

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 1

Division/Agency: ABARES

Topic: Australian forest and wood products: statistics March and June quarters 2014

Proof Hansard page: 50 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: I am asking you. Did anyone in your department advise the minister that there were 10,000 jobs?

Mr Glyde: In producing this report, our usual practice is to provide to the minister, in this case the parliamentary secretary, that we are putting this out, that it has these facts and figures in it.

Senator CAMERON: Did anyone draw the minister's attention that this was subject to sampling variability too high for most practice purposes?

Mr Glyde: I would have to check what actual briefing was provided.

Senator CAMERON: If you could do that and provide details of that because it is rich when the department produces a report that the minister then relies on and goes out and claims 10,000 jobs and you tell me here, 'Don't ask us about the viability of the figures that are in here or the certainty of the figures; go and talk to someone else.' You are responsible for advising the minister—aren't you?

Mr Glyde: Absolutely, and we have been doing that on a consistent and regular basis—and I do not know how often we do this—quarterly or annually for many years, bringing together the information about the wood and wood products industry into a common form. So the accuracy of this information is the same at each of those quarterly points.

Answer:

- i. ABARES did not provide specific advice to the minister regarding data for total employment in Australia's forest product industries. These data were contained in the report that was provided to the minister.
- ii. The ABARES report includes a footnote to the table containing employment data that outlines the limitations of the data. ABARES did not draw the minister's attention to this footnote.
- iii. Following standard procedures, ABARES provided information to the minister and the Parliamentary Secretary one week and one day before release of the report. The information referred to an increase in total forestry employment in 2013–14 but provided no specific details.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 2

Division/Agency: ABARES

Topic: Australian forest and wood products: statistics March and June quarters 2014

Proof Hansard page: 51 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: What do you say then in relation to the asterisk that was in the report and the commentary in the report that says, 'This is subject to sampling variability too high for most practice purposes'? Are you saying it is not a practical statement?

Senator Colbeck: No.

Senator CAMERON: You are claiming 10,000 jobs, even though the report says you cannot do this.

Senator Colbeck: My statement reflects what was in the report, quite clearly.

Senator CAMERON: Did you read the report before you made the statement?

Senator Colbeck: Not all the report, but I read the advice that was given to me by the department.

Senator CAMERON: So there was advice given to you. Did that advice include that this was subject to sampling variability too high for most practical purposes?

Senator Colbeck: I would have to take that on notice.

Answer:

- i. The footnote in question is a comprehensive explanation of the limitations of the Australian Bureau of Statistics (ABS) labour force survey. It explains the reasons why, in certain circumstances, the ABS recommends the use of Census data because Labour Force data are not as reliable at lower levels of aggregation, in this case Industry subdivisions.
- ii. ABARES did not provide specific advice to the minister regarding data for total employment in Australia's forest product industries.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 3

Division/Agency: ABARES

Topic: Australian forest and wood products: statistics March and June quarters 2014

Proof Hansard page: 55 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Was the department aware of these qualifications when the minister made these speeches? Was the department involved in drafting these speeches for the minister?

Mr Glyde: I would have to take that on notice. I think the department is aware, because it was published in the ABARES report. So we were aware in that sense, if that is what you are getting at. But in terms of whether or not we assisted the parliamentary secretary with the speech, I would have to go back. We tend to provide dot points, facts and information to the minister's staff to assist them in putting together talking points. As you would probably be aware, public servants are not terribly good at writing speeches, but we do provide the facts and the figures that go into the speeches for our minister and our parliamentary secretary.

Senator Colbeck: Senator, I can give you some assistance there. The department provided my office with some information around my media release. They would have done some speech notes for me for the speech. But my department is getting to know the use to which I put my speech notes. I usually jot some notes on the back of the speech and then make my own speech. So I very rarely, if ever, read a speech. I speak from my understanding and knowledge of the information. I will refer to facts as part of the speech but I do not normally read a prepared speech.

Senator CAMERON: Senator Colbeck, when you made these assertions about these jobs and these claims about the jobs, were you aware of the qualification to that figure?

Senator Colbeck: Well, that goes to the question I took on notice before lunch. I still have not clarified that information, so I will have to refer back to that point.

Senator CAMERON: But you would not remember if somebody said, 'Hey, this figure is now'—

Senator Colbeck: Senator Cameron, before lunch, I said that I could not recall whether it was in the advice. I said I would take it on notice. The department has done the same thing. My circumstance is no different now to what it was then.

