

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2010

Agriculture, Fisheries and Forestry

Question: CC 01

Division/Agency: Climate Change Division

Topic: Pilot of Drought Reform Measures in Western Australia

Hansard Page: 34 (24/05/2010)

Senators asked:

Senator SIEWERT—Okay. Can you give us the breakdown of that. Of the \$22.9 million, can you give us a breakdown of what component pays for what?

Ms Freeman—Yes. I will happily take that on notice and give you the outline.

Senator SIEWERT—Okay. People have got basically 12 months to register for the program.

Ms Freeman—The measures will start effective from 1 July. People can start the range of measures that they would care to express their interest in and apply for, and they are eligible to do that from that start date. Depending on what they would like to apply for, they may access them sooner rather than later, yes.

Dr O’Connell—For example, the Farm Family Support component is immediately available from 1 July.

Senator SIEWERT—How much is that?

Ms Freeman—What I will take on notice is to give you an outline for each of the measures.

Senator COLBECK—If you have that with you, you could table it for us so that we can have a look at it now.

Senator NASH—Yes, if we get it now.

Senator COLBECK—It would really help the committee if you could actually table that list with those details in it.

Ms Freeman—We can get that for you. I do not have it with me at the moment, but we can, yes.

Answer:

The Pilot of Drought Reform Measures in Western Australia funding breakdown is shown in the table below. Payments made under one measure – Building Farm Business – will continue until 30 June 2014. The Commonwealth Government will contribute \$17.9 million and the Western Australian Government will contribute \$5 million.

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Measure	\$ million
Farm Family Support	4.89
Farm Planning	3.59
Building Farm Businesses	8.37
Farm Exit Support	0.32
Stronger Rural Communities	1.09
Farm Social Support	3.31
Communications	0.89
WA Pilot Review	0.45
Total Pilot Cost	22.91

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Question: CC 02

Division/Agency: Climate Change Division

Topic: Pilot of Drought Reform Measures in Western Australia

Hansard Page: 37-38 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—How much of the \$22.9 million that they have got as part of the overall funding for this is to provide benefits and how much is for them to do their IT, for example?

Ms Freeman—We can take that on notice.

Senator COLBECK—Is the cost of their IT included in that \$22.9 million?

Ms Freeman—It includes all the costs, in terms of departmental and administered costs for the pilot are through the papers. We can provide them to you.

Senator COLBECK—How much of the \$22.9 million is actually going onto the ground and how much is being picked up in delivery costs?

Dr O’Connell—We will give you that breakdown on notice. We will have to get that.

Senator COLBECK—Do you have any sense of what that is?

Dr O’Connell—I would have to take that on notice and give you an accurate answer rather than take a stab at it, because it goes across all those agencies.

Senator COLBECK—I understand that it does, but who is the lead agency in all this?

Dr O’Connell—Obviously, we are the lead agency.

Senator COLBECK—Okay. What is the on-the-ground benefit of the program?

Dr O’Connell—In terms of the break up of the total, as I say, I would have to take that on notice to give you an accurate answer. I do not want to not give you an accurate answer.

Answer:

Pilot of Drought Reform Measures in Western Australia breakdown of Departmental and Administrated Costs across Commonwealth Departments and the Western Australian Government is shown in the table below.

Total administered (program costs)	17.22
Total departmental (delivery costs)	5.69
TOTAL	22.91

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Agriculture, Fisheries and Forestry

Question: CC 03

Division/Agency: Climate Change Division

Topic: Pilot of Drought Reform Measures in Western Australia

Hansard Page: 44 (24/05/2010)

Senator Nash asked:

Senator NASH—Okay. I want to clarify again, because I do not quite understand what you have based your estimate on for there being only a few hundred farmers to take up the Farm Planning option and move through to the Building Farm Businesses. What has the department estimated that figure on, that couple of hundred farmers, given that there are 6,000 in the region?

Dr O'Connell—I will take on notice the detail of how the estimates are put together, but, as I mentioned, the clear sense that we have here is that we are testing this. We want to make sure that the—

Senator NASH—No, I understand.

Dr O'Connell—That is an important part of the costing.

Senator NASH—I will cut you off there, Dr O'Connell. I understand all that completely and I am not saying it is not worthy. What I am trying to understand is how it is going to work. If I am a farmer and I live in that region and I have heard about this and I think, 'Fantastic; I want to go down this Farm Planning route, and I want to move into this Building Farm Businesses grants area,' what will the department use to determine the most worthy hundred or so of those applicants if, indeed, thousands of the farmers in that region put forward an application to you? I am trying to understand why it is that the department is assuming there will only be a few hundred. Somebody must have some idea of that.

Dr O'Connell—As I say, I can take on notice the breakdown of precisely how we get these costings.

Answer:

The costs of the Building Farm Businesses have been agreed by the Department of Finance and Deregulation as a reasonable estimate of the uptake of the program during the 12 month pilot period.

The Commonwealth and Western Australian governments have estimated the likely uptake of the program using relevant data, and recognise that not all farmers in the pilot region will be eligible to apply for the Building Farm Businesses program. The estimate was based on:

- a) Australian Bureau of Statistics data;
- b) Farm survey data from the Australian Bureau of Agricultural and Resource Economics;

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- c) Data from the Bureau of Rural Sciences;
- d) The availability of farmers due to their farming practices (e.g. cropping) during the pilot period; and
- e) Demand for previous like programs.

The government will monitor and review the uptake and expenditure of this measure.

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Question: CC 04

Division/Agency: Climate Change Division

Topic: Exceptional Circumstances

Hansard Page: 58 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—My questions were on EC in particular, and we asked some questions last time about who is who in the zoo as far as EC is concerned at the moment and about NRAC's touring schedule and what their program is. Do we have that information easily available?

Mr Mortimer—Yes, we should be able to give that to you.

Senator COLBECK—If it is in a form that you can just table so that we do not have to take time, that would be good. But I am reluctant to take it on notice.

Mr Mortimer—Yes. I do not have it in a form that can be handed over, but I should be able to take you through it fairly quickly, if you are happy to do that.

CHAIR—I will hold you to that, Mr Mortimer, because we have an agreement for 12.30 pm.

Senator COLBECK—I just want to make sure I get hold of the data. I do not want it to be lost in the questions on notice process. I am happy to come back to it towards the end, if we have time.

Answer:

The current membership of the National Rural Advisory Council (NRAC) is:

- Mr Keith Perrett, Chairman
- Mrs Keryl Enright (member with expertise in farm management and training)
- Mr Ian Feldtmann (National Farmers' Federation representative)
- Mr David Hartley (state/territory government representative)
- Mr Andrew Locke (member with expertise in finance and banking)
- Mr David Mortimer (Australian Government representative)
- Ms Georgina Somerset (member with expertise in regional development)
- Mrs Sharon Starick (member with expertise in sustainable agriculture)

NRAC's review of the South West Queensland Revised EC area on 3–6 May 2010 was the final review for 2009–10.

NRAC has commenced its review of the EC-declared areas due to expire on 15 December 2010. NRAC inspected the Northern Darling Downs Revised and Central Darling Downs Revised EC areas on 8 and 9 September 2010 respectively, and is scheduled to inspect the South West Queensland Revised EC area in the week commencing 27 September 2010.

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NRAC's review of the EC-declared areas expiring 31 March 2011, 30 April 2011 and 15 June 2011 are scheduled to begin in October 2010, January 2011 and April 2011 respectively.

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Question: CC05

Division/Agency: Climate Change Division

Topic: Pilot of Drought Reform Measures in Western Australia

Hansard Page: 59 (24/05/2010)

Senator Nash asked:

Senator NASH—I just wanted to clarify something. At the beginning, Dr O’Connell, I think you said that obviously you would be trying to work within the budget of the \$22.9 million or whatever it was. But then we ascertained that the Farm Exit Support grants are not capped. Are any of those other components in that same category as the Farm Exit Support in that they are not being capped? Would any of those other areas be treated the same as the Farm Exit Support, which you indicated was not capped?

Dr O’Connell—Certainly Farm Family Support, which is the sort of ‘food on the table’ money, is not capped.

Senator NASH—The others, we assume, are all capped?

Ms Freeman—We can provide you with a list, if you like?

Dr O’Connell—We can provide you with a list.

Senator NASH—Okay. Thank you.

Answer:

Pilot of Drought Reform Measures in Western Australia programs that are not capped:

- a) Farm Family Support
- b) Farm Exit Support

Pilot of Drought Reform Measures in Western Australia programs that are capped:

- a) Farm Planning
- b) Building Farm Businesses
- c) Stronger Rural Committees
- d) Beyond Farming
- e) Farm Social Support

The government will monitor and review the uptake and expenditure of each of the measures.

