

# Department of Agriculture and Water Resources

**Committee inquiry:** Australian Dairy Industry  
**Date Held:** 26 October 2016

## Questions Taken on Notice

Senator Lambie asked officers appearing as witnesses at the Australian Dairy Industry hearing held on 26 October 2016 the following questions which were taken on notice:

### Question:

**Senator LAMBIE asked:** Do you know how many [dairy farmers] have actually put in for that payment [Farm Household Allowance (FHA)] and been knocked back?

### Answer:

The Department of Human Services (DHS) advises that the number of rejected FHA claims between 1 January 2016 and 30 October 2016 for which the customer self-identified as being “dairy” in answer to the question “Which of the following best describes your main type(s) of primary production?” was as follows:

State	Reject
NSW	20
QLD	4
SA	11
TAS	11
VIC	305
WA	4
<b>Total</b>	<b>355</b>

DHS advises that the data relating to rejected claims for dairy farmers may be incomplete due to the nature of the application process. The farm type might not always be recorded on the application, or if the farm type is listed on a paper application, it is generally not recorded in the system until the claim is granted.

## **Question**

**Senator LAMBIE asked:** Can you tell me how long it has taken to process these applications – loans – and the \$980 fortnightly extra payments?

## **Answer**

As at 30 September 2016, the average processing time for approved dairy recovery concessional loan applications is 29.5 working days (from the date the application was registered until the date the application was approved).

DHS advises that 705 claims from dairy farmers for FHA were either granted (305) or rejected (355) between 1 January and 30 October 2016. Of these, the average time to process the claims that were granted was 66.7 days from when the application was first received, while the average time to process claims that were rejected was 58.9 days from when the application was first received. As such the average time provided here includes the number of days a claim is on hold pending receipt of all documentation required to process the claim. DHS advises that data on the processing time for claims, once all documentation has been received, is not readily available.

DHS advises that the date a claim is received by DHS is static. If a claim is reassessed, the timeliness reported for this claim is calculated from the date the original claim was received to the date the reassessment was finalised. The original claim and reassessment activities are counted as one single claim. This skews (increases) reporting of the average time to process claims. For example, where a customer was rejected due to failing to provide documents, then subsequently provided the documents and was then granted for payment, the time between the original lodgement of the claim and the subsequent assessment and granting of the claim is reported.

The rejected claim volume does not include all claims that were initially rejected and then subsequently granted.

## **Question**

**Senator LAMBIE asked:** I just have one more question in reference to the \$980 a fortnight. How many of those farmers are not applying because they do not fit within your criteria? ... We are just trying to determine how many do not fit in the criteria.

## **Answer**

There are no data available on the number of potentially eligible farmers who choose not to apply for FHA. Potential applicants are strongly encouraged not to self-assess, but rather contact the Department of Human Services Farm Assistance Hotline (13 23 16) to discuss their eligibility.

## **Question**

**Senator LAMBIE asked:** Mr Williamson, when you provide me the statistics for the loans and the payments that have been given out so far to any many farmers, could

you cut them down state by state? I would like to see how many farmers in Tasmania have taken up those loans and how many have been given fortnightly payments and taken that up.

**Answer**

As at 28 October 2016, the number of people in receipt of FHA by state was as follows:

State/territory	Granted*	Currently receiving payment (all industries)	Dairy industry participants currently receiving payment
<b>ACT</b>	<20†	<20	<20
<b>NSW</b>	2080	1367	55
<b>NT</b>	<20	<20	<20
<b>QLD</b>	1990	1325	70
<b>SA</b>	554	391	<20
<b>TAS</b>	61	46	<20
<b>VIC</b>	1884	1442	357
<b>WA</b>	144	84	<20
<b>Total</b>	<b>6725</b>	<b>4658</b>	<b>520</b>

\*While it generally rises over time, the cumulative total of granted claims can decrease because granted claims may in some cases be subsequently rejected.

†Where there are fewer than 20 claims in any one state/territory, this figure has been masked so as to avoid privacy issues.

As at 12 October 2016, the number of Dairy Recovery Concessional Loans was as follows:

State	Applications received	Farm Businesses approved	Amount approved (A\$million)
New South Wales	8	1	1.000
Victoria	157	37	17.800
South Australia	3	2	2.000
Tasmania	5	4	3.245
<b>Total</b>	<b>173</b>	<b>44</b>	<b>24.045</b>

\* The funding in NSW, SA and TAS can be used for both Drought Recovery and Dairy Recovery Concessional Loans. The funding in Victoria is for Dairy Recovery Concessional Loans only.

**Senator KETTER asked:** How many farmers collectively bargain?

**Answer:** This information is not publicly available.

**Senator KETTER asked:** Are you familiar with the arrangements that Tesco has with its suppliers in the UK?

**Answer:** Tesco sources fresh milk for its private label brand directly from the 600 British farmers who are members of the Tesco Sustainable Dairy Group (TSDG). This milk is sold under the 'Fair for Farmers Guarantee' with the following objectives:

- Every farmer is paid fairly for every pint of milk
- Every pint is 100 per cent British
- Farmers must adhere to Tesco's animal welfare standards on cow health and welfare.

While the retail price of milk may rise or fall depending on the market, Tesco's suppliers are paid an independent price which is above the cost of production and set for three months at a time – ensuring they have a stable income. The cost of production is independently calculated based on the prices of fuel, feed and fertiliser.