Senator CAMERON: Mr Glyde, can you provide all the correspondence and documentation, including file notes, in relation to this figure and the speeches and the press release?

Question: 3 (continued)

Senator Colbeck: Well, there will not be a speech because there is no provided speech. I make my own speeches. There would not be a speech.

Mr Glyde: I am happy to do that.

Answer:

- i. ABARES is aware of, and includes in published statistical tables, the qualifications applied by the Australian Bureau of Statistics (ABS) for detailed breakdown of employment estimates published in the ABS labour force survey (cat. no. 6291.0.55.003).
- ii. The department drafted speech notes and a media release for the Parliamentary Secretary.
- iii. ABARES did not provide specific advice to the minister regarding ABS qualifications on the data for total employment in Australia's forest product industries.
- iv. Attachment A includes documents in relation to this report and the associated data:
 - A1: ABARES week and day before release notification
 - A2: ABARES draft media release
 - A3: Department's draft speech notes
 - A4: Department's draft media release

Attachment A1a (Week before release notification)

PUBLIC REPORT RELEASE

FOR INFORMATION

Topic: Week before release notification of *Australian forest and wood products statistics: March and June quarters 2014*

UNDER EMBARGO UNTIL 11 November 2014 10am

Dear Diana and Jane

ABARES will release the ***Australian forest and wood products statistics: March and June quarters 2014*** on the ABARES web page (www.agriculture.gov.au/abares/publications) at 10.00 am on 11 November 2014. The report is under embargo until that time. A PDF copy of the report will be emailed to your office prior to release.

Overview

This issue of the Australian forest and wood products statistics (AFWPS) includes 2012–13 data for key domestic economic indicators such as turnover, industry value added, and 2013–14 data for employment and dwelling commencements. This issue also provides 2013–14 data for production and consumption of wood-based panel products and Australian Bureau of Statistics (ABS) trade data for the March and June quarters 2014.

Media

There will be an ABARES media release.

Sensitivity:

Medium – The report provides an analysis of the latest ABS data relating to the forestry sector, showing increases in most exports and imports and in total forestry employment for 2013–14.

Attachment A1b (Day before release notification)

PUBLIC REPORT RELEASE

FOR INFORMATION

Topic: Day before release notification of *Australian forest and wood products statistics: March and June quarters 2014*

UNDER EMBARGO UNTIL 10AM ON 11 NOVEMBER 2014

Dear Diana and Jane

ABARES will release the '*Australian forest and wood products statistics: March and June quarters 2014*' on the ABARES web page (www.agriculture.gov.au/abares/publications) at 10.00 am on 11 November 2014, the report is under embargo until that time. An embargoed copy of the report will be provided to selected recipients only. If you do not receive a copy but would like one, please advise the SES contact below.

Overview

This issue of the Australian forest and wood products statistics (AFWPS) includes 2012–13 data for key domestic economic indicators, including sales and service income and industry value added, and 2013–14 data for employment and dwelling commencements. This issue also provides 2013–14 data for production and consumption of wood-based panel products and Australian Bureau of Statistics (ABS) trade data for the March and June quarters 2014.

Media

A media release is attached for your information.

Sensitivity:

Medium – The report provides an analysis of the latest ABS data relating to the forestry sector, showing increases in most exports and imports and in total forestry employment for 2013–14.



Australian Government
Department of Agriculture
ABARES

Media release 11 November 2014

Rise in forestry sector trade and employment

In 2013–14, the value of Australian wood product exports increased by 23.7 per cent to \$2.5 billion, while the value of imports increased by 11.7 per cent to \$4.6 billion, according to the latest issue of Australian forest and wood products statistics released today by ABARES.

ABARES Executive Director Karen Schneider said the changes in the value of wood product imports and exports mean Australia’s trade deficit in wood products remains relatively unchanged at around \$2.1 billion.

“The increase in value of imports was mainly driven by growth in the value of miscellaneous forest product imports such as ‘Builders’ carpentry’ and ‘Mouldings’. The value of imported sawnwood, wood-based panels, pulp and paper also increased.”

“The value of wood product exports grew strongly in 2013–14—primarily driven by an increase in the value of woodchip exports” Ms Schneider said.

Woodchips—historically Australia’s largest wood product export—showed signs of recovery in 2013–14 from relatively weak exports in 2012–13. The value of woodchip exports increased by 25.7 per cent to \$767.7 million in 2013–14.

Ms Schneider said paper and paperboard exports remained Australia’s highest wood product export valued at \$852.5 million, accounting for 33.8 per cent of total wood product exports in 2013–14.