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Question: CC 06

Division/Agency: Climate Change Division

Topic: Asset retention under the Tasmania Community Forest Agreement
Industry Development Program

Hansard Page: 68-69 (24/05/2010)

Senator Milne asked:

Senator MILNE—I would like to start by drawing your attention to the grants that were made under the Tasmanian Community Forest Agreement Industry Development Program. There was some \$42 million, and the aim of that from 2006 onwards was to transition to plantations. I want to ask a generic question and then a specific one. Was there any requirement with that grant funding that the company to which the grant was made actually keep that equipment for any length of time or, if they sold the business within a relatively short time of having got the grant, did that just mean a capital gain for that particular company? What were the provisions in relation to that?

Mr Talbot—Off the top of my head on that question—I will take it on notice—I think that for all the Tasmanian Community Forest Agreement grants there was a three-year asset retention period, which meant that basically, if people tried to sell the equipment within that period of time, the Commonwealth had an interest in it and therefore the Commonwealth possibly could look at a refund of part of the money or something like that. But I would like to take that on notice, because I do not have a copy of the contract here.

Senator MILNE—Okay. Please also take on notice how many of the recipients of the grants have changed hands since they got the grants within the period—if it is a three-year period, as you recall, or whatever the period is—and how many of those, and which ones, the Commonwealth has actually exercised its responsibility with.

Mr Talbot—Yes.

Answer:

All funding deeds for projects funded under the Tasmanian Community Forest Agreement Industry Development Program contain a clause to allow the Commonwealth to be paid a proportion of the proceeds of sale (or insurance proceeds) if funded assets are sold or disposed of during the term of the deed. For the majority of funding deeds this clause remains in effect for a period of three years after the project's funding deed completion date.

The department is aware of two companies that are currently in the process of changing hands or ceasing operations within the three years of the completion of the project. The department is seeking accounting and legal advice on how to proceed in each situation.

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Question: CC 07

Division/Agency: Climate Change Division

Topic: Due diligence requirements under the Tasmanian Community Forest Agreement Industry Development Program

Hansard Page: 69-70 (24/05/2010)

Senator Milne asked:

Senator MILNE—What due diligence was exercised in relation to the disbursement of these grants by the Commonwealth, and who was responsible for that due diligence?

Mr Talbot—I guess that, in terms of grants, there are various corporate governance frameworks. With all these contracts that we give, they generally go through our legal area. We ensure—usually both with field visits and with keeping up with the milestones—when claims are put in that milestones have actually been delivered on. So there are a range of things that we do, and that is another one. To fill you in fully, I would have to take it on notice.

Senator MILNE—There are a number of issues in relation to these Community Forest Agreement grants, because as you would be aware the industry is in dire straits in Tasmania at the moment and a number of contractors are allegedly—they are saying so—in dire financial circumstances. A number of those were recipients of these Commonwealth grants. What field visits or ground truthing has the Commonwealth done in relation to any of these grants? How many actual visits has the Commonwealth made to any recipients in the Tasmanian Community Forest Agreement list?

Mr Talbot—I know there were a range of visits made in relation to these grants. I would have to take that on notice. These visits happened a while ago now, and I just do not have any details here with me.

Senator MILNE—Perhaps you can tell me if there was a \$10 million grant to Ta Ann Tasmania, based at Smithton? Can you tell me whether there has been any follow-up or due diligence in relation to that particular grant and, indeed, the performance?

Mr Talbot—I am sorry, Senator; I will have to take that notice.

Senator MILNE—I did ask who in the Commonwealth was responsible for due diligence, and you said that it went to your legal teams. A legal contract is a separate thing from someone actually assessing whether these companies are economically viable and whether there is any likelihood of them going broke et cetera— what their probabilities are. Who does that for you?

Mr Talbot—Within the branch, normally the managers and the general managers would do the due diligence. I am afraid I was not around when these grants were being done, but normal practice is that if they are over a certain amount we do get advice for a financial assessment, we do get legal advice, and—depending on the particular circumstances and what questions are raised in terms of the paperwork that is put forward— we do clarifications. I am quite happy to take it on notice. Unfortunately these grants were done a while ago, so I would have to take it on notice.

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Answer:

The department required all grantees under the Tasmanian Community Forest Agreement Industry Development Program to enter into funding deeds that required reporting against milestones. When submitting a milestone claim each grantee was required to complete a milestone report and include project expenditure and proof of payment documentation. At the end of each project, all grantees were required to submit an independently audited financial statement to show grant money was expended in accordance with the funding deed. Proof of expenditure and payment documentation for the final milestone was also required to be submitted with a final report. The final report not only reported on the final milestone but also the outcomes achieved as a result of the whole project. This due diligence was the responsibility of departmental officers.

The department conducted field visit inspections in Tasmania on five separate occasions from September 2008 to August 2009. During this time departmental officers met with 59 grantees and inspected 72 projects.

Ta Ann Tasmanian received \$10,386,811.50 (ex GST) in total under the Tasmanian Community Forest Agreement Industry Development Program.

In relation to due diligence exercised in respect of this grant:

- a. Ta Ann Tasmania was required to submit proof of payment documentation and a milestone report to claim a milestone payment, which was a reimbursement of up to 25 per cent of the total project costs.
- b. A site visit was conducted in November 2008 to assess project progress. A second site visit was conducted in May 2009.
- c. On completion of the final project milestone, Ta Ann Tasmania was required to submit to the department an independently verified audited statement to show all grant money had been spent in accordance with the grant funding deed.
- d. A final report was also required to be submitted, which reported on project outcomes.

Pöyry Forest Industry Pty Ltd and Pricewaterhouse Coopers were engaged as independent assessors to undertake a number of financial assessments before projects were approved for funding. Pöyry Forest Industry Pty Ltd was the primary independent assessor. However where there was a conflict of interest, Pricewaterhouse Coopers was used as an alternative independent assessor.

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Question: CC 08

Division/Agency: Climate Change Division

Topic: **Wesley Vale Mill and verifying expenditure under the Tasmanian
Community Forest Agreement Industry Development Program**

Hansard Page: 50 (24/05/2010)

Senator Milne asked:

Senator MILNE—Yes, I appreciate that, Mr Mortimer, but you will also remember that the Auditor- General audited the oversight of this program in the first couple of years and found the oversight to be incredibly wanting. They indicated that there was no ground-truthing, that in some cases there was no due diligence exercised by the Commonwealth and that the state of Tasmania was allowed to make these recommendations without the Commonwealth checking up. The reason it becomes critical now, apart from verifying how Commonwealth money was spent, is that we have a situation where there is a discussion about another round of compensation in the Tasmanian forest industry. I think it is important that we find out that the money was spent as it was supposed to have been spent and, if companies have been on sold, that the asset value is returned to the Commonwealth before we go into another round. That is why it is critically important here, and I would ask you to take it on notice.

.....
I would like you to also take a question on notice in relation to the Wesley Vale pulp mill, which you would be well aware has now closed. It got \$1.267 million for the purchase and installation of three natural gas boilers to replace the oil and LP gas at Wesley Vale. Can you also establish whether there was any commitment of ongoing operation of that company at the time that that grant was made and what we are doing to get back some of that value now that that mill has closed?

Mr Mortimer—I understand the question and, as Mr Talbot said, we will certainly get the details of that. He indicated we were getting advice on what legal mechanisms are available to the Commonwealth, and we will report on that.

Senator MILNE—What process will you use to establish whether all of these contractors, who got substantial grants through this period, actually spent the money on what the grants were allocated for? Can you take that on notice?

Mr Mortimer—Yes. I certainly understand that.

Senator MILNE—Thank you.

Answer:

The funding deeds for Wesley Vale mill projects contain a clause to allow the Commonwealth to be paid a proportion of the proceeds of the sale if funded assets are sold. The department is currently in negotiations with the company to recover grant money upon the sale of any assets.

All milestone claims needed to be supported by documentation proving expenditure as grants were paid on a reimbursement basis. Field visits were also conducted

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throughout Tasmania to validate projects, which included viewing and photographing assets purchased using the grant money.

An independent review of all of the projects funded under the Tasmanian Community Forest Agreement Industry Development Program is underway.

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Question: CC 09

Division/Agency: Climate Change Division

Topic: Legal advice relating to forestry program grants

Hansard Page: 72 (24/05/2010)

Senator Bob Brown asked:

Senator BOB BROWN—Mr Mortimer, why was legal advice not gotten at the outset when these grants were made?

Mr Mortimer—The question is somewhat different at the end as opposed to at the beginning. The question at the end is not just the exposure but what mechanisms are available to the Commonwealth. It is a bit more complex at that point.

