

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 139

Division/Agency: CCD – Climate Change Division

Topic: Drought pilot

Proof Hansard Pages: 30-31 (23/05/11)

Senator Siewert asked:

Senator SIEWERT: I will be in Centrelink next week so we can follow it up there, thank you, rather than putting you to that trouble. Can I go on specifically, please, to the WA pilot. I have seen the update from earlier this year. I think it was December—and we asked in February. I would just like to update the figures from February, if I could. I am specifically interested to look at where some of the locations for the applications are coming in. I am conscious of privacy issues. We are talking about a large area of Western Australia, and I am particularly interested in looking at the regions where you are getting applications from. Does that make sense?

Mr Mortimer: I understand that. I am not sure that we have that level of detail with us now. We can tell you the number of people who are benefiting from each of the measures but, subject to advice from Mr McDonald, I am not sure we have the applications by region.

Mr McDonald: We do not have the information for a geographic spread with us here at the hearings.

Senator SIEWERT: Could you take it on notice?

Mr McDonald: We will take it on notice, but we will have to check whether that raises any privacy issues, given the numbers of people available accessing support. If you wish, I can take you through each measure, if that helps.

Answer:

The number of successful applicants from each of the 67 local government areas in the pilot region for Farm Planning, Building Farm Businesses (grants) and Farm Family Support (income support) are shown in the table below. Data is to the end of April 2011.

Stronger Rural Communities grants were awarded in the shires of Dowerin, Lake Grace (2), Morawa, Mount Marshall, Mukinbudin, Narembeen and Perenjori.

Regional information about Farm Social Support (counselling), Farm Exit Support and Beyond Farming clients is not available because of privacy considerations.

Question: 139 (continued)

Local government area (LGA)	Farm Planning (successful applicants to 30 April 2011)	Building Farm Businesses (successful applicants to 30 April 2011)	Farm Family Support* (successful applicants to 29 April 2011)
Ashburton	0	0	0
Brookton	1	0	<20
Bruce Rock	6	1	<20
Carnamah	1	0	<20
Carnarvon	19	0	<20
Chapman Valley	2	0	<20
Coolgardie	0	0	0
Coorow	2	0	<20
Corrigin	34	11	<20
Cuballing	4	1	<20
Cue	1	0	0
Dalwallinu	13	2	<20
Dandaragan	7	2	<20
Dowerin	4	0	<20
Dumbleyung	15	3	<20
Dundas	0	0	0
Esperance	35	0	<20
Exmouth	1	0	0
Geraldton-Greenough	3	0	0
Gnowangerup	2	0	<20
Goomalling	0	0	0
Irwin	2	0	0
Jerramungup	8	3	<20
Kalgoorlie-Boulder	1	0	0
Katanning	10	1	<20
Kellerberrin	8	0	<20
Kent	3	1	<20
Kondinin	16	1	31
Koorda	4	1	<20
Kulin	13	5	27
Lake Grace	26	5	41
Leonora	0	0	0
Meekatharra	0	0	<20
Menzies	0	0	0
Merredin	5	0	<20
Mingenew	3	0	0
Moora	7	1	<20
Morawa	3	0	0
Mount Magnet	0	0	0
Mount Marshall	3	0	<20
Mukinbudin	4	0	<20
Mullewa	5	2	<20
Murchison	0	0	<20
Narembeen	9	0	<20
Narrogin	7	1	<20
Northampton	8	0	<20
Nungarin	1	0	<20
Perenjori	9	1	<20
Pingelly	2	0	<20
Quairading	2	1	<20
Ravensthorpe	23	5	<20
Roebourne	0	0	0
Sandstone	1	0	0
Shark Bay	1	0	0
Tammin	1	0	<20
Three Springs	0	0	<20
Trayning	3	0	<20
Upper Gascoyne	4	2	<20
Wagin	18	9	<20
Westonia	2	0	<20
Wickepin	13	2	<20
Wiluna	0	0	<20
Wongan-Ballidu	6	1	<20
Woodanilling	2	1	0
Wyalcatchem	0	0	0
Yalgoo	2	0	<20
Yilgarn	6	1	<20
TOTAL	391	64	355

* Some data withheld due to privacy considerations (LGAs with less than 20 successful applicants)

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Agriculture, Fisheries and Forestry

Question: 140

Division/Agency: CCD – Climate Change Division

Topic: Farm visits by Centrelink Rural Service Officers

Proof Hansard Page: 31 (23/05/11)

Senator Nash asked:

Mr McDonald: ...The rural service officers have made over 6,800 contacts with customers, and that has involved 723 farm visits. We have rural social workers who have made over 1,000 customer visits in the WA pilot region, and over 200 of those have involved farm visits. There is also the mobile office which travels around Australia. That has made a number of trips to the pilot region, including visiting over 26 communities in the Western Australian pilot region.

Senator NASH: The rural service officers you are talking about, are they initiated by the rural service officer or is that as a request for them to visit from the farm household?

Mr McDonald: It could be either. So what that means is that it is a service that is going into someone's house.

