priorities and objectives for 2009–10, including at section 1.1 (Strategic Direction) on pages 11–13.