

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

Question: CFD 01

Division/Agency: Corporate Finance Division

Topic: Contingency Reserve

Hansard Page: 10 (19/10/2009)

Senator Colbeck asked:

Senator COLBECK—What is your general allocation for the reserve?

Dr O’Connell—At the moment it is I think \$6.9 million that we have, if you like, in that reserve area. That will be probably used through the year for contingencies or drawn on, if you like, for contingencies.

Senator COLBECK—So it is a contingency—

Dr O’Connell—It is essentially a contingency.

Senator COLBECK—that you allow within your budget that you would expect to expend during the year?

Dr O’Connell—Yes.

Senator COLBECK—Would it cover things like redundancies and costs of that nature?

Mr Schaeffer—Potentially, it could do, yes.

Senator COLBECK—If possible, could you give us on notice what your allocations within that are? You mentioned that you do have a rough idea of what you are going to do, so I am happy to take on notice what your allocations might be. Senator Nash, do you want to have a quick go?

Answer:

The allocation is an expense contingency. This is an amount essentially ‘put aside’ to cover unforeseen expenses at the time of preparing the budget. Given ‘unforeseen’ events happen each year and are different from year to year, it is impossible to forecast exactly where that allocation may ultimately be used.

Examples of previous uses of a reserve have included absorbing accounting adjustments for changes to employee provisions, or changes in lives of assets and their subsequent revaluations, funding change programs urgently required or funding seed work for up coming new policy.

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Question: CFD 02

Division/Agency: Corporate Finance Division

Topic: Payment of refunds not elsewhere appropriated

Hansard Page: Written

Senator Colbeck asked:

Could the Department please provide an explanation and full breakdown of 'payment of refunds not elsewhere appropriated' (under the Financial Management and Accountability Act 1997) for 2008-2009 and 2009-2010?

Answer:

'Payment of refunds not elsewhere appropriated' include:

- amounts deposited in the administered receipts bank account in error (for example should have been deposited into the departmental account),
- refunds of overpaid levies, and
- refunds of AQIS fees that have been returned,
- remission of levy penalties approved/processed under *Primary Industries Levies and Charges Collection Act 1991* S16.

2008-2009 estimated actual refunds were \$5.725 million; actual refunds were \$3.242 million. These are not readily able to be broken down into the different categories. The majority are refunds of levies and some deposits made in error. 2009-2010 estimated refunds are \$1.725 million representing an estimate of future payments of refunds. Actual refunds to the end of October 2009 were \$0.5 million.

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Question: CFD 03

Division/Agency: Corporate Finance Division

Topic: Movement of Administered funds

Hansard Page: Written

Senator Colbeck asked:

Can the Department please provide an explanation of the Movement of Administered funds between years of all items listed (for all financial years) on Table 3.1.1 in the DAFF Portfolio Budget Statements 2009-2010? (broken down by item and financial year).

Answer:

Program	Reason for movement	2008–09 \$m	2009–10 \$m	2010–11 \$m	2011–12 \$m
Drought Assistance – Professional Advice	This program provides grants to eligible farmers to obtain professional business financial planning advice. Approved applicants are provided with vouchers to utilise by 30 June 2009. However, service providers have until the 31 Dec 2009 to redeem these vouchers from this program. This movement of funds to 2009–10 is required to fund \$7.000 million of not yet redeemed vouchers from 2008–09.	-7.000	+7.000	0.000	0.000
Promoting Australian Produce Program	Following the launch of the program on 19 December 2008, the first contracts were signed by 9 June 2009. Whilst funding contracts will commit some or all of the 2008–09 appropriation, grants are paid as reimbursements. Activities associated with the reimbursements by the grantee will not commence until 2009–10.	-2.000	+1.000	+1.000	0.000

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Recreational Fishing Community Grants Program	The RFCGP provides funding to approved projects in two payments. The first payment was paid on signing of the Funding Deed and the second on completion of the project. More than 20 projects have been significantly delayed due to external factors such as floods, drought and to a lesser extent a shortage of regional skilled labour e.g. damage to infrastructure, construction/implementation delays and increase project costs. Previous expenditure and processing patterns were assessed to establish projected expenditure to support this request.	-0.400	+0.400	0.000	0.000
Fishing Structural Adjustment Package	A number of grantees under the Fishing Community Assistance (FCA) and Onshore Business Assistance (OBA) programs have requested extensions to their projects beyond 30 June 2009. As some of these grants are quite large and are directly linked to the fishing industry and related communities, projects are required to be extended and to move residual program funding into 2009–10. Delays have been caused by various factors including: changes to a grantee's business; the need to secure complementary funds from other sources; and obtaining development approvals.	-10.000	+10.000	0.000	0.000
Tackling Climate Change – Australia's Farming Future – Climate Change Adjustment Program & Adaptation Partnership Program	The movement of funds reflects a restructure of the Adaptation Partnerships Program and the Climate Change Adjustment Programs to better enable delivery of government priorities associated with these programs.	-8.400	-0.700	-0.500	-0.600
		-3.760	+5.680	+6.860	+1.420
DAFF TOTAL		-31.560	+23.380	+7.360	+0.820