Senator NASH: Could you take it on notice—and I understand you would not have that now—to give us the breakdown of where they have been invited and where they have initiated the contact?

Mr McDonald: I can check with Centrelink, yes, and take that on notice...

Answer:

Centrelink does not record the origin of the request. However, no farm visit will take place if the farm family does not expressly prefer that method of contact.

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Question: 141

Division/Agency: CCD – Climate Change Division

Topic: Drought pilot

Proof Hansard Page: 31 (23/05/11)

Senator Siewert asked:

Senator SIEWERT: Eight grants out of how many applications?

Mr Mortimer: A couple of hundred, I think. They were assessed by the National Rural Advisory Council late last year and that council made recommendations to the minister. There was a considerable number, but the funding allowed for eight that were ranked as highest against the criteria.

Senator SIEWERT: It was the funding that restricted how many could be funded?

Mr Mortimer: The funding was agreed to be 300,000 and the total value of the grants that were sought exceeded that considerably.

Senator SIEWERT: By how much?

Mr Mortimer: I cannot remember; I will have to take that on notice.

Senator SIEWERT: If you could, that would be appreciated.

Answer:

There were 42 applications received for funding under the Stronger Rural Communities program.

Applicants sought a total of slightly more than \$5 million in grant funding, with seven applicants seeking the maximum single grant of \$300 000 out of a total funding allocation of \$900 000.

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Agriculture, Fisheries and Forestry

Question: 142

Division/Agency: CCD – Climate Change Division

Topic: Drought pilot

Proof Hansard Page: 32 (23/05/11)

Senator Siewert asked:

Senator SIEWERT: I want to go back, before I move on, to this issue about geography. Could you give us a breakdown into pastoral properties and farm businesses? If you cannot, give us inter-regions.

Mr McDonald: We will have to take that on notice and see what we can make available.

Senator SIEWERT: That would be appreciated, thank you. I am not criticising the decision to expand it or to continue it, but can you go through the circumstances that have led to that; if, in doing that, you had taken into account some of the findings of the review already; and whether the review will be extended to cover the new circumstances?

Answer:

The department does not have a breakdown of data between pastoral properties and farm businesses.

Extending the pilot for another year will ensure that farmers currently receiving assistance continue to do so while the review is underway and the government considers the next steps on national reforms to drought assistance.

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Agriculture, Fisheries and Forestry

Question: 143

Division/Agency: CCD – Climate Change Division

Topic: Drought pilot

Proof Hansard Page: 33 (23/05/11)

Senator Siewert asked:

Senator SIEWERT: Is it expected that that review will be released prior to you making an announcement on the future policy approach in the next budget?

Senator Ludwig: I have not turned my mind to it. I will take your question on notice and have a think about it. It would be my broad view, because it does require the state and territories also to have a look at the review findings and settle some of the outcome from that. The sequence of events I would envisage, unless someone here corrects me, would be that the review will report its findings to the WA government and me. Then, examining that, we will make some decisions about what we think the future should look like. They will be then matters for us to progress through, I imagine, a COAG process. I do not want to second guess where that will end up either, but you can see the sequencing does mean that it will require the review findings, the WA government and ourselves to examine those, and then, particularly as we move forward for national examination of these issues, a COAG process again. There is some work to be done but that is broadly the outline of how things will progress, if that helps.

Senator SIEWERT: Yes, it does in terms of the timeline. I do not necessarily see the connection—I understand how you need to take the findings into account and take it to COAG et cetera. To me, that does not necessarily mean it is mutually exclusive from then releasing the actual review publicly so that the rest of us can understand the findings.

Senator Ludwig: Because it is both WA and ourselves, it will be also contingent on a WA decision on that as well.

Senator SIEWERT: I appreciate that.

Answer:

Following appropriate consideration by Commonwealth, State and Territory governments the drought pilot review will be released publicly.

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Agriculture, Fisheries and Forestry

Question: 144

Division/Agency: CCD – Climate Change Division

Topic: Exceptional circumstances

Proof Hansard Page: 36 (23/05/11)

Senator Nash asked:

Senator NASH: Correct me if I am wrong, that 21.3 relates only to the River Murray and Lower Lakes extension?

Mr McDonald: Correct. That represents a 12-month estimate for what that extension will cost the government.

Senator NASH: Given we are a bit time constrained, could you take on notice for me and provide the breakup of the 21.3 and how that will operate through those two EC areas?

Mr McDonald: We can do that.

Senator NASH: That would be great. (cont.)

Answer:

The River Murray and Lower Lakes Corridor is a single EC-declared area. The funding has been allocated according to the department's estimates as follows:

- \$8.37 million for the EC Relief Payment
- \$10.6 million for the Interest Rate Subsidy
- payments to other agencies for ancillary benefits, such as the Health Care Card.

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Agriculture, Fisheries and Forestry

Question: 145

Division/Agency: CCD – Climate Change Division

Topic: NRAC visiting locations

Proof Hansard Page: 37 (23/05/11)

Senator Nash asked:

Senator NASH: Given that we are short of time, I have a whole range of questions I will put on notice. I understand that NRAC gives the advice and that is the determination they have made. Could you provide in detail for the committee though the locations that NRAC visited across the country in terms of making these determinations?