Also contributing to Australia’s strong export growth, the volume of roundwood exports reached a new high of 2.4 million cubic metres in 2013–14, valued at \$292 million. China continues to be the primary destination for roundwood exports.

“Alongside increased wood product trade, there has also been an increase in employment numbers in the forestry sector,” Ms Schneider said.

“While total employment in the forestry sector declined from 76,500 in 2008–09 to 61,400 in 2012–13, it rebounded to 70,500 in 2013–14.”

For a copy of the report visit www.agriculture.gov.au/abares/publications

Attachment A3 (Department's draft speech notes)

SPEAKER	Parl Sec COLBECK
EVENT	Forest and Forest Product Industry Gala Dinner
LOCATION	Great Hall, Parliament House, Canberra
DATE	25 March, 7:55pm
LENGTH	15 mins

Acknowledgements

- You will be introduced by Ross Hampton CEO of Australian Forest Products Association (AFPA) and thanked by Michael Hartman, Forestworks CEO.

About Event and Organisation

- The Forest and Forest Product Industry Gala Dinner brings together Australia's forest, wood, paper and timber products industry leaders to exchange views on the industry and its future.

Industry stats (Australian Forest and Wood Products Statistics: March and June quarters 2014, Agricultural Commodities: March quarter, 2015)

- Australia's total employment in the sector (forestry, wood, pulp and paper manufacturing) in 2013-14 was 70 500.
- The volume of logs harvested in Australia in 2013-14 was estimate at around 25.4 million cubic metres. Of this, 11.1 million cubic metres was harvested from hardwood forests and 14.3 million cubic metres from softwood forests.
- In 2012-13, Australia produced 4.6 million cubic metres of sawnwood products, 1.4 million cubic metres of wood-based panel products, and 3 million tonnes of paper and paperboard products.
- Each Australian was estimated to have used 0.81 cubic metres of logs in 2012-13.
- In 2013-14, Australia's wood products exports were worth \$2.5 billion (up 23.7 percent from 2012-13) and our wood product imports were worth \$4.6 billion.
- In 2012–13 the annual sales and service income of forestry and forest products manufacturing industries was \$20.1 billion.

Talking points

FIAC issues paper

- On behalf of the Forest Industry Advisory Council (FIAC), I am pleased to release *Meeting future market demand: Australia's forest products and forest industry—a strategic directions issues paper*.
- This issues paper explores a range of issues affecting the forestry sector and seeks your input on how future opportunities can be harnessed and any challenges overcome.
- The issues paper draws on a whole range of publications that have grappled with many of the issues we're concerned with here—and I would like to sincerely acknowledge that earlier work.
- This government, through FIAC, is looking to harness your collective expertise, to capture opportunities for high-quality, high-value Australian forest products.
- Over the next 10 weeks you have the opportunity to tell FIAC about the critical issues and opportunities facing our forest industries.
- We will meet with industry groups, big regional employers of forestry workers and others in the coming weeks and months to explore these ideas for the future in more detail.
- FIAC will release a discussion paper later in the year to capture the views you put forward. That paper will also contain recommendations for government, industry and the research community about how best to position Australia's forestry sector for the future.
- It is my expectation that FIAC's discussion paper will influence the development of future forestry policy initiatives.
- The eight key themes, some of which I touched on this morning, are:
 - **Market trends and pressures:** The domestic and global demand for wood products is expected to grow as our population increases. We need to consider what will be the potential demand for forest products in the coming decades and how we can best position ourselves to meet this demand, both nationally and internationally?
 - **Emerging uses and markets:** Emerging products and uses will include new building systems, transportation fuels, biochemicals and biomaterials. Key questions the issues paper focuses on include which emerging forest products have the greatest potential and what are the barriers to capitalising on these emerging products.
 - **Forest resources:** The future of Australia's forest products sector is dependent on a secure and sustainable wood supply from traditional and new domestic sources. Native forests remain an important source of timber valued for its appearance, strength and durability. There may be opportunities to increase wood supply from farm forestry and private native forests—including Indigenous owned and managed lands— for commercial wood production.

