

**Senate Standing Committee on Rural and Regional Affairs and Transport**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

**Agriculture, Fisheries and Forestry**

**Question:** AP 01

**Division/Agency:** Agricultural Productivity

**Topic:** Impact of CSIRO budget cuts on rural R&D activities

**Hansard Page:** 14 (20/10/2008)

**Senator McGauran asked:**

1. What projects have been not commenced,
2. What projects that were in the pipeline have been halted,
3. What is the dollar value of the research being undertaken by CSIRO at the moment in the rural sector—farm sector research, agriculture?
4. What projects have survived?
5. What projects are being undertaken?

**Answer:**

The CSIRO has provided the following responses:

1. Only one: a PhD studentship project in citrus pre-breeding.
2. A Plant Industry project in dried grape pre-breeding. Funds expended to date will be returned to contributors.

Research aimed at reducing the impact of gastrointestinal nematodes.  
Molecular genetics research aimed at enhancing the consumer appeal and processing efficiency of Merino wool.

Planned work aimed at developing scientifically objective methods of measuring animal welfare.

Research aimed at developing molecular technologies for genetic improvement programs in red meat and dairy industries. Adjustments to research have generally been in response to a reduction in industry investment and CSIRO does not distinguish between private and public components of external revenue.

3. CSIRO distributes its science investment by research area rather than sectors of the economy, making it difficult to place a dollar value on the research it is undertaking in the rural sector.

Its investment in agriculture is spread across different research areas: food production and supply, sustainable agriculture and forestry, and climate.

Broader agricultural research is also conducted in related areas and indirectly receives additional CSIRO investment this way, in particular through the biosecurity domain. Other related areas are biodiversity and water.

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**Question:** AP 01 (continued)

4 & 5. CSIRO organises its projects into research themes. Current themes related to agriculture and the rural sector are:

- Biosecurity and invasive species
- Building bioindustries with synthetic biology
- Processing innovation
- Food safety and quality
- Food and nutrition
- Transforming animal biosecurity
- Transforming the animal and its products
- New horizons in plant science
- Delivering quality crops for consumer choice and improved industry competitiveness
- Plant fibre and biofactories for new agricultural and industrial products
- Designing crops for Australian environmental challenges
- Biodiversity and conservation
- Australian agriculture transformed
- Economic and environmental performance of Australian agriculture
- Agroecosystem function and prediction
- Managing Australia's soil and landscape assets
- Sustaining Australia's forest ecosystem resources
- Future grains, grain-based foods and feed
- Breeding engineering
- Designing food and biomaterials
- Quality biosensors
- National biological collections

In addition, there are ongoing projects in the related areas of climate adaptation, water and sustainable ecosystems.

Investment will grow in research that underpins work in food production and supply by increasing funding for transformational biology. By strengthening its capability in transformational biology CSIRO will be able to make a greater contribution to the big issues facing agriculture today.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 02

**Division/Agency:** Agricultural Productivity

**Topic:** Terminating programs

**Hansard Page:** 76 (20/10/08)

**Senator COLBECK asked:**

**Senator COLBECK**—FarmBis, Advancing Australia, AAA, Australia Industries, National Food Industry Strategy, innovation grants — have all of those programs been terminated?

**Mr Hunter** — Some of those programs are in wind-up phases. Others would be completed. They would be at different stages of closure depending on the program. We would need to take it on notice to give you an answer program by program.

**Dr O'Connell**—We could give you a breakdown of each of them.

**Answer:**

Agriculture - Advancing Australia (AAA) programs identified to terminate were FarmBis, Advancing Agricultural Industries, and FarmHelp. Other programs identified to terminate were National Food Industry Strategy and New Industry Development Program.