Mr Mortimer: Yes, absolutely.

Senator NASH: Who they spoke with and what the consultation was throughout that process, in detail.

Mr Mortimer: We do not necessarily have lists of all the people who attend the meetings; we do not do attendance lists on NRAC inspections, albeit it was a broad sense of how many people attended. We certainly have the itineraries and can inform you of where NRAC visited.

Senator NASH: If you could ask NRAC though, even if they cannot give you individual names, the circumstances through which those people were at those meetings, were they farmers, were they local business people, just that type of information would be quite useful.

Answer:

Inspections and notification of meetings of Exceptional Circumstances declared areas are proposed and coordinated by state government officials in consultation with the National Rural Advisory Council (NRAC) Secretariat. Meetings are conducted at either an in-town location or on-site at farms.

In some instances, where NRAC or participants have been unable to get to a scheduled meeting because of road inaccessibility, teleconferences have been arranged to allow participants to provide NRAC with their views. The NRAC Secretariat also advises the state officials that NRAC is willing to accept written submissions should participants be unable to attend a scheduled meeting.

A diverse range of participants attend NRAC meetings, with the range including:

- farmers and small business operators (rural suppliers, hay contractors, veterinarians)
- state and local government officials
- industry representatives
- rural financial counsellors and rural service officers
- agricultural research organisation staff and agronomic consultants

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Question: 145 (continued)

- welfare organisations
- banking and financial institution representatives.

Because of the sensitivity of information revealed by participants at NRAC meetings, NRAC requests that the media not attend meetings. If requested, NRAC conducts media interviews following a meeting.

[Attachment]

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Question: 145 (continued)

[Attachment]

**THE NATIONAL RURAL ADVISORY COUNCIL INSPECTION SCHEDULE
OF
EXCEPTIONAL CIRCUMSTANCES DECLARED AREAS EXPIRING
BETWEEN DECEMBER 2010 AND JUNE 2011**

EC area	Date inspected	Meeting locations
New South Wales		
Bega Valley	16 Feb 2011	Bemboka, Jellat, Candelo
Braidwood	9 Dec 2010	Nerriga, Braidwood
Condobolin	10 Nov 2010	Vermont Hills, Condobolin
Condobolin – Narrandera	10 – 11 Nov 2010	Tullibigeal, West Wyalong, Barellan
Cooma – Bombala – ACT	17 Feb 2011 15 Feb 2011	Bombala, Bungarby, Bredbo, Naas Valley, Paddy’s River
Dubbo Revised	22 Nov 2010	Narromine, Tomingley
Forbes	23 – 24 Nov 2010	Bogan Gate, Wirrinya, Caragabal, Grenfell
Goulburn – Yass	8 Dec 2010	Yass, Gunning, Laggan
Gundagai	12 Jan 2011	Adelong, Gundagai
Hay	28 Oct 2010	Hay, Goolgowi
Majority Western Division	25 – 27 Oct 2010	Tibooburra, White Cliffs, Wilcannia, Cobar, Ivanhoe, Pooncarie, Balranald
Molong Revised	22 Nov 2010	Peak Hill, Tullamore
Nyngan Revised	9 Nov 2010	Girilambone, Hermidale, Bobadah
Riverina	23 – 25 Nov 2010	Lockhart, Urana, Oaklands, Jerilderie, Deniliquin, Wakool
South West Slopes and Plains	12 – 14 Jan 2010	Junee, Aria Park, Yanco, Darlington Point, Grong Grong, Culcairn
Young	12 Jan 2011	Harden, Young, Bribbaree
Queensland		
Central Darling Downs Revised	9 Sep 2010	Meandarra, Tara
The Gulf	3 – 4 May 2011	Prospect, Coralie, Oakland, Haydon, Broadwater, Yappar River, Iffley
Northern Darling Downs Revised	8 Sep 2010	Warra, Condamine
South-West Queensland Revised*	28 – 30 Sep 2010	Moombidary, Toompine, Eromanga, Clifton, Windorah
South Australia		
Murray – Mallee	25 – 26 Oct 2010	Lameroo, Kulkami, Karoonda, Mindarie, Wunkar, Meribah
River Murray and Lower Lakes Corridor	26 – 28 Oct 2010	Renmark, Berri, Loxton, Waikerie, Swan Reach, Mannum, Murray Bridge, Monteith, Narrung, Langhorne Creek
Central North East including Annex**	15 – 17 Mar 2011	Sturt Vale, Leigh Creek, Martins Well, Blinman, Wilpoorina, Maree
North West Rangelands**	17 – 18 Mar 2011	Todmorden

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Question: 145 (continued)