Dr O'Connell—Senator, the Tasmanian Community Forest Agreement Programs go back to 2005 and they go across both the current government and the previous government. Given that, my preference will be to go on notice in terms of assessing exactly what advice occurred in the early part of the program, because it is quite a long time ago and your question presupposes that there was no legal advice taken on the structure of the grants or the contracts. I just want to be sure about that.

Senator BOB BROWN—If you take it on notice, would you give the committee all legal advice — indications of when it was sought, what question was asked, by whom, within the department, relating to grants in Tasmania and elsewhere in Australia since 2005?

Dr O'Connell—We certainly could look at the timings. The content of the advice may be a question of legal privilege, potentially.

Senator BOB BROWN—Not just the content, but who asked the question and what it was—that is not a matter of legal advice. I will leave you to determine whether the legal advice is available to the committee. I recommend it should be. What is the legal advice being sought now? When was it sought and who sought it? The question that follows on from that is—perhaps you Dr O'Connell—could you give the committee an assessment of the current economic and industry problem besetting the industry in Tasmania.

Answer:

Legal advice to support the implementation of funding programs is typically obtained before applications are called and after applications have been considered and decided.

Legal advice is sought by responsible departmental officers and supports decision-making on matters covered by the funding deed made with each successful applicant. Matters that would be referred for legal advice include, for example:

- where a grantee has requested a variation to a provision in the prevailing standard funding deed, or
- during project implementation, when circumstances may have changed, including

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- unexpected matters affecting the grantee's ability to meet prescribed milestones or conditions in the deed
- a variation of scope, or
- other compliance issues.

The department maintains this information among some 215 hard copy program files at the office and archived offsite, together with electronic advice across a considerable number of folders. It is estimated that it will take in excess of 1,000 hours to complete this request, a significant impost, and an unreasonable diversion of resources from business.

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Question: CC 10

Division/Agency: Climate Change Division

Topic: Selling non-certified timber products to Japan

Hansard Page: 72 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—If I may interrupt—on the FCS requirement: requirement by whom?

Mr Talbot—The requirement of the companies in Japan who are purchasing the product.

Senator BOB BROWN—The companies are requiring FCS certification for woodchips before they will purchase them?

Mr Talbot—Yes.

Senator BOB BROWN—When did that start?

Mr Talbot—I am not sure when it started, because I actually think it was a gradual process with some companies adopting it early and some a bit later. But I should put a caveat on that. It is not all the companies; there are still companies that do not require FCS certification in Japan.

Senator BOB BROWN—Can you tell the committee which companies they are?

Mr Talbot—I would not know off the top of my head. They were all—

Senator BOB BROWN—Could you take that on notice for us, please?

Mr Talbot—Yes. I would add the caveat that it was a general discussion and in most cases no companies were mentioned, but I will do my best for you.

Answer:

Given the confidentiality of sales contracts the department is not privy to this information.

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Question: CC 11

Division/Agency: Climate Change Division

Topic: Downturn in the Tasmanian forest industry

Hansard Page: 51 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Is the current problem in Tasmania due to the global economic downturn?

Mr Talbot—I would be speculating there. I would say that it would have been at least some of the effect. I do not know the extent. It would really require some detailed analysis by somebody to come to a landing on that.

Dr O'Connell—I would be uncomfortable in asking Mr Talbot to go beyond his direct skill set and knowledge there without going to some of our other analysts—perhaps ABARE or others—on the market issues.

Senator BOB BROWN—You do not think the forestry branch of the Commonwealth would have an understanding of what the current problems besetting the industry in Tasmania are?

Dr O'Connell—The point I was making before is that the problems are very complex when you ask a question such as ‘Is it the global financial crisis?’ It is a complex set of issues around the global financial crisis, clearly the price of woodchips and other issues relating to the structure of the industry. There is a whole suite of issues and I think probably asking for a quick analysis of what the problems are is not something that—

Senator BOB BROWN—But I did not ask for a quick analysis; I asked for any analysis that you might have.

Dr O'Connell—To the degree that we have work that ABARE has undertaken in the area, I can certainly provide that to you on the record.

Answer:

The Australian Bureau of Agricultural and Resource Economics (ABARE) has prepared a document called *Tasmanian Forest Industry: An Overview*, which is **attached**.

[Attachment to CC 11]

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Question: CC 12

Division/Agency: Climate Change Division

Topic: Requests for assistance from the Tasmanian forest industry

Hansard Page: 73 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—To what degree, in your knowledge if you have any, is the supply of eucalypt wood to the world market from outside Australia bearing in on the ability of Australia to sell eucalypt products outside the country?

Mr Talbot—I would have to take that on notice.

Answer:

The department has not done specific research into this issue. External research indicates that South America, and Brazil in particular, is a dominant supplier of eucalypt products on the international market (Flynn, 2010). It is unclear as to whether the dominance of South America in the eucalypt market will have a negative impact on Australia's ability to export eucalypt products. However, there is marked regional market segmentation, with most of the wood exports from Brazil being destined for the United States of America (USA).

Australia is the largest supplier of hardwood woodchip to Japan, supplying 36 per cent of the Japanese market. Australia's competitors for hardwood woodchips export to Japan (in volume terms at 2009) are Chile (25 per cent share), South Africa (15 per cent) and Viet Nam (9 per cent).

Japan is a valuable market for Australian woodchips, accounting for around 85 per cent of Australia's total woodchip export earnings for 2008-2009. China accounted for around 7 per cent of earnings over the same period, followed by Korea with around 4 per cent, with other countries accounting for the remaining earnings.

While the price for Australian hardwood chips (at the mill door in Japan) is higher than its three main rivals, Australia enjoys several competitive advantages in broadleaved woodchips. These include lower transport costs, scale advantages, continuity of supply and homogeneity of species and of the woodchips themselves.

Market forecasts by RISI indicate that the requirements of new pulp mills in China by 2014 will exceed the entire annual export output of woodchips for all Pacific Rim countries combined (RISI, 2010).

Reference

Flynn, R., 2010, Brazil and South America: Timberland and Forest Products Investments, paper presented at '*Future Forestry Finance: how does post-recession forestry in Australasia Stack up financially?*', Sydney, 1-2 March

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RISI, 2010, Pacific Rim Woodchip outlook 2010-2014,
www.risiinfo.com

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Question: CC 13

Division/Agency: Climate Change Division

Topic: Extent of eucalyptus plantations

Hansard Page: 73-74 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Do you know what the area of eucalypt plantations in Australia is?

Mr Talbot—Not off the top of my head.

Mr Mortimer—We can provide that to you. It is done in the *State of the forests* reports, I think, on a regular basis.

Senator BOB BROWN—Could you also provide the area of eucalypt plantations elsewhere in the world?

Mr Mortimer—That might be a bit harder but we will see what international statistics are available through international organisations.

Senator BOB BROWN—Do you know if it is true that there is a bigger area of eucalypt plantations in China than there is in Australia?

Mr Talbot—I would have to take that on notice.

Answer:

The area of eucalypt plantations in Australia (2009) is reported to be 991,000 hectares (Gavran and Parsons, 2010).

Combined, there are over 10 million hectares of eucalypt plantations across Argentina, Brazil, Chile, Uruguay (Borschmann, 2002), India (Midgley et al. 2007), South Africa (Forestry Economics Services CC, 2005), and New Zealand (MAFNZ, 2010). In addition, available data suggest that the area of eucalypt plantations in China may exceed one million hectares (van Bueren 2004; SFA 2009). Figures have been drawn from a variety of sources of unknown reliability and should therefore be considered indicative. Data on the extent of eucalypt plantations in other countries is not available.

Available data suggests that China's area of eucalypt plantations is larger than Australia's (van Bueren 2004; SFA 2009).

References

Borschmann, R 2002, *Tri-Nations study tour of South America*, Plantation Development Services, Bright, Victoria.

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Question: CC13 (continued)

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Question: CC 14

Division/Agency: Climate Change Division

Topic: Requests for assistance from the Tasmanian forest industry

Hansard Page: 53 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN— Have there been any approaches, either to you or, so far as you know, to the minister or any other arm of government, this year about the situation in Tasmania with a view to getting assistance or in any other way being informed about what is happening in Tasmania?

Dr O'Connell—You would need to direct your question about whether the minister has been approached to the minister, obviously, but certainly there has been—

Senator BOB BROWN—Could you take that question on notice for the minister, please?

Senator Sherry—I will take it on notice for the minister.

Senator BOB BROWN—Thank you.

Answer:

On 19 May 2010, Minister Burke and representatives from the Department of Agriculture, Fisheries and Forestry attended a meeting with the Tasmanian forest industry. During the meeting, industry representatives highlighted the issues that are facing the forest industry. No formal request for assistance was made during the meeting.