The National FarmBis program (operated in NSW and Victoria during 2007-08) ceased on 29 February 2008. The joint State/Commonwealth FarmBis program ceased as planned on 30 June 2008. The National Food Industry Strategy was closed by 30 June 2008. The remaining 44 projects under the Advancing Agricultural Industries Program will be completed by 30 June 2009. There are 14 projects being finalised to complete funding commitments under New Industry Development Program by 30 June 2009. FarmHelp applications closed on 30 June 2008 and all eligible payments will be made by 30 June 2009.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 03

**Division/Agency:** Agricultural Productivity

**Topic:** Regional Food Producers Innovation and Productivity Program and Promoting Australian Produce

**Hansard Page:** 77 (20/10/08)

**Senator Colbeck asked:**

**Senator COLBECK**—What consultation with industry has occurred in the development of the guidelines?

**Mr Ottesen**—We have had extensive consultation with industry organisations. I can list some of the organisations if you wish.

**Senator COLBECK**—That would be good.

**Mr Ottesen**—The National Aquaculture Council, Seafood Experience Australia, Australian Pork Ltd, Growcom, Horticulture Australia Council and the Australian Food and Grocery Council.

**Senator COLBECK**—Are they the key—

**Mr Ottesen**—Yes.

**Senator COLBECK**—Do you have a full list of the consultations that you could table for me? I do not necessarily need to have it right now. You can take it on notice.

**Dr O'Connell**—We will take it on notice.

**Answer:**

The following government and industry organisations were consulted in the preparation of draft program guidelines for the Regional Food Producers Innovation and Productivity Program:

**Industry:** Seafood Experience Australia; Australian Pork Limited; Growcom; Horticulture Australia Council; Australian Food and Grocery Council.

**Federal government:** Departments of Finance and Deregulation; Innovation, Industry, Science and Research; Infrastructure, Transport, Regional Development and Local Government; Commonwealth Science and Industrial Research Organisation

**State government:** Victoria—Department of Innovation, Industry and Regional Development; Western Australia—Department of Agriculture and Food; Queensland—Department of Tourism, Regional Development and Industry; Tasmania—Department of State and Regional Development; Northern Territory—Department of Business, Economic and Regional Development; SA—Primary Industries and Resources South Australia; NSW—Department of State and Regional Development.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 04

**Division/Agency:** Agricultural Productivity

**Topic:** Wheat marketing information sessions

**Hansard Page:** 83 (20/10/08)

**Senator Sterle asked:**

How far off are we before that information (a summary of questions/queries from the information sessions) will be available on the website?

**Answer:**

A consolidated list of questions asked at the information sessions is being compiled based on information provided by the state farmer organisations.

This process is expected to be finalised shortly.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 05

**Division/Agency:** Agricultural Productivity

**Topic:** Genetically modified (GM) cotton

**Hansard Page:** 88 (20/10/08)

**Senator Adams asked:**

**Senator ADAMS**—Where are you at with GM cotton?

**Mr Perrett**—We do not deal with GM cotton. In fact, there is a Cotton Research and Development Corporation and that is predominantly their area. We have looked at it from the edges, but not specifically at GRDC. We are aware of the benefits that have flowed to the cotton industry from that technology.

**Senator ADAMS**—Senator Stephens, can you help me as to where GM cotton might arise?

**Senator Stephens**—I cannot, but we can endeavour to take that on notice and get back to you.

**Answer:**

The Cotton Research and Development Corporation (CRDC) has advised the following in response to this question.

Australian cotton growers first adopted genetically modified (GM) cotton varieties in 1996. Given the choice of a broad range of conventional and GM cotton varieties, growers have rapidly adopted the GM insect resistance and herbicide tolerance traits. In the 2007-08 crop season, 96% of the cotton area was planted with GM varieties. Cotton is produced under dryland and irrigated farming systems.

The CRDC has invested on behalf of the Australian Government and cotton industry in research that underpins the development and stewardship of GM technologies. This includes plant breeding, resistance management, integrated pest management and best management practices. The CRDC has also invested in research for sustainable production of GM cotton in new regions such as northwest Western Australia (Ord River Scheme) and the Northern Territory.