EC area	Date inspected	Meeting locations
Victoria		
Central and East Gippsland Revised	7 – 9 Feb 2011	Benambra, Omeo, Tambo Valley, Creek, Buchan Valley, Cabbage Tree Creek, Orbost, Bairnsdale, Heyfield, Giffard West
Central Victoria North Revised	15 – 16 Dec 2010	Pyramid Hill, Calivil, Elmore, Goornong, Powlett Plains, Laanecoorie, Harcourt
Central Victoria South Revised	3 – 4 Nov 2010	Whittlesea, Lancefield, Kyneton, Daylesford, Clunes, Balliang, Bacchus Marsh
Victoria		
Mallee – Northern Wimmera Revised	13 – 15 Dec 2010	Red Cliffs, Iraak, Walpeup, Manangatang, Lascelles, Rainbow, Minyip, Birchip, Wycheproof
North East Victoria	15 – 16 Nov 2010	Huon, Tallandoo, Myrtleford, Boorhaman, Violet Town, Alexandra, Mangalore
Northern Victoria Revised	30 Nov – 1 Dec 2010	Tungamah, Numurkah, Picola, Tatura, Quambatook, Mead, Bamawn Extension, Tennyson

* The proposed meeting at Yaraka in South West Queensland Revised EC-declared area was cancelled because of poor road conditions following rainfall. A teleconference was conducted in Longreach on 30 September 2010 for farmers from this district.

** The inspection of Central North East including Annex and North West Rangelands (15 – 18 March 2011), was affected by rainfall. Being unable to land the aircraft at scheduled inspection sites, South Australian Government officials arranged a teleconference in Adelaide with producers from the districts surrounding Manna Hill, Yunta and Mungerannie.

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Agriculture, Fisheries and Forestry

Question: 146

Division/Agency: CCD – Climate Change Division

Topic: Program underspend

Proof Hansard Page: 38-39 (23/05/11)

Senator Back asked:

Senator BACK: Why was it that \$780,000-odd was underspent? Was there not a demand for the program?

Mr McDonald: I am not quite clear on what you are referring to.

Mr Mortimer: Can you take us to the relevant page in—

Senator BACK: Given the fact that I have got about two minutes left, perhaps I will place that on notice and we can explore it further.

Mr McDonald: That would be helpful.

Answer:

Senator Back did not clarify his request as he indicated. No answer can be supplied.

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Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 147

Division/Agency: CCD – Climate Change Division

Topic: Illegal logging – capacity building

Proof Hansard Page: 42

Senator Colbeck asked:

Senator COLBECK: The 15 projects to date: what have they achieved?

Mr Talbot: The projects to date in terms of the first round of capacity building were over a broad range of topics. They were involved in things like helping build capacity in certain areas such as to help with things like improving the skills of forest workers. They were also to improve things like the ways people manage their forests. I can give you details and give you outcomes. I just unfortunately cannot find my page at the moment, but I can give you details of them. We do have them up on our website the projects that were granted.

Senator COLBECK: What has been the feedback from those projects? What has been the reaction to those?

Mr Talbot: The feedback to the projects has been quite good. I must admit I have not followed up on them recently so I will have to come back to you with that.

Answer:

The department funded 15 projects, with a combined value of \$2.1 million, under phase I of the Asia-Pacific Forestry Skills and Capacity Building Program during 2008–09. The projects are listed in the table provided on the following page.

The majority of funding was provided to deliver hands-on training aimed at improving skills and capacity in sustainable forest management and combating illegal logging.

The outcomes of Phase I of the program are outlined in the report *Making headway with sustainable forest management to help combat climate change*. The report uses examples from the individual projects to illustrate the achievements of Phase I of the program and also summarises feedback on some of the projects. The can be accessed at the department's website at:

www.daff.gov.au/forestry/international/asia-pacific-forestry-program/forest-management-climate-change.

Projects undertaken in Phase 1 of the APFSCBP

Implementing organisation	Project title	Location
GHD Pty Ltd	Fire and fuels research monitoring capacity building	Vietnam, Indonesia
Tropical Forest Foundation	Training in reduced impact logging and related forest market linking activities	Indonesia

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Question: 147 (continued)

Implementing organisation	Project title	Location
ForestWorks	Skills training and capacity building in certification	Solomon Islands, PNG, Kalimantan
SPC/GTZ Regional Forest Programme	Capacity building on restoration, management and rehabilitation of degraded, logged-out secondary forests in the Pacific — a regional seminar for improved practices enhancing forest functions	Fiji
FAO Regional Office for Asia and the Pacific	Strengthening implementation of codes of practice for forest harvesting (Indonesia, Malaysia and Papua New Guinea)	Focused on Indonesia and Papua New Guinea
Australian National University (National Forestry Masters Program Partnership)	Leadership for professional education in SFM	A range of participants from Asia-Pacific region
URS Forestry	Verification of legality of tropical timber imports to Australia — development of guidelines and the implementation of training packages	Indonesia, PNG and Vietnam
UniQuest Pty Ltd/University of Queensland	Managing forests in Mekong countries Vietnam, Lao PDR and Cambodia for carbon sequestration and REDD.	Vietnam, Lao and Cambodia
Tropical Forest Trust	Making practice perfect: delivering hands-on SFM training	West Papua, Sumatra, Indonesia
FAO Regional Office for Asia and the Pacific, Office of the Chief Plant Protection Officer — DAFF, Asia-Pacific Forest Invasive Species Network	Organisation of 'Environment day' at first FAO Asia-Pacific Forestry week	Vietnam (Asia-Pacific Forestry Week)
FAO, Asia-Pacific Forest Invasive Species Network	Capacity-building to protect against forest invasive and outbreak species in the Asia-Pacific region (Phase 1)	Vietnam (Asia-Pacific Forestry Week)
Southern Cross University	Expert inputs into forest policy short course	Fiji
United Nations Food and Agriculture Organization	FAO Salary contribution to carry out the Global Forest Resource Assessment	Rome
Swiss Foundation for Development and International Cooperation	Australia's contribution to the region-led initiative in support of United Nations Forum on Forests	Switzerland
DAFF, United States, The Nature Conservancy	APFNet Symposium	China, but involving participation from around the region