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Question: CC 15

Division/Agency: Climate Change Division

Topic: Roundtable meetings with the Tasmanian forest industry

Hansard Page: 77 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Was some solution to the issue of the woodchip exports put forward by the participants at the meeting—or to any of the matters that you raised?

Mr Talbot—The meeting lasted only an hour, due to the minister's schedule, so there was not enough time for people to explain what their issues were. But there was nothing further than that.

Senator BOB BROWN—Is there to be a further meeting?

Mr Talbot—I do not know, Senator.

Senator BOB BROWN—Was there a request for one?

Mr Talbot—Not to my knowledge.

Dr O'Connell—Again, I think these questions need to be put to the minister, given that the minister would have been the person this was requested from. Otherwise it is going to put Mr Talbot in a position where he is trying to answer for things that he cannot sensibly—

Senator BOB BROWN—I am quite happy for that. Would you put those questions on notice please?

Would you also put the question on notice as to whether the minister held any other meetings with industry representatives or people interested or associated while he was in Tasmania; and, if so, who they were.

Senator Sherry—We will take it on notice.

Senator BOB BROWN—Yes, that is what I am asking. Thank you, Minister. The other question I would like to follow through with is: in your information has the Prime Minister been alerted to the fact that there is a problem with the industry in Tasmania?

Dr O'Connell—That question would need to be put to the Prime Minister's portfolio or the Prime Minister's office directly.

Senator BOB BROWN—Can I put that to the minister's office through you?

Senator Sherry—We will take it on notice.

Answer:

During Minister Burke's meeting with industry in Hobart on 19 May 2010, there was no request for, nor commitment to, a second meeting on the issues facing the industry between the minister and the industry.

In addition to the industry meeting, while in Tasmania on 19 May 2010, Minister Burke met with the Tasmanian Premier, the Hon. David Bartlett MP; the Hon. Bryan Green MP, Tasmanian Minister for Primary Industries and Water; and a representative from Environment Tasmania to discuss the issues facing the Tasmanian forest industry. The minister also met with Brendan Mahnken (harvesting

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and logging contractor) and Joe Hawkes (Tasmanian Land and Forests) at an informal lunch with primary producers organised by the Hon. Sid Sidebottom MP on 20 May 2010.

Neither the department or Minister Burke's office is aware of any contact between the Tasmanian forest industry and the then Prime Minister, the Hon. Kevin Rudd MP.

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Question: CC 16

Division/Agency: Climate Change Division

Topic: Tasmanian forest industry and Commonwealth funding

Hansard Page: 78 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Do you know of any time in the last 30 years when the industry has changed direction in Tasmania without Commonwealth money being injected into the industry at that point of change?

Dr O'Connell—I would have to check the record.

Senator BOB BROWN—Take that as a question as notice.

Dr O'Connell—Will do.

Answer:

The department can provide advice on two financial assistance packages provided by the Commonwealth to support changing directions of the Tasmanian forest industry.

Under the Forest Industry Structural Adjustment Package (FISAP) a total of \$13 million was provided to the forest industry for employment restructuring and industry development programs that occurred as a result of the introduction of the Tasmanian Regional Forest Agreement (RFA). FISAP guidelines stipulated that funding under the program could be paid to successful applicants within 18 months of the signing of the RFA agreement (the Tasmanian RFA Agreement was signed in 1997), or between 1995 and 2000.

Under the Tasmanian Community Forest Agreement, between June 2006 and June 2009, the Australian Government provided \$68.89 million to the Tasmanian forest industry through an industry development program.

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Question: CC 17

Division/Agency: Climate Change Division

Topic: Commonwealth grants to the forest industry since 1988

Hansard Page: 78 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Can you or Mr Talbot tell the committee how much Commonwealth moneys have gone to the Tasmanian industry since 1988, or would you take that on notice?

Mr Talbot—I would have to take that on notice.

Answer:

Major programs that have been administered through the Department of Agriculture, Fisheries and Forestry supporting the Tasmanian forest industry include:

- Under the Forest Industry Structural Adjustment Package (FISAP) a total of \$13 million was provided to the forest industry for employment restructuring and industry development programs that occurred as a result of the introduction of the Tasmanian Regional Forest Agreement (RFA). FISAP guidelines stipulated that funding under the program could be paid to successful applicants within 18 months of the signing of the RFA agreement (the Tasmanian RFA Agreement was signed in 1997), or between 1995 and 2000.
- Under the Tasmanian Community Forest Agreement, between June 2006 and June 2009, the Australian Government provided \$68.89 million to the Tasmanian forest industry through an industry development program.
- Gunns Limited received \$5 million from the Australian Government to reimburse costs associated with developing the pulp mill project (\$2.4 million in 2005-6 and \$2.6 million in 2006-07).

No other information is immediately available.

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Question: CC 18

Division/Agency: Climate Change Division

Topic: \$50 million committed to the forest industry in the 2004 election

Hansard Page: 78 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—At the 2004 election, famously, Prime Minister Howard committed \$50 million to go into the industry and into support for the pulp mill as well. Can you account for that \$50 million, and is that covered by the amounts that Senator Milne was asking about?

Mr Mortimer—We will have to check on that and come back to you.

Dr O'Connell—By recollection, I think quite a large amount of that money was to be appropriated to the industry department, so we will have to check. I do not think it is through this department.

Senator BOB BROWN—In 2004, again famously, Prime Minister Howard, with the support of the CFMEU and with the industry buoyant at the time, put a proposal which had the enormous support of the industry. Can you tell me how many jobs have been lost out of the industry since October 2004?

Mr Mortimer—We will have to come back to you. We do not have those statistics with us.

Answer:

The \$50 million commitment made by Prime Minister Howard in the 2004 election formed part of the Tasmanian Community Forest Agreement (TCFA) signed on 13 May 2005. The funds were administered through the Industry Development Program (\$68.89 million), which is one of the programs established under the TCFA. The program was completed in June 2009.

From 2003-2004 until 2008-2009, the Australian Bureau of Statistics (ABS) figures indicate that approximately 2 250 people left the Tasmanian forest industry, excluding those associated with transportation.

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Question: CC 19

Division/Agency: Climate Change Division

Topic: Employment in the Tasmanian industry

Hansard Page: 78-79 (24/05/2010)

Senator Brown asked:

Senator BOB BROWN—Do you know how many jobs there are in the wood related industry in Tasmania at the moment and what the breakdown for that job component is?

Dr O’Connell—We certainly can access that and have it. I do not know whether we have it with us at the moment, but we can certainly take it on notice.

Senator BOB BROWN—Would you do that? Can you, for each year since 2004, give a total and a breakdown for the job make-up of the Tasmanian industry, including the number of jobs in the woodchip component?

Mr Talbot—Okay, we will take that on notice.

Answer:

For 2008-2009, the Australian Bureau of Statistics (ABS) estimated that there were approximately 5 000 people employed in the forest industry, excluding those associated with transportation. The ABS data does not distinguish employment from woodchip production from that associated with other forest industry activities. A breakdown of figures is provided in the table below.

Total employed persons in Tasmanian forest industry, ‘000s

	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09
Forestry and Logging	2.50	2.75	1.75	2.50	2.25	2.00
Forestry support services	1.00	1.00	1.00	0.75	0.50	0.50
Wood product manufacturing						
Wood product manufacturing, nfd	0.00	0.00	0.00	0.00	0.00	0.00
Log Sawmilling and Timber Dressing	2.00	1.75	1.50	1.25	1.00	0.75
Other Wood Product Manufacturing	1.25	1.25	1.00	1.00	1.25	1.50
Pulp, Paper and Converted Paper Product Manufacturing						
Pulp, Paper and Converted Paper Product Manufacturing, nfd	0.25	0.75	0.00	0.50	1.00	0.25
Pulp, Paper and Paperboard Manufacturing	0.25	1.00	0.25	0.50	0.00	0.00
Converted Paper Product Manufacturing	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total</i>	7.25	8.50	5.50	6.50	6.00	5.00

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a. Annual employment data is the average of the quarterly survey data; b. Forestry support services mainly includes silvicultural services, such as pruning and thinning trees and forest plantation conservation (ABS 2006); and c. Not included in these ABS data are those employed in the transport of logs. These people are instead included in the transport industry division.

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Question: CC 20

Division/Agency: Climate Change Division

Topic: Evaluation of programs under the Tasmanian Community Forest Agreement Industry Development Program

Hansard Page: 79-80 (24/05/2010)

Senator Milne asked:

Senator MILNE—Just to finish this issue of the whole community forest agreement industry development program, when the Auditor-General reported previously he said that DAFF had not reported against all outcome indicators for the programs in the 2006-07 annual report and as a result parliament had not been informed of the achievements or otherwise of the programs in meeting their objectives. He said that consideration needed to be given to the performance data being collected for these indicators and the level of department verification required. This is particularly important as DAFF has indicated that it intends evaluating the programs when completed in June 2009. Has DAFF evaluated the programs and has it reported yet on the performance data it uses and the verification et cetera? If it has, where can I go to find this report on the outcomes of the program?