- **Innovation, research and development:** R&D drives innovation and increases productivity in the forest products sector but has declined in recent years in Australia, impacting all areas from growing through to processing. What are the future R&D needs of Australia's forest products sector and how can the framework for coordinating Australian forestry R&D be strengthened?
- **Consumer and community engagement:** Australia's forest products enjoy wide acceptance domestically and internationally. There is scope to expand market share by further engaging consumers on the environmental credentials of Australian forest products and the role these products can play in sustainable consumption.
- **Strengthened regional approaches:** The Australian forest products sector features a diverse range of wood resources and processors, dispersed across large geographical areas. How can we overcome this fragmentation? The development of forestry hubs as a way of building on the forest resource and wood processing capacity of a particular region is an idea that this issues paper explores.
- **Infrastructure:** The delivery of forest products relies upon national air, rail, road and sea networks, supported by a national energy grid, ports for access to international markets and good communication networks. What are the current barriers and opportunities?
- **Industry skills and training:** There are a couple of key challenges in this area: identifying current and future skill development and training requirements and attracting and developing new recruits for all levels of employment across the sector.

Opportunities in the forestry sector

- We want the FIAC issues paper to take the pulse of the industry and be in a position to take advantage of the new markets and technologies that present themselves.
- Some areas of opportunities that spring to mind include:

Engineered wood products

- There are many exciting opportunities that could increase the use of engineered wood products in multi-storey, commercial and public buildings in Australia.
 - Lightweight cross-laminated timber was used in the construction of the Forte building in Melbourne in 2012 and the 'Library at The Dock', in Melbourne's Docklands, which is the first public building in Australia to utilise cross-laminated timber.
1. (Source: www.architectureanddesign.com.au/news/australia-s-first-cross-laminated-timber-clt-publi).
- We are seeing laminated veneer lumber, which is comparable in strength to solid wood, concrete and steel, being used in larger-scale commercial and public buildings—such as the construction of the New South Wales Netball Centre at Homebush, Sydney.

- These examples show that engineered wood can provide for a range of high-quality and high-value construction products.
- They show that the industry is ready to take advantage of technological advancements to provide products that are fit-for-purpose and customer-driven.

Wood Encouragement campaign

(http://www.latrobe.vic.gov.au/About_Council/Media_and_Publications/Latest_News/Australian_first_Wood_Encouragement_policy_adopted)

- Not all opportunities are based around innovations—eg Wood Encouragement policy passed by the Latrobe City Council in Victoria’s Gippsland.
- The policy provides that the Council must consider wood, where feasible, as the primary building material for all newly constructed, publicly funded council buildings and infrastructure.
- As I understand it, a number of other regional centres in Australia are also considering adopting a Wood Encouragement policy or Wood First policy.
- This brings us into line with international efforts and provides opportunities for local producers.

11 November 2014

Forestry exports, employment rising

Parliamentary Secretary to the Minister for Agriculture, Senator Richard Colbeck, today welcomed news that wood product exports and total forestry sector employment rose significantly in 2013–14.

Senator Colbeck said employment and export growth demonstrated the value of Australian Government policies that emphasise the Australian forestry industry and jobs.

“This is good news not only for the Australian economy, but importantly for the forestry sector, the people it employs and the communities it supports,” Senator Colbeck said.

“In 2008–09 employment in the forestry sector sat at 76,500. We saw that decline to just 61,400 in 2012–13.

“In the first year of the Coalition Government, employment in the forestry sector has recovered significantly to sit at 70,500 in 2013–14.”

Senator Colbeck said that employment growth in the forestry sector came on the back of strong export growth.

“The value of Australian wood product exports increased by 23.7 per cent in 2013–14 to \$2.5 billion,” Senator Colbeck said.

“Exports of Australian woodchips have recovered in the first year of a Coalition Government, growing 25.7 percent to \$767.7 million in 2013–14.

“Meanwhile the volume of roundwood exports reached a new high of 2.4 million cubic metres – or \$292 million – in 2013–14.

“Paper and paperboard exports also performed strongly, contributing \$852.5 million, or 33.8 per cent of total wood product exports.

“When we were elected we said that Australia was open for business. After one year in government, the results are plain to see.”

The data was released today by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) in the latest issue of *Australian forest and wood products statistics*.

For a copy of the report visit www.agriculture.gov.au/abares/publications

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 4

Division/Agency: ABARES

Topic: ABS figures

Proof Hansard page: 57 (26.5.2015)

Senator CAMERON asked:

Mr Glyde: I want to suggest, to try to help Senator Cameron, that we might come back on notice and describe the confidence that the ABS has in the total figure, which is the one you are concerned about—the 10,000. We can then break it down, as Dr Stobutzki said, into confidence about some of the subsectors in that.

Senator CAMERON: That would give me a lot of confidence.