The research has delivered broad social, environmental and economic outcomes flowing from an 85% reduction in insecticide use and up to a 32% reduction in residual herbicide use compared to conventional cotton. A recent independent cost benefit analysis of CRDC's investment in the successful management of potential resistance to GM cotton by major pests indicated a \$488 return for every dollar invested by Government.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 06

**Division/Agency:** Agricultural Productivity

**Topic:** Genetically modified crop trials

**Hansard Page:** 88/89 (20/10/08)

**Senator Adams asked:**

**Senator ADAMS** - ...Getting back to wheat, what have you heard from the new government about the trials for Western Australia?

**Mr Perrett**—I do not believe we have any trials in Western Australia.

**Senator Stephens**—In relation to your question, the officers have left who will be dealing with that, so we will take that question on notice and get back to you.

**Senator ADAMS**—Thank you.

**Answer:**

The Gene Technology Regulator regulates dealings with genetically modified (GM) organisms in Australia. There are currently no licences authorizing field trials or commercial release of any GM wheat in Western Australia. Field trials of GM wheat were conducted in Western Australia in 2005-2006 under a licence from the Regulator. These trials of GM salt tolerant wheat lines ceased in 2007. The Regulator ensured all relevant regulatory requirements were complied with in order to maintain the protection and health and safety of people and the environment. The licence was surrendered on 30 March 2007.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 07

**Division/Agency:** Agricultural Productivity

**Topic:** Crop planting costs

**Hansard Page:** Written

**Senator Williams asked:**

What was the cost to the average dry land cereal producer operation per hectare to plant this year's crop?

**Answer:**

Planting costs are highly variable and depend on a range of factors such as geographic location, crop rotation systems, seasonal conditions and the agronomic and business choices of individual farm enterprises. As a consequence there is no average Australia wide planting cost data available.

The New South Wales Department of Primary Industries (DPI) does provide indicative planting costs for growers on its website at [www.dpi.nsw.gov.au/agriculture/field/field-crops/farm-budgets](http://www.dpi.nsw.gov.au/agriculture/field/field-crops/farm-budgets). The information provided by the DPI indicates that the average winter cereal planting costs in NSW were in the order of \$350-\$400 per hectare for the 2008/09 season.



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**Agriculture, Fisheries and Forestry**

**Question:** AP 08

**Division/Agency:** Agricultural Productivity

**Topic:** Farm input costs

**Hansard Page:** Written

**Senator Williams asked:**

Is the government concerned about these massive increases in the basic inputs needed by farmers to produce food?

**Answer:**

Increased input costs have the potential to impact on farm productivity.

To improve productivity in agricultural, fisheries and forestry industries the government is investing in innovation, rural research and development and training with:

- matching contributions, exceeding \$200 million for each of the financial years from 2003-04 to 2007-08, to the 16 rural research and development corporations.
- the *Australia's Farming Future* initiative which is providing \$130 million over four years to help our primary producers adapt and adjust to the impacts of climate change. This initiative comprises three programs which support research, development and demonstration projects, communication and awareness raising activities, training and adjustment advice, including for those who choose to leave farming.
- the *Regional Food Producers Innovation and Productivity Program* which will encourage innovation and improve food productivity for regional food producers and processors in Australia. This \$35 million program will run over four years and will provide discretionary grants for projects that facilitate innovation, and increase productivity and efficiency of Australian food producers.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 09

**Division/Agency:** Agricultural Productivity

**Topic:** Farm input costs

**Hansard Page:** Written

**Senator Williams asked:**

What has the government done to reduce these massive cost burdens on our food producers?

**Answer:**

Please refer to response provided at AP 08.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 10

**Division/Agency:** Agricultural Productivity

**Topic:** Permanent Plantings

**Hansard Page:** Written

**Senator Williams asked:**

1. Please provide a breakdown of irrigation areas where permanent plants have to be pulled and destroyed because of the drought.
2. What has been the economic impact of pulling those permanent plantings?
3. How long will it take these regions to reach full productivity again?

**Answer:**

1. The department does not have any data on changes to the area of permanent plantings due to drought.
2. See 1. above
3. See 1. above

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**Agriculture, Fisheries and Forestry**

**Question:** AP 11

**Division/Agency:** Agricultural Productivity

**Topic:** Food security

**Hansard Page:** Written

**Senator Williams asked:**

What impact will this have on the nation's food security – has any modelling been done on this? If not, why not?