Mr Talbot—In terms of an evaluation of the program, we have finalised an agreement with the Tasmanian officials and we are about to go out to tender for people to do an evaluation of various programs under this agreement. In terms of your second question, I would have to take it on notice, have a look at the documents myself and come back to you.

.....
Senator MILNE—What I am asking is that you provide on notice any evaluation that has been done of this program. In particular, what are the categories of performance data you were collecting against which you intend to evaluate, and what is the time frame in which we can expect evaluation of these programs.

Mr Talbot—Yes.

Answer:

The independent evaluation of the Tasmanian Community Forest Agreement Industry Development Program is scheduled to commence in September 2010 and be finalised in February 2011.

Data collected from funding recipients at the end of their projects includes:

- the extent to which the enterprise has adjusted to changes in the availability, quality and category of timber supply, particularly shifts to greater reliance on plantation sourced timber
- achievements of the funded project for the enterprise
 - impacts on productivity

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- the number of jobs maintained and, if appropriate, new jobs created
- the affect on the skills base in the enterprise and its workforce, and
- changes in environmental impacts.

The report of the evaluation is expected to be available in March 2011.

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Question: CC 21

Division/Agency: Climate Change Division

Topic: Forestry

Hansard Page: 80-81 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—I move on to the Forest Industries Climate Change Research Fund. You told us in estimates that applications for this fund had been provided to the assessment panel in early February. When did the assessment panel finalise its assessments of the applications?

Mr Talbot—Those projects have been announced. There were 20 projects for \$4.7 million.

Senator COLBECK—Yes. So those were announced on 29 April and 3 May?

Mr Talbot—I think that is right. It was around those dates that they were announced.

Senator COLBECK—Do those projects that have been announced add up to \$4.7 million?

Mr Talbot—No, I think there are some that have been announced and some that are about to be announced.

Senator COLBECK—My understanding is that there are 10 projects that have been announced for just under \$3 million.

Mr Talbot—That would probably be correct. I do not have those press releases with me.

Senator COLBECK—I do but I have not compiled what is on each one. When will the final \$1.77 million be announced?

Mr Talbot—I would have to take that on notice.

Senator COLBECK—Can you tell me what is holding it up? I think that all the submissions went for assessment at one time, didn't they? That is my recollection.

Mr Talbot—I would have to take that on notice.

Senator COLBECK—Do we have completion dates on the respective projects?

Mr Talbot—We would have completion dates for—

Senator COLBECK—The 10 that are announced, I suppose. It is a bit hard to have a completion date on something that has not been announced. Can you give us what those completion dates are?

Mr Talbot—I do not have that information with me. I will have to take it on notice.

Answer:

Details of all grantees who have accepted funding have been published on the department's website according to the Commonwealth Grant Guidelines.

Of the 20 grants offered, 16 are due to finish on or before 30 June 2011 and four are due to finish on or before 31 August 2011.

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All applications were assessed by the Forest Industries Climate Change Research Fund Expert Panel, and subsequently by a sub-committee of the Rural Research and Development Council.

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Question: CC 22

Division/Agency: Climate Change Division

Topic: Code of Conduct Report

Hansard Page: 59/60 (24/05/2010)

Senator Siewert asked:

Have you had any meetings? Has either the minister or the staff of DAFF had any meetings with Mr Oxley regarding either the URS report or a cabinet submission?

Mr Mortimer—The department has certainly had no discussions with Mr Oxley about a cabinet submission. That would be entirely inappropriate.

Dr O'Connell—You would need to ask the minister—

Senator Sherry—I will take on notice the question to the minister.

.....
Senator SIEWERT—Minister Sherry, please take on notice the question about the whether the minister has had any meetings with Mr Oxley regarding the URS report or the government's proposal. The government has commissioned several other reports on the industry-wide code of conduct. There was a report led by the Timber Development Association on illegal timber imports. Has that project been completed?

Mr Talbot—The report has been completed; it has not then released as yet.

Senator SIEWERT—When is it likely to be released?

Mr Talbot—That would be a decision for the minister

Senator SIEWERT—How much did it cost to produce the report?

Mr Talbot—I do not have that information on me, but I will get it for you.

Senator SIEWERT—Please also tell us who was consulted as part of that project.

Mr Talbot—I would have to take that on notice. It would have been a range of timber importers and other industry associations, but I cannot remember the extent of the consultations. They were done quite a while ago.

Senator SIEWERT—Could you take that on notice, please?

Mr Talbot—Yes, certainly

Answer:

The department has not had discussions with Mr Oxley regarding the URS report.

The Timber Development Association report has been completed and its release is a matter for Minister Ludwig. The total cost of the report was \$173 728. The stakeholders consulted in the report included a range of industry associations, forestry companies, timber processors and timber retailers. The stakeholders that were consulted have not provided consent to release their details.

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Question: CC 23

Division/Agency: Climate Change Division

Topic: Priory forest industries report

Hansard Page: 60 (24/05/2010)

Senator SIEWERT asked:

I understand that there was another report: the priory forest industries report. Private industry was commissioned to develop a report on the methodology of assessing the risks of importing illegally-sourced timber. Is that right? I may have got the company that did it wrong, but have you done a report on the methodology of assessing risk?

Mr Talbot—I am not sure on that one. I may know it under a different name. I will take that one on notice.

Senator SIEWERT—If there was a report, I would like to know the answers to the same questions I asked about the previous report: when was it finalised, what was the cost and when is it going to be released? Then there is the URS report that was, I understand, looking at the comparison between various verification schemes. Is that correct?

Mr Talbot—Yes. That has not been released. It will be subject to the minister as well.

Senator SIEWERT—Do you have terms of reference for that report?

Mr Talbot—Not on me here.

Senator SIEWERT—Could you please table those?

Mr Talbot—Certainly.

Senator SIEWERT—Again, what was the cost of that report, when will it be released and is the idea of that report—and I realise I may be getting into policy issues—was that looking at voluntary codes versus any mandatory scheme?

Answer:

The Poyry report was finalised on 12 February 2010, it cost \$78 847. Its release is a matter for Minister Ludwig.

The objective of the URS report was to describe and analyse existing chain of custody and certification schemes in terms of their key elements and level of effectiveness in verifying the legal production of timber and wood products exported to Australia from producer countries in the Asia-Pacific region.

The URS report cost \$79 332. Its release is a matter for Minister Ludwig.

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Question: CC 24

Division/Agency: Climate Change Division

Topic: Government procurement policy

Hansard Page: 87 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—We will come back to that later on, but that is an acknowledgment. In November, the Primary Industries Ministerial Council agreed for the need for government cooperation on forestry certification and called on the Green Building Council to include accreditation of AFS for certification. Can you give us an update on where that is at and what other work is going on with various agencies around that matter?

Mr Talbot—Certainly, as you have said, there was that announcement out of the Primary Industries Ministerial Council and certainly after that the Green Building Council recognised the AFS just like the FSC for one point. Agencies were asked to go away and look at this issue. The one that is most public at the moment is the Victoria timber policy, where it recognises both schemes. Queensland has put out more statements and a bit of a draft at the moment talking about the direction they are going in in terms of recognising these schemes. I think that in the other jurisdictions it is probably more in the development stage or still under consideration.

Senator COLBECK—What about within your conversations across government generally within general government procurement policy? I acknowledge the work that has been done through PIMC and it is positive but what about through other government agencies generally with respect to their overall procurement policies? Is there something that is being managed by this agency in relation to that?

Mr Talbot—In terms of Commonwealth procurement we have encouraged and reminded other agencies about treating the certification schemes equally. I will have to take this on notice because I am sure I am going to get some of the words wrong but one of the environmental guides—I am not sure whether it is to the Commonwealth procurement scheme—mentions certification schemes. I will give you details on that, Senator.

Senator COLBECK—You will give us the name of that particular guide that provides that information. You do not know for certain whether or not that is happening across all agencies. Who would monitor that?

Mr Talbot—I would have to take that on notice. When I said we went out to other agencies we did get fairly positive responses from most agencies to this. It shows that it is on a number of agencies' radars.

Question: CC 24 (continued)

Answer:

The Commonwealth Procurement Guidelines (Finance, Dec 2008) form the policy framework under which Australian Government agencies govern and undertake their own procurement. Chief Executives are responsible for the management of their agencies and are required to manage within the context of the Government's policy

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framework. Value for money is the core principle governing procurement. Materials that can guide and assist in responsible procurement of timber and paper products include the Government's Environmental Purchasing Guide and the Financial Management and Accountability (FMA) Regulation 9.