Answer:

The Census of Population and Housing and the Labour Force Survey (LFS) both measure information about the labour market activity of people aged 15 years and over. The Labour Force Survey (LFS) provides Australia's official measure of employment and unemployment and is released on a monthly basis. The Census of Population and Housing is conducted every five years and aims to measure the number of people in Australia on Census Night and their key characteristics, including employment. While the Census is a good source of information for small population groups and small areas, allowing for analysis of industry and occupation data at a more detailed level than the LFS, it is only produced on a five yearly basis, so is not an appropriate source for ongoing monitoring of labour market conditions. In contrast, the monthly Labour Force Survey provides labour force data that is timely and relevant.

Estimates derived from the Labour Force Survey are based on information obtained from a sample of dwellings. Because the entire population is not sampled, the estimates are subject to sampling error. While the sample is designed to ensure that the sampling error is as low as possible at the national and state/territory level, it can be higher for labour force regions or for detailed population breakdowns.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 5

Division/Agency: ABARES

Topic: Sustainability of fishing grounds and fish stocks

Proof Hansard page: 57-58 (26.5.2015)

Senator BACK asked:

Senator BACK: Which is the fishery that went from being overfished to no longer? We went from four to three. Which fishery was that?

Dr Stobutzki: I will just check.

Senator BACK: Perhaps you can take that on notice.

Dr Stobutzki: If you would not mind. I do not have that level of the changes with me.

Senator BACK: I do not think the minister knows, does he?

Senator Colbeck: No, I do not.

Dr Stobutzki: I think it was a stock in the southern and eastern scale fishing shark fishery, but I would rather check.

Answer:

The term 'overfished' refers to fish stocks where the abundance, or biomass, is below the limit reference point, which for most stocks is set at 20 per cent of the original or unfished biomass. The term 'overfishing' refers to stocks that are being fished at a rate that will cause the stock to eventually approach its limit reference point or, if already below the limit reference point, the stock will continue to decrease in biomass. In the context of the discussion on the day, we have assumed the question relates to the change in the number of fish stocks subject to overfishing.

The *Fishery Status Reports* use three categories to classify stocks with respect to the level of fishing mortality: not subject to overfishing, subject to overfishing and uncertain. Stocks classified as uncertain are those where there is inadequate information to determine whether the level of fishing mortality represents overfishing.

In the most recent *Fishery Status Reports 2013-14* three stocks were classified as subject to overfishing, compared with four stocks the previous year (2012). The difference between the two years was the result of changes in the status of three stocks, while the status of two remained the same, as shown in the table below.

Question: 5 (continued)

This information is available in ABARES *Fishery status reports 2013–14* (available online at abares.gov.au/publications).

Table: Fish stocks classified as subject to overfishing in 2012 and/or 2013 in the *Fishery Status Reports*.

Stock	Fishery	Fishing mortality status	
		2012	2013
Gemfish (eastern zone)	Commonwealth trawl and scalefish hook sectors of the Southern and Eastern Scalefish and Shark Fishery	Subject to overfishing	Uncertain
School shark	Shark gillnet and shark hook sectors of the Southern and Eastern Scalefish and Shark Fishery	Subject to overfishing	Uncertain
Bigeye tuna	Eastern Tuna and Billfish Fishery	Subject to overfishing	Subject to overfishing
Albacore tuna	Western Tuna and Billfish Fishery	Subject to overfishing	Subject to overfishing
Striped marlin	Western Tuna and Billfish Fishery	Uncertain	Subject to overfishing

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 6

Division/Agency: ABARES

Topic: December quarterly report

Proof Hansard page: 59 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: I am ready to go. I want to finish on this last issue before I move on to another area. I have been advised that the December quarterly report on employment growth generally shows a 100,000 increase in employment. Given the figures that are being quoted for your sector—figures quoted by the minister—that means that four Australian associated areas have accounted for 10 per cent of the total growth in employment in the nation when you make up only 0.6 per cent of the economy. That means the industry grew 16.6 times faster than the growth that is reported generally across the country. You do not need to answer it now; I am happy for you to take it on notice given that you do not know where the jobs are and nobody knows where they are.

Senator Colbeck: I will make one point just to clarify. The figures that I was looking at were not over a quarter. They were annual figures, not quarterly figures. That is the first thing that comes to mind. But we can take the rest of that information on notice. So you are talking about a quarterly number. I think just after that number came out, or it might have been after the next quarter's figures came out, the ABS did make a statement about the numbers.

Senator CAMERON: What has been done is 10,000 have been compressed. Not all the 10,000 jobs go into the quarter.