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Question: CFD 04

Division/Agency: Corporate Finance Division

Topic: Outcome 2 – Section 31

Hansard Page: Written

Senator Nash asked:

1. Budget Related Paper No. 1.1, Portfolio Budget Statements 2009 -10, Agriculture, Fisheries and Forestry Portfolio, page 69, Outcome 2 Totals by Appropriation type, Departmental Expenses; Revenues from Independent Sources (Section 31) states; 2008-09 Estimated Actual Expenses, \$229.220 million, increasing to \$273.011 million Estimated Expenses 2009-10. Why is there an increase of \$43.891 million in revenues from Independent Sources in 2009-10?
2. Please identify each of the taxes, charges and/or user fees covered under the budget line item Revenues from Independent Sources by name and under which Act they are collected?
3. How is each of the Revenues from Independent Sources collected and for what reason they are collected?

Answer:

1. Outcome 2 comprises programs 2.1 and 2.2. Answers to questions relating to the Appropriation type, Departmental Expenses; Revenues from Independent Sources (Section 31) for program 2.2 is provided at CFD 12

The increase in revenues from independent sources was due to the expectation that fees would revert back to 100 per cent cost recovery. This expectation came following the termination of the subsidy to agricultural export industries of 40 per cent of the AQIS export fees and charges. The overall cost of service delivery for program 2.1 will increase by \$5.0m in 2009-2010.

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

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Question: CFD 04 (continued)

2. The revenues from independent sources are the fees and charges that AQIS collects to cover the costs of service delivery. Detail of all taxes, fees and charges are available on the DAFF website at <http://www.daff.gov.au/fees/aqisfees-charges>.
3. In general, revenues are collected by issue of invoice and subsequent payment. Fees are collected to cover the costs of services provided in accordance with the governments cost recovery policy.

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Question: CFD 05

Division/Agency: Corporate Finance Division

Topic: Terminating programs

Hansard Page: Written

Senator Nash asked:

1. Please provide a breakdown/list of every program which has terminated in 2007 – 08, 2009 – 10 and is set to terminate in 2010 – 11 and the actual amount of funding provide per year of each terminating program?
2. What was the purpose of these terminating programs and for how many years did they operate?
3. How much of the funding each year of operation of terminating program was spent in 1) Canberra; or 2) regional, rural or remote regions; or 3) other capital cities?
4. How much funding over the life of the program was spent on administration for each terminating program?
5. Over the life of the program how much funding was spent on actual grants for each terminating program?
6. Have any of the functions of these terminating programs been absorbed by other programs within the Department?
7. If so what functions and to which Department have they been absorbed?
8. Has funding been increased to match this increased workload?
9. Did these terminating programs fulfil all their objectives and bench marks?
10. If not in what areas were they deficient?

Answer:

Of the department's administered programs, 16 terminated in 2007-2008, 7 will be terminating in 2009-2010 and 4 terminating in 2010-2011.

Details of funding provided in 2007-2008, 2009-2010 and in the forward estimates for 2010-2011; the purpose of the programs; the amount and use of funds provided over the life of the programs; and their achievements against objectives is provided in the attached spreadsheet.

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Question: CFD 06

Division/Agency: Corporate Finance Division

Topic: Outcome 2 - Appropriation

Hansard Page: Written

Senator Nash asked:

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

Answer:

1. The decrease in Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) revenue is not the result of program cuts. In 2005-06, the then government continued to provide a subsidy for a further 4 years to agricultural export industries of 40 per cent of the AQIS export fees and charges. The measure terminates as scheduled at the end of 2008-09. For 2008-09, this equates to \$37.4 million.

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

At this stage service delivery for programs 2.1 and 2.2 is not envisaged to be impacted by the scheduled termination of the subsidy program. The source of funding is changed from Departmental Expenses; Ordinary Annual Services (Appropriation Bill No. 1) to revenues from independent sources (Section 31) to reflect the expected re-instatement of the 100 per cent cost recovered fees. Overall government spending on departmental outcomes for program 2.1 will increase by \$5.0m in 2009-10.

2. There will be no impact on the program areas.

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Question: CFD 07

Division/Agency: Corporate Finance Division

Topic: Programs moved to other Departments or Treasury

Hansard Page: Written

Senator Nash asked:

What programs formerly administered under these programs have been moved to other Departments or Treasury?

Answer:

No programs have been transferred to other departments.

Funding for Australian Fisheries Management Authority (AFMA) is appropriated directly, due to it becoming an FMA agency on 1 July 2008. Delivery costs for Centrelink will be appropriated directly to AFMA from 1 July 2009.