This follows question SRM 28 - "Is it the Government's intention to continue to buy prime agricultural land and convert it into national parks."

**Answer:**

The department has not done any modelling on the impact on the nation's food security from buying agricultural land for national parks. To date, the impact on domestic food security has not warranted modelling as purchases have not been of significant scale.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 12

**Division/Agency:** Agricultural Productivity

**Topic:** Water buybacks

**Hansard Page:** Written

**Senator Williams asked:**

1. What advice has the department provided and to who on the Government's \$3.6 billion water buyback programme?
2. Has the department done any socio-economic impact studies on the buy back program? If not why not?
3. What will be the impact on Australia's agricultural production of the water buy backs?
4. What sort of increases in food production capacity will Australia need to sustain into the future?
5. Will the \$3.6 billion water buy back have any impact on Australia's food production capacity? If so, how much? If not, how not?

**Answer:**

1. The Australian Government's \$3.1 billion water buy back program is administered by the Department of Environment, Water, Heritage and the Arts (DEWHA), which is the lead agency for water policy and programs.

The department regularly liaises with DEWHA and provides advice to the Minister for Agriculture, Fisheries and Forestry, on this program.

In October 2007 the Australian Bureau of Agricultural and Resource Economics provided a report to the then Department of Environment and Water Resources on *Purchasing water in the Murray Darling Basin*. The aim of the report was to identify mechanisms for buying back entitlements and to assess the suitability of these approaches and their likely impact on water prices.

2. DEWHA is addressing this issue and will report on further progress in due course.
3. On 18 October 2008 Senator the Hon. Penny Wong, Minister for Climate Change and Water, released an independent review of the first round of the water buyback program. The review found that the program had little impact on regional production and income last financial year.
4. Australia exports almost two-thirds of its agricultural production each year. While some food is imported to meet consumer demand for year-round supply of fresh foods and to cover domestic supply shortages, the Australian food industry maintains a strong trade surplus.

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**Question:** AP 12 (continued)

5. See (3) above. Water for the Future is a long-term strategy to secure the water supply of all Australians. It is being delivered as an integrated package which includes water buybacks that will improve environmental conditions over time, benefiting all who depend on the river system including irrigators, and significant investment in activities to improve water use efficiency. Improving water use efficiency will lead to more productive and profitable use of water and will help to maintain the value of irrigated production in the face of declining water availability.

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**Question:** AP 13

**Division/Agency:** Agricultural Productivity Division

**Topic:** Food Security

**Hansard Page:** Written

**Senator Williams asked:**

I refer you to a joint media release from the Minister for Agriculture, Fisheries and Forestry and the Minister for Foreign Affairs which states:

“The Rudd Government believes it is essential to tackle the impact of rising food prices and shortages by addressing the root causes of global food security.” Foreign Minister Stephen Smith said “there are already 925 million people around the world who are malnourished and for the first time since 1973 the world is facing the combined impact of record oil and food prices.” “One hundred million of the worlds’ most poor and disadvantaged risk being driven deeper into poverty by the recent escalation in food prices.” “The Rudd Government is acting now to be part of the solution, by boosting research and development; helping to remove barriers to global trade; and driving productivity along the food production chain.”

Which countries in our immediate region (Pacific/South East Asia) are experiencing food shortages and are no longer able to produce enough food to feed their populations?

**Answer:**

In its July 2008 *Crop Prospects and Food Situation Report*, the FAO reported 34 countries around the world were in crisis and required external assistance to meet their food needs. These included the Philippines and East Timor in South East Asia and the Pacific.

In the Philippines in late June 2008, Typhoon Fenshen destroyed or damaged 300,000 hectares of rice crops in the Western Visayas region and 12 other provinces. This impacted on 11.2 million people.