Senator Colbeck: No. The figure that I quoted was across a year, not across a quarter. So that is the first thing.

Senator CAMERON: I will move on. We need to know where these jobs are. If you can give us any practical examples, not analytical examples of ABS statistics, and if you can point to a significant increase in jobs around the country—it is not a huge area—you should let us know.

Answer:

ABARES *Australian forest and wood products statistics, March and June quarters 2014, summary table 16A* shows that total estimated employment in Australia increased from an average of 11.386 million in 2012-13 to 11.468 million in 2013-14, an increase of around 82 400 jobs at the national level. These figures are from the Australian Bureau of Statistics (ABS) labour force survey.

Question: 6 (continued)

Of this increase, the ABS estimated that employment in the forestry, wood, pulp and paper manufacturing industries increased from 61 300 in 2012-13 to 70 500 in 2013-14. The largest increase was estimated to be in the 'Other wood product manufacturing' sector. This comprises prefabricated wooden building manufacturing; wooden structural fitting and component manufacturing; veneer and plywood manufacturing; reconstituted wood product manufacturing; and other wood product manufacturing not elsewhere classified. Employment in this sector is estimated to have increased from 25 800 in 2012-13 to 37 400 in 2013-14. Employment in other forest product industry sectors was estimated to have remained relatively unchanged from the previous year.

The Australian Bureau of Statistics publishes details from the labour force survey at the state level. It does not provide information on the location of jobs at any finer geographic scale.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 7

Division/Agency: ABARES

Topic: Meeting with ministerial staff – white paper

Proof Hansard page: 66-67 (26.05.2015)

Senator CAMERON asked:

Senator CAMERON: I will move to the white paper issue. Has ABARES provided any advice to the minister for input into the white paper consideration by government?

Ms Schneider: We have provided some information to the white paper taskforce. We have provided some comments on drafts of the white paper.

Senator CAMERON: When you say information and comments—

Ms Schneider: We have provided data on some issues. As part of the normal process in the department, we have provided some comments on some of the draft chapters that have been prepared.

Senator CAMERON: So you have seen the draft chapters?

Ms Schneider: Some, yes.

Senator CAMERON: Have you met with the minister on any of the issues?

Ms Schneider: No, we have not.

Senator CAMERON: Have you met with his staff?

Ms Schneider: The minister's staff? No.

Senator CAMERON: So did you provide this data, assumptions, information and comments off your own bat?

Ms Schneider: I would have to refer to those who might have provided some information, but, no. I think it is in response to requests.

Mr Glyde: Can we take that on notice? My recollection is that at the time of the production of possibly the green paper and even possibly the issues paper, there may well have been a call for ABARES to have provided some draft text to the taskforce that is operating out of the Department of Prime Minister and Cabinet. So we are probably best to check back on what ABARES actually provided of its own volition or at the invitation of the taskforce. But Ms Schneider is talking, I think, about the most recent part of the process. As we discussed

Question: 7 (continued)

yesterday, the taskforce in PM&C is working on the white paper and has been sharing drafts of various chapters and approaches with the departments that are involved in the preparation of the white paper. We have been going through that process. In that role, ABARES is a pretty valuable source of fact checking and making sure that the taskforce has got the right end of the stick.

Senator CAMERON: I am not asking what advice you have given. When did you give advice to the minister from ABARES? When did you provide that?

Ms Schneider: I would have to take on notice when we provided comments, for example, to the white paper taskforce, not the minister.

Answer:

ABARES provided advice for use in development of the Agricultural Competitiveness White Paper directly to the Minister's Office on 20 July 2014.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 8

Division/Agency: ABARES

Topic: White paper

Proof Hansard page: 67 (26.05.2015)

Senator CAMERON asked:

Senator CAMERON: Can you provide details of the information that you have provided to the secretary or to the taskforce on this issue and dates when the information was provided? Can you also provide dates of any requests you have had for information on the white paper process?

Mr Glyde: That could be quite a long task, but we will take it on notice. It has been quite a period over the last 18 months in the lead-up to the production of the white paper through the issues paper and the green paper. But let us have a think about it.

Senator CAMERON: That is fine.

Answer:

Dates that information requests from the Agricultural Competitiveness White Paper taskforce were received by ABARES, and when ABARES responded are outlined below.