The list below represents programs that have had funding transferred to the Treasury during the 2009-10 Budget, following the COAG reforms of Commonwealth State financial relations.

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

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Question: CFD 08

Division/Agency: Corporate Finance Division

Topic: Cost of providing services paid for by independent sources collected in 2008-09 and 2009-10

Hansard Page: Written

Senator Nash asked:

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

Answer:

In general, due to the requirements of cost recovery policy, the aggregate cost to the department of providing services paid for by either a tax, fee, charge, and/or user charge (ie AQIS Export Inspection Services) for Revenues from Independent Sources collected in 2008-09 would equate to the figures in the table below. To break this down further in costs for each service would be an unreasonable diversion of resources.

2008-09 Expenses	\$ million
Employee Benefits	184
Suppliers	96
Depreciation and amortisation	7
Other expenses	4
Total	291

July – October 2009 Expenses	\$ million
Employee Benefits	64
Suppliers	23
Depreciation and amortisation	2
Other expenses	1
Total	90

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Question: CFD 09

Division/Agency: Corporate Finance Division

Topic: Profit from independent sources in 2008-09 and 2009-10

Hansard Page: Written

Senator Nash asked:

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

Answer:

In accordance with government cost recovery policy, the department does not make a profit on cost recovered services. The fees and charges are set at a level that ensures that, over the life of the fee or charge, the cost of service delivery equals the revenue raised. The cost recovery policy is also available on the DAFF website at <http://www.daff.gov.au/fees/aqisfees-charges>.

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Question: CFD 10

Division/Agency: Corporate Finance Division

Topic: RIRDC Administered Expenses

Hansard Page: Written

Senator Colbeck asked:

Can the Department please provide an explanation for the levels of its forward projections for administered expenses for RIRDC from 2008-2009 through to 2012-2013?

Answer:

This is the level of funding provided by government to support Rural Industries Research and Development Corporations operations, taking into account the 2009-10 savings decision, reducing the forward projections by \$3 million per year.

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Question: CFD 11

Division/Agency: Corporate Finance Division

Topic: Program 2.2 – Section 31

Hansard Page: Written

Senator Nash asked:

Given the failure of the Government to implement its increased fees and charges agenda on industry at a time of Global financial problems can the Department please clarify the following and explain whether the budget papers are still accurate:

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

1. Why is there an increase of \$8.655 million in revenues from Independent Sources?
2. Please identify each of the taxes, charges and/or user fees covered under the budget line item Revenues from Independent Sources by name and under which Act they are collected.
3. How are each of the Revenues from Independent Sources collected and for what reason they are collected?
4. Provide a breakdown of the actual cost to the Department of providing each service which is paid for by either a tax, fee, charge, and/or user charge (ie AQIS Export Inspection Services) for Revenues from Independent Sources collected in 2008-09 and 2009-10.
5. How much profit did/will the Government make from the taxes, fees, charges and/or user charges it collects from the Revenues from Independent Sources in 2008 -09 and 2009-10?

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Question: CFD 11 (continued)

Answer:

The budget papers do not reflect the senate's decision to disallow fees as this was not known at the time of publishing the 2009-10 PBS.

1. The increase in revenues from independent sources was due to the expectation that fees would revert back to 100% cost recovery. This expectation came following the termination of the subsidy to agricultural export industries of 40 per cent of the AQIS export fees and charges.

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

2. The revenues from independent sources are the fees and charges that AQIS collects to cover the costs of service delivery. Detail of all taxes, fees and charges are available on the DAFF website at <http://www.daff.gov.au/fees/aqisfees-charges>.
3. In general revenues are collected by issue of invoice and subsequent payment. Fees are collected to cover the costs of services provided in accordance with the governments cost recovery policy.

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

4. Providing a response to this question would be an unreasonable diversion of resources.
5. Nil.

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Question: CFD 12

Division/Agency: Corporate Finance Division

Topic: Staff expenditure

Hansard Page: Written

Senator Nash asked:

1. What is the total expenditure on staffing for the Department and for all portfolio agencies?
2. What is the SES and non-SES breakdown?

Answer:

The 2008-2009 actual expenditure on staffing, and breakdown into SES and non-SES is provided in the following table:

	Employee Benefits	SES	Non SES
Agency	\$'000	\$'000	\$'000
DAFF	412,589	18,781	393,808
AFMA	20,317	1,210	19,107
APVMA	15,951	1,444	14,507
AWBC	4,535	952	3,583
BA	13,439	1,736	11,703
CRDC	1,177	405	772
FRDC	1,632	561	1,070
GRDC	6,104	2,091	4,013
GWRDC	1,327	309	1,017
LWA	5,593	695	4,898
RIRDC	3,688	408	3,280
SRDC	971	441	530
WEA	2,198	316	1,882
TOTAL	489,521	29,350	460,171

Note: LWA employee benefits includes \$1,071,966 for separation and redundancies, SES includes separation and redundancy payments of \$301,105.