In East Timor food security is affected by internally displaced people and high food prices, with high dependence on cereal imports, social instability and a high unemployment rate.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 14

**Division/Agency:** Agricultural Productivity

**Topic:** Productivity and food security

**Hansard Page:** Written

**Senator Williams asked:**

What work is the government undertaking to ensure that Australia's agricultural productivity increases to ensure that we are in a position to feed as many people around the world as we can?

**Answer:**

To improve productivity in agricultural, fisheries and forestry industries the government is investing in innovation, rural research and development and training with:

- matching contributions of exceeding \$200 million each year to the 16 rural research and development corporations.
- the *Australia's Farming Future* initiative which is providing \$130 million over four years to help our primary producers adapt and adjust to the impacts of climate change. This initiative comprises three programs which support research, development and demonstration projects, communication and awareness raising activities, training and adjustment advice, including for those who choose to leave farming.
- the *Regional Food Producers Innovation and Productivity Program* which will encourage innovation and improve food productivity for regional food producers and processors in Australia. This \$35 million program will run over four years and will provide discretionary grants for projects that facilitate innovation, and increase productivity and efficiency of Australian food producers.



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**Agriculture, Fisheries and Forestry**

**Question:** AP 15

**Division/Agency:** Agricultural Productivity

**Topic:** Impact of CSIRO budget cuts on rural R&D activities

**Hansard Page:** Written

**Senator Williams asked:**

How does cutting \$60 million from the CSIRO and closing down research centres help boost 'research and development'?

**Answer:**

The Department does not hold this information. The Innovation, Industry, Science and Resources portfolio is responsible for information relating to CSIRO.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 16

**Division/Agency:** Agricultural Productivity – Research Innovation and Training

**Topic:** Research and Development

**Hansard Page:** Written

**Senator Williams asked:**

Has the government in any of the previous five years or in 2008/09 increased the funding for RDCs to make up the shortfall of funding in levies because of the drought?

**Answer:**

The Australian Government has not directly increased the funding for RDCs to make up for shortfalls in levy income for RDCs due to the drought over the past five years.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 17

**Division/Agency:** Agricultural Productivity

**Topic:** Joint RDC projects with State Governments and/or institutions

**Hansard Page:** Written

**Senator Williams asked:**

1. How much funding has been provided by the RDCs to State Government Departments or institutions in the previous five years and in the 2008/09 financial year?
2. Please provide a list of State Government Department projects funded by the RDCs, including dollar terms and a short project description?

**Answer:**

The department does not hold the information requested.

Research and development services are provided to the agricultural industries by statutory research and development corporations (RDCs) and industry-owned companies (IOCs) which are managed by expert boards.

The outcome of the research and development investments against RDC and IOC strategic and annual operating plans are reported to the government, levy payers and other stakeholders through the annual reporting processes. The annual reports do not contain the detailed information sought.

The department is currently seeking this information from the RDCs and will provide a response to the Committee once the information is received.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 18

**Division/Agency:** Agricultural Productivity

**Topic:** Joint RDC projects with State Governments and/or institutions

**Hansard Page:** Written

**Senator Williams asked:**

1. Do the State Governments match the funding dollar for dollar or with in kind support?
2. Provide a list of projects over the past five years where the State Government has provided in kind and/or dollar for dollar funding for RDCs research projects, include the level or kind of support provided by the State Government?

**Answer:**

State Governments do not match dollar for dollar funding for eligible R&D projects in the same manner as the Australian Government. From time to time, Research and Development Corporations (RDCs) will undertake joint projects with State Government bodies which will involve the use of State Government funding, either in cash or in kind.

The department does not hold this information and the RDCs annual reports do not contain the detailed information. The department is currently seeking this information from the RDCs and will provide a response to the Committee once the information is received.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 19

**Division/Agency:** Agricultural Productivity

**Topic:** Research and Development

**Hansard Page:** Written

**Senator Williams asked:**

What research is being undertaken into increasing on farm productivity?