<i>Date request was received</i>	<i>Date response was provided</i>	<i>Information provided by ABARES to Agricultural Competitiveness White Paper taskforce</i>
14.11.2013	18.11.2013	Fact checking on national agricultural land and water use
27.11.2013	27.11.2013	Advice on disaggregation of published Australian Prudential Regulation Authority rural debt statistics.
13.12.2013	13.12.2013	Statistics on age of farm operators and advice on articles and research on entry of young farmers to the agriculture sector
22.01.2014	22.01.2014	Detailed profile of broadacre farm businesses and operator household incomes classified by scale of farm business
28.01.2014	28.01.2014	Advice on wording and clarification of statistics used in issues paper

30.01.2014	30.01.2014	Advice on international productivity comparisons and education attainment rates in agriculture vs other sectors
5.02.2014	5.02.2014	Statistics outlining composition of farm capital and total farm investment
14.03.2014	14.3.2014	Advice and statistics on alternatives to land ownership. Statistics on leasing, agistment, contracting and sharefarming.
18.03.2014	20.3.2014	Statistics on broad farm business entity types
1.04.2014	1.4.2014	Statistics and interpretation of methods of sale of livestock
19.05.2014	7.05.2014	Rates of return by agricultural industry as time series.
19.05.2014	20.5.2014	Rates of return by agricultural industry as time series.
29.05.2014	29.05.2014	Advice on the availability of updated data on extension funding
10.06.2014	10.6.2014	Analysis and advice on farm management deposit (FMD) holdings and relationship to off-farm income. Distribution of farms by FMD holding and other liquid farm assets.
12.06.2014	12.6.2014	Distribution of farm businesses by off-farm income of owner-manager and partner
18.06.2014	24.6.2014	Advice on regions and sectors with relatively high farm debt and debt servicing burden
24.06.2014	24.06.2014	Advice and published articles on characteristics of top performing farms
25.06.2014	25.06.2014	Distribution of broadacre farms by debt and equity in selected Queensland regions
28.06.2014	30.06.2014	Australian Taxation Office statistics on farm businesses by taxation entity type
2.07.2014	2.7.2014	Statistics on farm business entity type for farms classified by size of business and concentration of production
3.07.2014	3.07.2014	Analysis of relationship between business entity type and financial performance of farm business
4.07.2014	4.07.2014	Advice and ABARES reports on farm-level innovation
5.07.2014	8.07.2014	Analysis of relationship between business entity type and financial performance of farm business
11.07.2014	14.07.2014	Australian share of production exported - historical time series
14.07.2014	14.07.2014	Australian dairy consumption
14.07.2014	16.07.2014	Australian dairy imports
15.07.2014	15.7.2014	Statistics, articles and advice on on-farm costs of milk production
21.07.2014	28.07.2014	Australian share of production exported - historical time series
28.07.2014	28.07.2014	Farm gate prices of selected crops and livestock
29.07.2014	29.07.2014	Australian share of production exported - historical time series
29.07.2014	29.07.2014	Advice on definitions of farm businesses and family farms

28.08.2014	4.09.2014	Inventory and metadata listing of ABARES publicly available datasets that relate to northern Australia
1.09.2014	1.9.2014	Advice and published articles on the determinants of agricultural land values
22.09.2014	23.09.2014	Statistics and advice on characteristics and rates of return for top performing farms
7.10.2014	7.10.2014	Australian share of production exported - historical time series
7.10.2014	7.10.2014	Statistics on rates of return by industry and farm size
12.10.2014	14.10.2014	Advice on profitability of beef, sheep and dairy farms
15.10.2014	15.10.2014	Statistics on farms with low equity and high debt servicing burden.
15.10.2014	15.10.2014	Statistics on numbers of family farms.
4.03.2015	2.4.2015	Updated advice on farmer's use of Farm Management Deposits (via Department of Agriculture)
13.04.2015	13.4.2015	Advice on published information on the analysis of farm income variability in Australia
8.05.2015	11.5.2015	Advice as edits to text on draft White Paper chapter
8.05.2015	8.5.2015	Advice about estimated returns to public investments in rural R&D
8.05.2015	8.5.2015	Data for figures in Sheng, Y, Gray, EM, Mullen, JD and Davidson, A 2011, Public investment in agricultural R&D and extension: an analysis of the static and dynamic effects on Australian broadacre productivity, Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra, September.
11.05.2015	11.5.2015	Time series of farmers terms of trade and the A\$ to US\$ exchange rate
25.05.2015	25.05.2015	Statistics on world wine consumption
28.05.2015	28.05.2015	Cherry export data
29.05.2015	29.05.2015	ABARES draft report (and exec summary) <i>'The value of Australia's biosecurity system at the farm gate: an analysis of avoided trade and on-farm impacts'</i>

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 9

Division/Agency: ABARES

Topic: Advice from ABARES – climate change

Proof Hansard page: 67-68 (26.05.2015)

Senator CAMERON asked:

Senator CAMERON: Has the minister sought any advice from ABARES in relation to the major risks for agricultural production from climate change?