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Agriculture, Fisheries and Forestry

Question: 148

Division/Agency: CCD – Climate Change Division

Topic: Issues with PNG and Indonesian governments

Proof Hansard Page: 44 (23/05/11)

Senator Colbeck asked:

Senator COLBECK: Is there a tender process, an application process?

Mr Talbot: There were two processes: there was an application process where we accepted applications from a number of proponents, and some were accepted; and then there was another process where we worked with the governments of Indonesia and PNG on their priorities that matched ours.

Senator COLBECK: Through each of those processes we have had no successful commencements at this point in time?

Mr Talbot: None have commenced at this point in time.

Senator COLBECK: Are the projects that you are looking to commence direct negotiated projects or ones that have been subject to an application process?

Mr Talbot: I would have to take that on notice; I cannot remember off the top of my head.

Answer:

Two processes were undertaken to select projects for Phase II of the Asia-Pacific Forestry Skills and Capacity Building Program (APFSCBP):

- A competitive process
25 project proposals were received in response to a public call for applications. A panel with representation from DAFF, the Department of Climate Change and Energy Efficiency (DCCEE) and AusAID assessed the applications. The panel recommended four projects to the then Minister for Agriculture, Fisheries and Forestry, who approved the grants subject to successful negotiation with the proponents and the respective partner governments.
- Bilateral negotiation process
Two projects are being negotiated bilaterally with the partner governments of Indonesia and Papua New Guinea.

The department is in the process of finalising the funding contracts with competitive project proponents and the partner governments.

Contract signing and initiation of projects are taking longer than anticipated, due to the need to negotiate a Subsidiary Arrangement between the Australian Government and the Government of Indonesia under the *General Agreement on Development Cooperation between the Government of Australia and the Government of the Republic of Indonesia* (GADC) to cover the proposed activities. The Subsidiary

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Question: 148 (continued)

Arrangement is required to ensure organisations undertaking activities as part of the APFSCBP with Australian funding are exempt from Indonesian taxes and duties; provide clarity over intellectual property rights and formalise the Australia Government's responsibility for signing and managing contracts

The projects will be formally announced once contracts are finalised.

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Agriculture, Fisheries and Forestry

Question: 149

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 46 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: Has the department met up with Datuk Abdul Hamed Sepawi or other executives from Ta Ann?

Mr Aldred: No.

Senator BOB BROWN: Will you just check on that for me, take the question on notice?

Mr Aldred: Okay.

Senator BOB BROWN: You are telling me that there has been no communication between the Commonwealth—no direct negotiation or communication with Ta Ann operating in Tasmania?

Dr O'Connell: Senator, I think you asked about the department. Not being the Commonwealth, I do not know we can answer on behalf of the Commonwealth because we can only say what we have done.

Senator BOB BROWN: The department has had no communication or—

Dr O'Connell: Recently?

Senator BOB BROWN: No, I mean at all.

Mr Aldred: Ever?

Dr O'Connell: We will have to take that on notice, yes.

Mr Aldred: We will take it on notice.

Answer:

There are no records of departmental officers having met with Mr Datuk Abdul or Mr Hamed Sepawi.

In 2008 and 2009, departmental officers met with Ta Ann Tasmania Pty Ltd staff on three occasions to discuss issues associated with the Tasmanian Forest Industry Development Program.

The first meeting occurred on 17 September 2008 at the company's head office in Hobart, Tasmania, to discuss reporting requirements under the Tasmanian Forest Industry Development Program.

On 13 November 2008 and 20 May 2009 departmental staff visited the Ta Ann Circular Head mill to inspect completed project milestones and to discuss the outcomes of the project.

Departmental officers met with the same industry group that met with Minister Ludwig on 23 March 2011. The group included a representative from Ta Ann.

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Agriculture, Fisheries and Forestry

Question: 150

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 47 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: The Commonwealth has helped fund the establishment of Ta Ann at Smithton and at Southwood, its veneer processing works in Tasmania. Do you know what due diligence was used on this company before that funding was supplied?