**Answer:**

The statutory research and development corporations and industry-owned companies (RDCs) are the Australian Government's primary vehicle for funding rural innovation. RDCs are a partnership between the Government and industry created to share the funding and strategic direction setting for primary industry R&D, investment in R&D and the subsequent adoption of R&D outputs. Funding models vary but in most cases the Australian Government provides dollar-for-dollar matching expenditure against statutory industry levies up to a limit of 0.5 per cent of the industry's gross value of production.

Since the introduction of the RDC model, agricultural productivity has doubled. On average Australian agricultural productivity has shown consistently strong growth, averaging 2.3 per cent per annum over the past 30 years.

The RDCs commission and manage targeted investment in research, innovation, knowledge creation and transfer. While RDC investments service the identified needs of industry, they also address the government's national and rural R&D priorities particularly in relation to increasing on farm productivity through adding value, natural resource management, increasing skills, and technology adoption activities. Investment by RDCs in R&D projects is expected to be around \$500 million in 2008-09, a substantial portion of which will go to addressing on-farm productivity issues.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 20

**Division/Agency:** Agricultural Productivity

**Topic:** Wheat marketing

**Hansard Page:** Written

**Senator Williams asked:**

Does the Government/Department have any information on how our port facilities will cope with the new wheat export arrangements in relation to storage and loading.

**Answer:**

The new wheat marketing arrangements are not expected to result in a significant change in the operation of port storage and handling facilities.

Export volumes will be similar to those that would have occurred under the previous arrangements and storage and loading of specific cargoes to meet different customer requirements will be co-ordinated in the same manner.

The access provisions that apply to accredited exporters who operate port facilities are designed to ensure access is available on fair and reasonable commercial terms. The requirement for port terminal operators to publish information about ship movements every business day will help exporters plan better and promote orderly shipping.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 21

**Division/Agency:** Agricultural Productivity

**Topic:** Wheat marketing

**Hansard Page:** Written

**Senator Williams asked:**

What effect will the Government's recent changes to wheat exporting arrangements, i.e. the dismantling of the Single Desk and issuing of multiple licences, have on the price of the current wheat crop in light of the downturn in Global Economic Conditions?

**Answer:**

Australian wheat prices are largely determined by world prices. This remains so after the reforms to wheat export marketing arrangements.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 22

**Division/Agency:** Agricultural Productivity

**Topic:** Wheat marketing arrangements

**Hansard Page:** Written

**Senator Williams asked:**

1. Is the department satisfied that all companies licensed to export wheat are financially sound in light of the current economic turmoil?
2. Are wheat exporters able to raise capital and credit to pay for this year's wheat crop in light of the global credit crisis?
3. Will the ability to raise a line of credit in the current global credit crisis put downward pressure on wheat prices paid at the farm gate?
4. What is the current situation with grain transport facilities in particular NSW where there was concern about rail rolling stock being sold off and the main rail transporter pulling out of the grain transport business earlier this year?
5. Has this issue been resolved?

**Answer:**

1. Responsibility to accredit wheat exporters rests with Wheat Exports Australia (WEA). All companies that have been accredited were subject to a stringent probity and performance test during the assessment process. This included an assessment of their financial resources and capability.

WEA has written to all accredited exporters reminding them of the need to notify it of any change in their circumstances.

WEA will also be conducting financial audits, as necessary, to minimise risks.

2. There is no evidence to suggest that exporters will not be able to raise the necessary capital and credit. Some accredited exporters have made public comment to assure growers that they have arrangements in place to ensure payments.
3. As outlined in (2), there is no evidence to suggest that exporters will not be able to raise the necessary lines of credit.
4. An agreement has been reached between Graincorp and Asciano to provide export grain rail haulage services for the next five years. Asciano will contract eight trains to service Graincorp's New South Wales and Victorian customers on a take-or-pay basis.



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**Question:** AP 22 (continued)

The Government has established a grain taskforce to examine grain haulage issues in NSW. The taskforce comprises representatives from the grain and rail industry and the Commonwealth and NSW governments. It will focus on the development of integrated and sustainable transport solutions. The New South Wales taskforce, headed by Mr Des Powell, held its first meeting on 7 November 2008 and will report by 30 May 2009.