- The Environmental Purchasing Guide (Department of Environment, Water, Heritage and the Arts (DEWHA), 2003) in a section on *Obtaining environmental information about products and services* (Pg 15) describes the Australian Forestry Standard as a product labelling scheme but there is no specific mention of certification schemes in general.
- **FMA Regulation 9(1)(a)** requires that an approver must not approve a proposal to spend public money unless satisfied, after reasonable inquiry, that it is in accordance with the policies of the Commonwealth, including environment and heritage legislation.

The Ecologically Sustainable Development Design Guide for Australian Government Buildings Edition 3 (DEWHA, May 2007) encourages the use of locally produced recycled materials or where these are not available, sustainably produced materials independently certified by a third party. The two certification schemes operating in Australia are not mentioned in the section on *choosing materials* although the Forest Stewardship Council is mentioned in one case study on materials.

The Sustainable Procurement Product Guide – Office Furniture (Australian Procurement and Construction Council, Dec 2009) mentions the two certification schemes operating in Australia in relation to timber sourcing. The guide recognises that 'best practice performance criteria' would be covered by timber under a chain of custody certificate from those two schemes.

The Sustainable Procurement Product Guide – Print Services (Australian Procurement and Construction Council, May 2010) mentions the two international certification schemes operating in Australia in relation to paper choice with the guide recognising that 'minimum performance criteria' would be covered by paper under a chain of custody certificate from those two schemes.

The Department of Sustainability, Environment, Water, Population and Communities provides an *Environmental purchasing checklist - Paper and cardboard* for use by Australian Government departments and agencies when purchasing paper and cardboard products, including copy paper, printing paper, tissues and packaging which acknowledges products '... from sustainably managed sources, such as plantations or sustainably managed native forests (governed by the Regional Forest Agreements, and/or Australian Forestry Standard or their equivalent)'.

Monitoring of procurement by other agencies is not undertaken by the department in relation to wood or wood-based products.

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Question: CC 25

Division/Agency: Climate Change Division

Topic: FSC native forest certification

Hansard Page: 88 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—There is effectively no FSC accredited native forest in the country, is there?

Mr Talbot—I actually think there are small areas of native forest that are FSC certified.

Senator COLBECK—If you have advice as to that, I would appreciate receiving it—on notice, of course.

Mr Talbot—On notice, yes.

Senator COLBECK—Do you have a general sense of where they are?

Mr Talbot—Not off the top of my head. For some reason northern New South Wales comes to mind, but I will take it on notice.

Senator COLBECK—Okay—I would appreciate hearing that.

Answer:

Two areas of native forest have been certified by the UK Soil Association's Woodmark program, an Forest Stewardship Council accredited certification body, using the Small and Low Intensity Managed Forests standard as adapted for use within Australia.

The first area is in the upper Hunter Valley of NSW and is certified under the name of Australian Sustainable Timbers. There are 1 278 hectares of certified native forest.

The second area is located at Jindivick, in the Gippsland region of Victoria with 381 hectares of native forest and is certified under the name of Forest Stewards Australia.

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Question: CC 26

Division/Agency: Climate Change Division

Topic: NSW River Red Gum

Hansard Page: 88 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—Okay—I would appreciate hearing that. Did you have any consultation with either the department of environment or the New South Wales government over the red gums in the forests that have just had their status changed?

Mr Talbot—We have had some discussions, but they were mainly in terms of the NRC notifying us of what they were doing and their processes.

Senator COLBECK—NRC being?

Mr Talbot—The New South Wales Natural Resources Commission.

Senator COLBECK—You would not have been asked for any advice on those, or had any discussions about those particular forests?

Mr Talbot—I would have to take that on notice. The reason is that I do not think I have been involved in any discussions, but I think that one of my staff may have been recently. The river red gums are a New South Wales issue.

Answer:

Officers from the Forestry Branch met with officers from the Department of the Environment, Water, Heritage and the Arts on 29 May 2009. An update on the River red gum matter was provided to DAFF officers and included a general discussion of silvicultural operations and methods.

Officers from the Forestry Branch and the Sustainable Resource Management division met with a Deputy Commissioner of the NSW Natural Resource Commission (NRC), Mr Brian Gilligan, on 19 November 2009 to discuss the impending release of the NRC's report on the Riverina bioregion river red gums and woodland forests.

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Question: CC 27

Division/Agency: Climate Change Division

Topic: NSW River Red Gum

Hansard Page: 89 (24/05/2010)

Senator Colbeck asked:

Senator COLBECK—Did you give any advice to the department of environment with regard to that sort of work—the logging methods? Although it is a bit redundant now, of course.

Mr Talbot—I do not think we gave any information at all on logging methods. But I will take it on notice, simply because I was not involved in the logging discussions—but I do not think so.

Answer:

Please see response to CC 26.

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Question: CC 28

Division/Agency: Climate Change Division

Topic: Pilot of Drought Reform Measures in Western Australia

Hansard Page: Written

Senator Colbeck asked:

1. When will State Governments be unable to apply for EC status for particular regions under the current arrangements? (ie: when does EC expire and the new program begin?)
2. Can DAFF explain how this is a one year trial in WA but has expenditure running over five years?
3. How many of these 'trial' programs are new, that is, are not substantially different from previous drought programs?
4. Can you please provide a breakdown of the funding for each of the programs within the trial?
5. What assumptions has DAFF made in projecting these levels of funds for each program? What costings were produced by or for the Department of Finance & Deregulation with respect to these programs?
6. What is the advertising/communications cost of the trial?
7. What is the administration cost of the trial?
8. Who will be administering each of these programs within the trial?
9. Who will be measuring the progress of each of the programs?
10. How will each program be measured? What are the measurable outcomes for each program?
11. How many farmers are expected to be eligible for the \$60k grants?
12. Is there a cap on funding for the \$60k grants?
13. What criteria is there for farmers to spend the grants on?
14. Will farm advisers/consultants or similar have to meet any criteria?
15. What measures has DAFF put in place to ensure dodgy operators don't take advantage of the scheme?
16. Should the program be rolled out nationally, what is the time period a farmer must wait before applying for a new grant? Or will they only be able to receive the grant once?
17. How will the Stronger Rural Communities grants be distributed? Geographically spread? One per council? Are they capped?

Answer:

1. The pilot does not affect eligible recipients under current Exceptional Circumstances (EC) arrangements. Outside the pilot region current EC arrangements continue, including the ability for state governments to apply for EC declarations.

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For areas within the pilot region, where the range of pilot measures are available, the Western Australian Government has agreed that it will not apply for an EC declaration in the period 1 July 2010 to 30 June 2011.

2. Costs for the pilot are incurred from 2009-10 through to 2013-14. 2009-10 costs were associated with communication and implementation activities in the lead up to the roll out of the pilot on 1 July 2010.

One of the programs under the drought pilot—Building Farm Businesses—provides grants of up to \$60 000 to assist eligible farm businesses to manage and prepare for the impacts of drought, reduced water availability and a changing climate. Building Farm Businesses opened for applications on 1 July 2010 and will close on 31 May 2011. Successful applicants will enter into a funding agreement with the Department of Agriculture and Food Western Australia and receive their first payment on signing this agreement. Subsequent instalments will be paid up to June 2014 according to payment milestones in the funding agreement.

3. All elements of the package are new. The exit measure, Farm Exit Support, is similar in nature to existing EC exit support however the eligibility criteria are different.
4. The table below provides a breakdown of the funding for each of the programs within the trial.

	\$ million
Farm Family Support (DAFF, Centrelink, DoHA, DEEWR)	
Administered	2.9
Departmental	2.0
Total	4.9
Farm Planning (100 per cent funded by Western Australia)	
Administered	3.2
Departmental	0.4
Total	3.6
Building Farm Businesses (DAFF, Treasury, 33 per cent funded by Western Australia)	
Administered	7.5
Departmental	0.9
Total	8.4
Stronger Rural Communities (DAFF)	

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Administered	0.9
Departmental	0.2
Total	1.1
Farm Social Support (DoHA, FaHCSIA, Centrelink)	
Administered	1.7
Departmental	1.6
Total	3.3
Farm Exit Support and Beyond Farming (DAFF, Centrelink)	
Administered	0.2
Departmental	0.1
Total	0.3
Communications (DAFF, Centrelink)	
Administered	0.5
Departmental	0.4
Total	0.9
Review of the pilot (DAFF)	
Administered	0.3
Departmental	0.2
Total	0.5
PILOT TOTAL	
Administered	17.2
Departmental	5.7
Total	22.9

5. The costs of the pilot have been agreed by the Department of Finance and Deregulation as a reasonable estimate of the uptake of measures during the 12 month pilot period and include the \$5 million contribution by the WA Government.