Mr Aldred: I take that on notice. In terms of a funding program that may have assisted Ta Ann, it was several years ago, is my understanding. We would need to go back and look at that.

Answer:

Prior to awarding Ta Ann Tasmania Pty Ltd a Tasmanian Forest Industry Development Program grant to assist establish the veneer mill at Circular Head, an independent financial assessment was conducted by Poyry Forest Industry Pty Ltd.

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Agriculture, Fisheries and Forestry

Question: 151

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 47 (23/05/11)

Senator Bob Brown asked:

Senator Ludwig: Yes, and I was just going to add too that I met with Ta Ann—just so that it is clear. They presented their views in relation to the tariffs—the Tasmanian forest principles.

Senator BOB BROWN: When was that?

Senator Ludwig: I do not recollect them raising the issues that you just raised.

Senator BOB BROWN: Yes, when did you meet with them?

Senator Ludwig: Not long ago, I can get a date.

Senator BOB BROWN: Can you? Where did that meeting take place?

Senator Ludwig: In my office.

Senator BOB BROWN: Here or?

Senator Ludwig: In Canberra, sorry, yes.

Senator BOB BROWN: What was the representation from Ta Ann, who was on it?

Senator Ludwig: I can get that on notice, I do not recall who was exactly there, this is just from my recollection today while you are talking about it. I did not want to let the record stand that I had not responded in this way. I can get a brief on that for you. My recollection was that it was principally in relation to the Tasmanian forest principles. I deal with a range of people that come to my office and make representations about a broad range of issues.

Senator BOB BROWN: What was their representation to you, minister? This is Ta Ann's representation.

Senator Ludwig: Yes, I will go and check the record to make plain what it was, but it would have been—

Senator BOB BROWN: Could you tell the committee what their position was?

Senator Ludwig: As I said, I will go back and have a look at our meeting dates to make sure, because I do not want to mislead the committee in any way.

Answer:

Please see answer provided in hearing by Minister Ludwig below.

Proceedings suspended from 13:04 to 14:01

Senator Ludwig: Senator Brown, in answer to your question, on 23 March in my parliamentary office in Canberra I met with a delegation of forestry stakeholders from Tasmania. It included David Ridley, the General Manager of Ta Ann's operations in Tasmania. At the same meeting there were also representatives from Britton Timbers, the Forest Industries Association of Tasmania and the National Association of Forest Industries. We discussed the interests associated with the Tasmanian statement of principles, in particular Forestry Tasmania stakeholders' concerns that long-term

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wood supply form a part of any lasting outcome from the process. It did not go any further than that. They made representations about their interest.

Senator BOB BROWN: Was there any discussion of Ta Ann's interest in continuing logging old-growth forests in Tasmania?

Senator Ludwig: Not specifically, no. I cannot recollect that.

Senator BOB BROWN: Were any documents presented to you at that meeting?

Senator Ludwig: The only document I can recall—and I am not sure whether it was passed to the department—was a glossy brochure from one of the operations about what they do. It is publicly available and I am not sure I kept it. I know I did not keep it in my folder. There was no specific document outside what would have been a publicly available publication.

[Attachment]

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 152

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 47 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: Good, I would be pleased if you did. I have heard from another committee this morning that there was no requirement on workers coming to Ta Ann from Malaysia to look first for semi-skilled or skilled workers in Tasmania or, indeed, in Australia. Were you aware of that?

Senator Ludwig: I am not aware of that specific matter, no.

Senator BOB BROWN: Do you know why it was that there was no requirement on this company receiving some millions of dollars of investment funding from the Australian government to have Tasmanian workers fill jobs such as machinists or program managers when there has been a considerable loss of jobs out of the Tasmanian industry and people who could have filled those jobs on the face of it?

Senator Ludwig: Yes, I am not familiar with the issue that you raise, so I am happy to take it on notice and see what I can find.

Senator BOB BROWN: Do you know why it is that the minister for forestry is not familiar with an issue in which \$15 million of Commonwealth money has been put into an investment for Ta Ann to establish its operations in Tasmania at Smithton and in the south of the state?

Senator Ludwig: Yes, I am aware of the broad issues, but you are going to specifics about whether and how they accessed labour. What I then said was, in those specific examples, I am happy to take that on notice and have a look at the issue. You are then asking me to comment specifically on why they did not do X or Y, and on that basis it would be far wiser for me to look at the record as to what the Commonwealth has done in this area, what the contractual obligations were in this area, and when and on what basis the payments were made, certainly before my time as minister. I think that is correct, isn't it?

Answer:

The objective of the Tasmanian Forest Industry Development Program was to “*assist the continued development of a sustainable, efficient, value-adding and internationally competitive forest industry in Tasmania, which provides long-term employment opportunities, by facilitating retooling and investment in new plant and technology*”.

The Ta Ann proposal, partially funded by a 2007 grant approved by the then Minister for Fisheries and Forestry, Senator the Hon Eric Abetz, under the Tasmanian Forest Industry Development Program was for the establishment of a rotary veneer mill at Circular Head in northwest Tasmania.