It is supported by the Department of Infrastructure, Transport, Regional Development and Local Government.

5. See (4) above.

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**Agriculture, Fisheries and Forestry**

**Question:** AP 23

**Division/Agency:** Agricultural Productivity

**Topic:** MLA Chairman Salary

**Hansard Page:** Written

**Senator Williams asked:**

Why is it that with cattle prices having declined over the last 4 years, the MLA Chairman receives a salary in excess of that of the Prime Minister and cattle producers pay levies of \$5 per head for each sale of a beast, which could be as much as \$20 in total, when in New Zealand the levy is a one only charge of \$3.60 at the point of slaughter.

**Answer:**

The Meat and Livestock Australia Limited's (MLA) chairman's remuneration is not higher than that of the Prime Minister. The MLA chairman receives a salary based on recommendations from the company's remuneration committee.

The rates of levy are set by regulation in accord with the wishes of cattle producers.

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**Question:** AP 24

**Division/Agency:** Agricultural Productivity

**Topic:** Fruit and Vegetables

**Hansard Page:** Written

**Senator Boswell asked:**

1. Does the department keep any statistics on the increase or decrease of specific industries?
2. What has been the increase or decrease in the processed fruit and vegetable industry?
3. Has there been any research done on the effects of imported processed fruit and vegetable imports on the local industry?
4. What have been the results of this research?
5. Is there any linear connection between the growth in imports and the decline in the processed fruit and vegetable market?
6. Is this research publicly available? If not, would you be able to table this information or make it available to this committee?
7. Has the department done any research on the subsidy levels on processed fruit and vegetables imported from countries that have a subsidy regime and the effects of these on Australian industry?
8. Could you make this data publicly available?

**Answer:**

1. The Department of Agriculture, Fisheries and Forestry annually releases the Australian Food Statistics report which contains statistics on key indicators such as industry employment, production, processing, retailing and trade.

The Australian Food Industry Performance and Competitiveness ABARE research report (06.23) also provides some analysis of the processed fruit and vegetable industry.

2. The current Food Statistics 2007 report provides the following information. Employment in the processed fruit and vegetable industry remained steady at 13,000 people from 2004-05 to 2005-06. Total wages paid increased from \$591m in 2004-05 to \$612m in 2005-06. Sales and service income (turnover) decreased from \$4,910m in 2004-05 to \$4,672m in 2005-06. Industry value added decreased from \$1,202m in 2004-05 to \$1,165m in 2005-06.
3. ABARE released a report in April 2006 titled '*International competitiveness of the Australian vegetable production sector*'.

**Senate Standing Committee on Rural and Regional Affairs and Transport**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

**Agriculture, Fisheries and Forestry**

**Question AP 24 (continued)**

4. For the domestic processing sector some of the conclusions of the report were:
- Despite the increase in import competition in the processed vegetable market, the value of the Australian vegetable processing sector is estimated to have grown at rates similar to growth in the value of vegetable production. This suggests that, overall, the sector is adjusting to competitive pressures in the market.
  - The report identified no reason to expect that the vegetable processing sector will not remain internationally competitive, as long as the cost of raw vegetable inputs remains internationally competitive.

Australia is a net importer of processed vegetables, with the value of imports approximately five times the value of exports. In 2004-05, total imports of processed vegetables (excluding broadacre grains, such as dried shelled peas and beans) totalled \$279 million. This represents around 16 per cent of the estimated sales of the Australian processing sector at the wholesale level.

5. There is no linear connection between the growth in imports and the decline in the processed fruit and vegetable market. There are a number of factors which may have contributed to a decline in the processed fruit and vegetable market. Seasonal factors, drought and water availability, fluctuations in currency markets, the quality and consistency of supply of produce and the increasing level of imports have all had an impact.

6. The above mentioned report is available on the ABARE website:  
[http://abare.gov.au/publications\\_html/crops/crops\\_06/er06\\_vegetables.pdf](http://abare.gov.au/publications_html/crops/crops_06/er06_vegetables.pdf)

7. No.

8. N/A.