The Commonwealth and Western Australian governments have estimated the likely uptake of measures using relevant data, and recognise that not all farmers in the pilot region will be eligible to apply for all programs.

For pilot programs for which the department has responsibility, estimates were based on:

- f) Australian Bureau of Statistics data;
- g) Farm survey data from the Australian Bureau of Agricultural and Resource Economics;
- h) Data from the Bureau of Rural Sciences;
- i) The availability of farmers due to their farming practices (e.g. cropping) during the pilot period; and

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j) Demand for previous like programs.

6. The estimated communications cost for the trial is \$0.9 million. Major communications costs include holding a series of information sessions throughout the pilot region during July and August 2010 and the cost of running the Centrelink call centre for the pilot.

Advertising costs are associated with placing advertisements for information sessions in regional newspapers, calls for grant applications, and access to other pilot programs.

7. The estimated administration (departmental) cost of the trial across Commonwealth departments and the Western Australian Government is \$5.7 million.
8. The table below describes which agencies will be administering each of the pilot programs.

Program	Administered by
Farm Family Support	Centrelink
Farm Planning	Department of Agriculture and Food WA
Building Farm Businesses	Department of Agriculture and Food WA
Stronger Rural Communities	DAFF
Farm Social Support	Centrelink, the Department of Families, Housing, Community Services and Indigenous Affairs, and the Department of Health and Ageing
Farm Exit Support	Centrelink
Beyond Farming	DAFF

9. A Working Group made up of representatives from each delivery agency is monitoring the progress of each pilot program. The pilot will be reviewed in 2011 to inform ongoing work on national drought policy reform.
10. Performance reporting arrangements for the pilot, including the objective, outcomes and outputs of the pilot are outlined in the National Partnership Agreement on the Pilot of Drought Reform Measures in Western Australia.
11. It is estimated that during the pilot period:
- 144 will access the Farm Business Adaptation Grants of up to \$40,000
 - 129 will access the Landcare Adaptation Grants of up to \$20,000.

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12. Yes. The amount available for grants under the Building Farm Businesses program is \$7.5 million. The government will monitor and review the uptake and expenditure of each of the measures.
13. The Building Farm Businesses program provides funds for on-farm works and capacity-building activities that meet the objectives of the program. The program will only fund activities identified as priorities in the strategic plan for the farm business that has been developed or updated under the Farm Planning program by a member of the farm business.

Activities that may be considered for each grant include, but are not limited to:

Farm Business Adaptation Grants: Eligible activities
<p>General</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Business diagnostics (for example, benchmarking)<input checked="" type="checkbox"/> Specialist training in management skills, capacity and systems (for example, succession planning)<input checked="" type="checkbox"/> Information/knowledge systems<input checked="" type="checkbox"/> Identification and development of enterprise diversification opportunities<input checked="" type="checkbox"/> Development or revision of an on-farm water management plan<input checked="" type="checkbox"/> Costs associated with improving soil quality
<p>Livestock</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Laneway fencing, livestock watering points, or subdivisional fencing to control the movement and feeding patterns of animals<input checked="" type="checkbox"/> Construction of confinement areas for drought feeding<input checked="" type="checkbox"/> Purchase/modification of equipment to conserve fodder (for example, silos and silage pits)<input checked="" type="checkbox"/> Pasture improvements and renovation
<p>Horticulture</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Change to enterprise mix (not including irrigation infrastructure)<input checked="" type="checkbox"/> Purchase and upgrades to on-farm processing and packaging systems<input checked="" type="checkbox"/> Adoption of on-farm value add techniques<input checked="" type="checkbox"/> Waste management systems
<p>Cropping</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Land monitoring and evaluation (for example, soil fertility testing)<input checked="" type="checkbox"/> Adoption of precision farming techniques (for example, autosteer tramlining, yield mapping and weedseeker technology)<input checked="" type="checkbox"/> Costs associated with applying soil conditioners, such as clay and lime,

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including modification of equipment for this purpose

- Planning and implementation of cropping to better match types, varieties, enterprise mix or cropping rotations to environmental conditions
- Equipment purchase or modification that will help improve sustainability of production (for example, modification of seeding equipment to reduce tillage)

Landcare Adaptation Grants: Eligible activities

Natural Resource Management

- Specialist training in environmental or climate management
- Managing soil salinity through, for example, engineering works or vegetation, and/or managing acidity
- Costs associated with improving soil quality
- Establishment of locally appropriate native species to revegetate degraded farm land
- Native vegetation planting, including tubestock or direct seeding
- Re-fencing to better match property layout with land capability
- Activities associated with revegetation to improve natural resource management outcomes
- Improving floodplain/stream bank/wetland riparian zone management
- Assessment of farm biodiversity, including the identification of species and communities and on-farm conservation values
- Development or revision of an on-farm biodiversity management plan

14. Yes. The WA Government is responsible for the funding and delivery of the Farm Planning measure. Consequently any consultant or facilitator delivering training under the Farm Planning program needs to be approved by the Department of Agriculture and Food WA. Eligibility criteria include that facilitators demonstrate one of the following requirements:
- (i) completion of a relevant degree or Associate Diploma;
 - (ii) hold a previous Certificate IV in Assessment and Workplace Training (BSZ40198);
 - (iii) hold a current Certificate IV in Training & Assessment (TAA40104) or specified competencies from that certificate, ie:
 - a. TAADES402A Design and Deliver Learning Programs
 - b. TAADEL401A Plan and Organise Group Based Delivery
 - c. TAADEL402A Facilitate Group Based Delivery
 - d. TAAASS401A Plan and Organise Assessment
 - e. TAAASS402A Assess Competence,

Or

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(iv) possess other appropriate teaching qualifications or current equivalent relevant combination of experience in delivery of adult training and education.

15. DAFF has worked with all delivery agencies to minimise risks. Program guidelines or contract arrangements have been developed for each of the measures which outline the arrangements for each program. In addition, delivery agencies, such as Centrelink and DAFWA, have extensive experience in delivering government programs and have a range of systems in place to ensure only eligible applicants receive support and appropriate guidelines and systems are in place and complied with. These arrangements are in accordance with relevant Commonwealth governance and administration arrangements.

The government will monitor and review the pilot measures throughout their delivery.

16. The details of any potential national rollout of pilot measures are matters for future government consideration.
17. Applications have been sought from Local Government Authorities and community groups from within the pilot region. Grants are capped at a maximum of \$300 000 per grant.

To receive support under Stronger Rural Communities applicants must:

- a) be a local government authority or community group and be located in the drought pilot region; and
- b) demonstrate that the communities targeted by the proposed projects are reliant on the agriculture sector and experiencing hardship due to an agricultural downturn.

The total estimated cost of this program is \$1.1 million. This measure is capped. The government will monitor and review the uptake and expenditure of Stronger Rural Communities.

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Question: CC 29

Division/Agency: Climate Change

Topic: Exceptional Circumstances

Hansard Page: Written

Senator Colbeck asked:

1. Can the Department please provide a list of all regions currently under Exceptional Circumstances (EC) and the expiry date for each of these regions?
2. Which EC regions is the Department and/or the National Rural Advisory Council (NRAC) currently reviewing to determine whether a region's EC status is renewed?
3. What has NRAC's touring schedule been since 1 February 2010?
4. What is NRAC's touring schedule up to the end of 2009-2010? And beyond that?
5. How many completed NRAC EC reports are with the Department for advice to the Minister or are already in the Minister's office?
6. Can you please provide for the 2009-2010 period a breakdown, by EC area application, of the time taken from when the relevant State Government submits the application to when a decision is made by the Minister.
7. Can you please include:
 - when DAFF provide initial advice to the Minister on the application
 - when NRAC was asked to conduct a tour
 - when the tour was undertaken
 - when NRAC provided its advice to DAFF
 - when DAFF provided advice to the Minister on NRAC's recommendation
 - when the Minister advised of his final decision.
8. How many NRAC EC region recommendations did the Minister agree to in 2009-2010?
9. How many NRAC EC region recommendations did the Minister **not** agree to in 2009-2010?
10. What has the Department budgeted for EC support to farmers and small businesses in 2010-11? Can you please provide a breakdown by program and EC region?
11. What was the underspend of EC funds in 2009-2010? What happened to these funds?

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Answer:

1.