Mr Glyde: Again, two parts of the department might be involved here. The agricultural adaptation and forestry division has responsibility for some of these matters. Certainly in the context of the white paper and possible elements within the white paper related to managing risk and managing farm risk there would undoubtedly have been some provision of information in that regard. I want to clarify that other parts of the department would have this responsibility as well.

Senator CAMERON: I am asking a narrower question.

Mr Glyde: About ABARES, yes.

Senator CAMERON: Has ABARES had any requests either from the minister through the department or from the minister's office directly about the major risks of climate change for the agricultural industry?

Ms Schneider: I think the answer is no, but I would like to be able to get back to you on that.

Senator CAMERON: That includes the department. So the department has not asked any questions of ABARES that could then be relayed back to the minister, have they?

Ms Schneider: Again, I would have to take that on notice.

Answer:

ABARES produces a variety of information relevant to the impact of climate on agriculture (see Answers to Questions on Notice – Budget Estimates May 2015 – QoN 18). The Minister's office and other divisions within the department have not specifically requested additional advice on the major risks of climate change on agricultural production from ABARES.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 10

Division/Agency: ABARES

Topic: Climate change

Proof Hansard page: 70 (26.5.2015)

Senator CAMERON asked:

Senator CAMERON: Before Senator Heffernan really comes after me, can you on notice provide details of how you isolate the climate signal in terms of what you describe as the productivity issues you are dealing with? Can you indicate how important it is to deal with this issue of climate change? Can you also on notice advise what has happened to the climate change department within ABARES? You had a climate change department, did you?

Ms Schneider: We had a section.

Senator CAMERON: A climate change section. How many people were employed in that?

Ms Schneider: I would have to take that on notice.

Answer:

- i. The general approach that ABARES has taken to analysing the influences of climate on agricultural productivity involves: 1) calculating total factor productivity each year for a particular agricultural industry; 2) identifying a suitable indicator of seasonal climate conditions; 3) estimating how much of the variability in productivity is, on average explained by the variability in seasonal conditions. ABARES has used a variety of approaches, the final choice depending on the precise nature of the research question. While each approach has its advantages and disadvantages, it is clear that seasonal conditions can have a significant impact on agricultural productivity. Specific details about the techniques can be found in Hughes et al. 2011 and Sheng et al. 2011.

Hughes, N, Lawson, K, Davidson, A, Jackson, T and Sheng, Y 2011, *Productivity pathways: climate adjusted production frontiers for the Australian broadacre cropping industry*, ABARES research report 11.5, Canberra.

Sheng, Y, Mullen, JD and Zhao, S 2011, *A turning point in agricultural productivity: consideration of the causes*, ABARES research report 11.4 for the Grains Research and Research and Development Corporation, Canberra, May.

Question: 10 (continued)

- ii. ABARES research shows that climate variability is one of the main determinants of farm productivity performance in the short run. As such, climate variability is a major source of risk facing Australian farmers. Climate variability refers to the short-term fluctuations in temperature, rainfall and other climatic conditions over a day, month, season or year/s. Australian farmers continue to manage climate variability by, among other things, adopting new technologies and management practices. The persistent growth in Australia's agricultural productivity is an indicator that farmers have continued to successfully adapt to the risks posed by a highly variable climate.

In the long term, farmers in some regions are likely to face greater production risks because of warmer climate and increasing climate variability. The climate projections that were recently released by the Bureau of Meteorology and CSIRO indicate, for example, that:

- average temperatures are expected to increase, with more heat extremes and fewer cold extremes
- drought is likely to increase over southern Australia
- cool season rainfall in southern Australia is projected to decline while changes in other areas are less certain.

The impacts of these changes will vary across farms, industries and regions. To the extent that climate change will exacerbate production risks, productivity improvements that enable farmers to better manage climate variability will be important.

- iii. In the past ABARES has had a program of work focusing on climate change issues. For example, around 30 officers were employed in the Climate Change and Variability Branch in 2011. With changes in portfolio responsibilities for advice on climate change issues, and a reduction in staffing across ABARES, the work on climate issues is now focused on the impacts of climate variability and is undertaken in the Agricultural Commodities and Trade Branch and the Biosecurity and Farm Analysis Branch.