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Question: 152 (continued)

The Funding Deed between the Commonwealth and Ta Ann Pty Limited did not stipulate requirements for employing staff.

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Agriculture, Fisheries and Forestry

Question: 153

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 48 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: Yes, I do. Would you be able to provide the committee not just with the information about that meeting with Ta Ann that apparently is worrying Senator Colbeck a great deal, but also a record of all previous meetings between Ta Ann and ministers in this period of Labor government?

Senator Ludwig: We will take it on notice and see what we can provide.

Senator BOB BROWN: Would you also provide a record of meetings between ministerial officials—and we are getting it from the department—and Ta Ann or its representatives in that same period of time?

Senator Ludwig: I am not sure we outlined the period of time.

Senator BOB BROWN: Since the elections in 2007.

Senator Ludwig: That gives me a start date.

Senator BOB BROWN: Yes.

Senator Ludwig: I will see what I have on my record. I may not have access to other ministerial colleagues' diaries or information.

Answer:

Minister Ludwig met with a representative of Ta Ann on 23 March 2011.

The department has examined its records from 2007 through until June 2011 and has been unable to identify any meeting briefs prepared for meetings between the Minister for Agriculture, Fisheries and Forestry and Ta Ann.

On 28 November 2008, Mr Sid Sidebottom MP attended an opening ceremony of the Ta Ann facility on behalf of the former Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP.

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Question: 154

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 49 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: Could you—I will understand if you need to take this on notice—supply the committee with the figures for the volume of wood that has been supplied or will be supplied between now and 2027 to Ta Ann from high conservation value forests as outlined in the current agreement by the submitters from the environment movement?

Senator Ludwig: I am not sure I have that information available to me. I will certainly see what the department has available, but I cannot say with any degree of certainty that we could provide that figure if the department does not have that figure.

Senator BOB BROWN: Were you aware that Ta Ann has taken recently timber from a putative World Heritage value forest such as the Florentine, the Styx Valley, the Picton Valley and indeed, coupes, right down to bordering the World Heritage area against the south coast of Tasmania?

Senator Ludwig: I can check with the department as to whether they are aware of it.

Senator BOB BROWN: Would you check whether in fact that is the case?

Senator Ludwig: Yes, but if it is not World Heritage then there would be nil.

Senator BOB BROWN: No, I said putative World Heritage. Yes.

Answer:

Publicly available information suggests Forestry Tasmania has signed a supply contract with Ta Ann Tasmania Pty Limited for 265 000 cubic metres of logs per year until 2027.

The sourcing of this timber is a matter for the Tasmanian Government and Forestry Tasmania.

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Agriculture, Fisheries and Forestry

Question: 155

Division/Agency: CCD – Climate Change Division

Topic: Forestry Tasmania

Proof Hansard Page: 50 (23/05/11)

Senator Bob Brown asked:

Senator BOB BROWN: I am concerned that those piles of corn indicate that there is the indiscriminate poisoning of marsupials—they are being directly targeted—including rare and endangered species, in that coupe and other coupes in the Weld Valley and elsewhere. Would you be able to take on notice to find out for this committee why corn is being used in these logged coupes after they have been burnt when they are being reseeded?

Mr Aldred: I will take it on notice, but I suspect that my response will be it is an operational responsibility for Forestry Tasmania.

Answer:

Forest management on public lands is the constitutional responsibility of states and territories and is primarily subject to the individual state's regulatory framework. Forestry Tasmania is responsible for the operational management on the estate it controls.

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Agriculture, Fisheries and Forestry

Question: 156

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry - Ta Ann

Proof Hansard Page: 52 (23/05/11)

Senator Milne asked:

Senator MILNE: Never mind. I want to follow up questions about Ta Ann. As you would be aware, under the Tasmanian Community Forest Agreement grants process there were two separate grants made to Ta Ann. You may need to take this on notice. Subsequent to those grants being made, was the Commonwealth involved in changing the specifications of the logs that Ta Ann could receive from the Tasmanian forests? If so, what involvement did the Commonwealth have in changing those specifications? The second question is, in relation to the fraud inquiry which Senator Colbeck asked about earlier, I take from your answer that that has been concluded from you saying that no further action had been taken. Has the department put out any statement or anything and when will the report of that inquiry be made public? It was very public in the Tasmanian press that there was to be a fraud investigation into the 17 million and that it was going to be conducted by Edward Stanmore of the fraud investigation unit. It was going to be into the grants that had been made and to look at particularly whether there had been favouritism and whether the appropriate criteria had been adhered to et cetera. So when can we expect that report to be made public?

Mr Aldred: In response to the first question around Ta Ann, as you indicated, I will take that on notice. I am not aware of any involvement in changing specifications or whatever but it is an issue that would have happened, I am assuming from your question, a few years ago.

Senator MILNE: No, not that long ago, but it does go to the question of the Commonwealth granting money to get out of old-growth forests and to go to smaller logs. The grants were made on that basis and then subsequent to that Ta Ann had the specifications changed so that they could log old growth. That is where I am going with this, to establish whether the conditions of the grants have been met. But I just wanted to know the Commonwealth's involvement at this point in that process.