EC Areas Expiring 31 March 2011	EC Areas Expiring 15 December 2010
New South Wales	Queensland
Braidwood	South West Queensland Revised
Condobolin	Northern Darling Downs Revised
Condobolin – Narrandera	Central Darling Downs Revised
Dubbo Revised	
Forbes	
	EC Areas Expiring 30 April 2011
Goulburn – Yass	New South Wales
Gundagai	Cooma – Bombala – ACT
Hay	Bega Valley
Majority Western Division	Victoria
Molong Revised	Central and East Gippsland Revised
Nyngan Revised	
Riverina	
	EC Areas Expiring 15 June 2011
South West Slopes and Plains	Queensland
Young	Gulf
South Australia	South Australia
Murray Mallee	North West Rangelands
River Murray and Lower Lakes Corridor	Central North East including Annex
Victoria	
Central Victoria North Revised	
	EC Areas Expiring 30 April 2012
Central Victoria South Revised	New South Wales
Mallee – Northern Wimmera	Bundarra
North East Victoria	Eurobodalla
Northern Victoria Revised	

2. Three existing EC areas in Queensland. The EC areas currently being reviewed by NRAC are South West Queensland Revised, Northern Darling Downs Revised and Central Darling Downs Revised, which are due to expire on 15 December 2010.

3.

Reviews of existing EC areas	New applications	Tour date
Far West Queensland (QLD)		2 – 4 March 2010
	Dunedoo-Mudgee (NSW)	18 – 19 March 2010
North West Rangelands (SA)		22 – 26 March 2010
Central North East including Annex (SA)		22 – 26 March 2010
	Eurobodalla-part Shoalhaven (revised application) (NSW)	31 March – 1 April 2010
Western Downs – Maranoa Revised (QLD)		20 – 22 April 2010
Northern Darling Downs Revised (QLD)		20 – 22 April 2010

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Central Darling Downs Revised (QLD)		20 – 22 April 2010
South West Queensland Revised (QLD)		3 – 6 May 2010
Northern Darling Downs Revised (QLD)		8 – 9 September 2010
Central Darling Downs Revised (QLD)		8 – 9 September 2010
South West Queensland Revised (QLD)		28 – 30 September 2010

4. NRAC’s review of the South West Queensland Revised EC area on 3–6 May 2010 was the final review for 2009–10. NRAC has commenced its review of the EC-declared areas due to expire on 15 December 2010. NRAC’s review of the EC-declared areas expiring 31 March 2011, 30 April 2011 and 15 June 2011 are scheduled to begin in October 2010, January 2011 and April 2011 respectively.
5. As at 13 October 2010, there are no NRAC EC reports with the department or the Minister’s Office.

6 and 7.

Area subject of EC application	Application submitted	DAFF’s initial advice to Minister	Application referred to NRAC	NRAC inspection	NRAC’s advice to DAFF	DAFF’s advice to Minister	Minister announced decision
Bega Valley	18 March 2009	3 April 2009	28 April 2009	16 June 2009	23 July 2009	31 July 2009	10 Sept 2009
Gulf (first application)	28 Sept 2009	12 Oct 2009	30 Sept 2009	20-21 Oct 2009	13 Nov 2009	18 Nov 2009	N/A
Gulf (revised application)	26 Nov 2009	1 Dec 2009	3 Dec 2009	N/A	16 Dec 2009	17 Dec 2009	10 Feb 2010
Eurobodalla-part Shoalhaven (first application)	14 Oct 2009	30 Oct 2009	20 Oct 2009	10 Dec 2009	4 Feb 2010	5 Feb 2010	3 March 2010
Eurobodalla-part Shoalhaven (revised application)	1 March 2010	2 March 2010	3 March 2010	31 March-April 2010	25 May 2010	26 May 2010	29 June 2010
Bundarra (first application)	16 Dec 2009	17 Dec 2009	18 Dec 2009	20 Jan 2010	22 Feb 2010	26 Feb 2010	11 March 2010
Bundarra (revised application)	21 April 2010	22 April 2010	28 April 2010	N/A	25 May 2010	25 May 2010	29 June 2010

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Dunedoo-Mudgee	22 Feb 2010	25 Feb 2010	25 Feb 2010	18-19 March 2010	7 May 2010	7 May 2010	19 May 2010
Eastern Eyre Peninsula (first application, superseded)	7 May 2010	12 May 2010	17 May 2010	N/A	N/A	N/A	N/A
Eastern Eyre Peninsula (revised application)	13 July 2010	15 July 2010	18 July 2010	12 Aug 2010	17 Sept 2010	21 Sept 2010	1 Oct 2010
Far West Eyre Peninsula (first application, superseded)	7 May 2010	12 May 2010	17 May 2010	N/A	N/A	N/A	N/A
Far West Eyre Peninsula (revised application)	13 July 2010	15 July 2010	18 July 2010	11 Aug 2010	17 Sept 2010	21 Sept 2010	1 Oct 2010
Upper North Cropping District (first application, superseded)	7 May 2010	12 May 2010	17 May 2010	N/A	N/A	N/A	N/A
Upper North Cropping District (revised application)	13 July 2010	15 July 2010	18 July 2010	9-11 Aug 2010	17 Sept 2010	21 Sept 2010	1 Oct 2010
Delungra	18 August 2010	18 August 2010	23 August 2010	5-6 Oct 2010	TBA	TBA	TBA

8. The then Minister for Agriculture, Fisheries and Forestry accepted NRAC's recommendations on eight new EC applications and 48 existing EC declarations in 2009-10.
9. The then Minister for Agriculture, Fisheries and Forestry did not disagree with any of NRAC's recommendations in 2009-10.

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10. The following table reflects funding for EC declarations that were announced prior to the 2010-11 budget. Funding for new EC declarations or EC area extensions post-budget are sought through the subsequent budgetary processes.

BREAKDOWN OF BUDGETED FUNDS FOR EC ASSISTANCE 2010-2011

EC AREA	FARMERS 2010-2011		SMALL BUSINESS 2010-2011	
	ECIRS	ECRP	ECIRS	ECRP
	\$m	\$m	\$m	\$m
QLD				
Gulf	0.137	0.097	0.017	0.014
NSW				
Braidwood	0.437	0.356	0.000	0.000
Condobolin	2.072	0.810	0.058	0.076
Condobolin-Narrandera	8.896	6.674	0.603	0.119
Dubbo Revised	5.817	1.102	0.526	0.140
Forbes	7.052	5.368	0.681	0.335
Goulburn-Yass	3.289	2.894	0.214	0.076
Gundagai	1.026	0.821	0.214	0.022
Hay	2.319	1.296	0.350	0.259
Majority Western Division	6.938	4.838	0.272	0.140
Molong Revised	3.250	0.745	0.272	0.022
Nyngan Revised	2.604	0.972	0.292	0.032
Riverina	16.956	11.297	1.538	1.361
South West Slopes & Plains	23.058	13.975	1.985	1.080
Young	4.638	2.743	0.272	0.140
Cooma-Bombala-ACT	1.844	1.226	0.043	0.000
SA				
Murray-Mallee	4.179	2.765	0.038	0.022
Murray River and Lower Lakes Corridor	8.489	5.173	0.190	0.400
VIC				
Central Victoria North Revised	3.833	5.983	0.106	0.302
Central Victoria South Revised	1.067	2.452	0.106	0.076
Mallee-Northern Wimmera Revised	16.901	17.431	0.446	1.004
North East Victoria	4.073	9.720	0.509	1.102
Northern Victoria Revised	18.753	20.595	0.424	1.296
Central and East Gippsland	3.530	5.894	0.117	0.274
Subtotal*	151.158	125.227	9.273	8.292
ECIRS Administration Costs*	5.026		0.317	

*Adding \$2.46 million for ECIRS and \$1.32 million for ECRP for the Bega EC declaration as provided in the 2009-10 Additional Estimates Statements, the total 2010-11 budget is \$168.23m for ECIRS and \$134.84m for ECRP.

11. There has been no underspend of funds for the EC programs in 2009-10. The budgets for the EC programs are based on an estimate of the likely expenditure for the fiscal year, for EC areas that are declared at that point in time. These expenditure estimates are reviewed in consultation with the Department of Finance and Deregulation, with additional funding for assistance provided if program demand requires.

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Question: CC 30

Division/Agency: Climate Change Division

Topic: Climate Change Branch

Hansard Page: Written

Senator Colbeck asked:

1. What is the nature of work undertaken within the Climate Change section?
2. How has this altered with the Government's decision to put back a decision on an ETS until at least 2013?
3. How many personnel are now within this section?

Answer:

1. The Climate Change branch implements work under the Climate Change Research Program and provides policy advice on mitigation of and adaptation to climate change. The branch is involved in developing offset methodologies and market rules which will allow farmers to participate in domestic and international carbon offset markets.
2. There has been no change to the nature of work of the branch.
3. There are 17.4 full time equivalent personnel for the 2010-2011 financial year.