Mr Aldred: I will take that on notice and find out what went on that. In the sense of allegations of fraud, any fraud allegations are treated confidentially and internally. I have indicated, I think, that no further action will be taken unless new evidence comes to light. Again, we investigate any new allegation or new information. If I can, I would characterise, as I may have said earlier, the nature of the allegations as more related to misinterpretation of guidelines.

Answer:

The Commonwealth has not been involved in any discussions with Ta Ann Tasmania Pty Limited with regard to the specifications of the logs that Ta Ann could receive from the Tasmanian forests. Source and supply of logs is a matter for Forestry Tasmania.

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Agriculture, Fisheries and Forestry

Question: 157

Division/Agency: CCD – Climate Change Division

Topic: Tasmanian Forestry

Proof Hansard Page: 52 (23/05/11)

Senator Milne asked:

Senator MILNE: Yes, but I ask the minister whether it is the government's intention to at least inform the Tasmanian community that the government has concluded that investigation and at least put the results out there because a lot of people in Tasmania just assume the investigation is ongoing. I do not know what they think. But there is not an end to it.

Senator LUDWIG: I will take that on notice. I understand the point that you make...

Answer:

An update on investigations into the Tasmanian Forest Contractors Exit Assistance Program is on the department's website at www.daff.gov.au/forestry/national/tfceap.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 158

Division/Agency: CCD – Climate Change Division

Topic: Forest enterprises Australia

Proof Hansard Page: 53 (23/05/11)

Senator Milne asked:

Senator MILNE: ...Coming back to the Tasmanian Community Forest Agreement grants, as you rightly mentioned a moment ago, if under the deed of agreement a company goes broke or sells out or something within a certain time frame then there is an obligation to pay the Commonwealth back – or there was under some of those grants. Can you tell me how much Forest Enterprises Australia have been required to pay back, and how much the company who got the money for the boilers at Wesley Vale were meant to pay back and whether it has been paid back.

Mr Aldred: Senator, a couple of things, if I may. There are asset disposal procedures. It does not specifically say in the deed of grant that the funds must be repaid, but it does say that we need to go through an asset disposal consideration of that. I just want to make that clear. In respect of the specific details of those that you have raised, I will have to take them notice.

Senator MILNE: We have been asking these questions year in, year out since these grants started. We all know that Forest Enterprises Australia got \$7 million from the Commonwealth and then went into liquidation. Is the Commonwealth in receipt of any money back from Forest Enterprises Australia to date?

Mr Aldred: I do not believe so. I will need to confirm, because I do believe that the asset disposal procedures have been invoked but I would preface that, if I may, by saying I would not wish to mislead the committee and I will check the details.

Senator MILNE: The last time I asked you, you told me that you were pursuing three recipients of the grant to return some of the Commonwealth money. Have any of the three recipients returned any of that money?

Mr Aldred: I will need to check that. I must say that I cannot recall saying that we were pursuing three. I personally cannot recall making that statement. I will need to check the *Hansard* and follow up.

Senator MILNE: It was questions on notice. Perhaps Mr Talbot could help.

Mr Talbot: I will have to take it on notice, too, Senator Milne. I am sorry

Answer:

The department has lodged a claim with the Receivers and Managers for Forest Enterprises Australia Ltd under the asset disposal clauses relating to two grants for projects, one under the Tasmanian Forest Industry Development Programme and one under the Tasmanian Softwood Industry Development Programme.

The claim does not stipulate an amount, rather it informs the Receivers and Managers for Forest Enterprises Australia Ltd of the commitment associated with asset disposal in the grants received by Forest Enterprises Australia Ltd.

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Question: 158 (continued)

The Receivers and Managers for Forest Enterprises Australia Ltd have advised that the department is an unsecured creditor. To date the department has not received any money back from Forest Enterprises Australia.

The department is also undertaking discussions with PaperlinX Ltd with regard to the sale of assets from the Wesley Vale mill. At this time PaperlinX Ltd, the sellers of the Wesley Vale assets, are awaiting finalisation of the sale of assets purchased with Tasmanian Forest Industry Development Programme assistance before a proportion sale proceeds can be calculated and returned to the Commonwealth.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 159

Division/Agency: CCD – Climate Change Division

Topic: Forestry Tasmania

Proof Hansard Page: 53-54 (23/05/11)

Senator Milne asked:

Senator MILNE: Can I ask in relation to Forestry Tasmania: it has been a recipient of more than \$100 million out of the Tasmanian Community Forestry Agreement grants. The Tasmanian auditor indicated that Forestry Tasmania had used that money to give itself an operational account; otherwise, it would have had no cash reserves. Can you tell me whether Forestry Tasmania is going to fulfil the obligations that it entered into with the Commonwealth for the more than \$100 million that it received upfront from the Commonwealth?

Mr Aldred: We expect Forestry Tasmania to meet its obligations. The Commonwealth funds have, by my recollection of information that we chased up on notice, been acquitted. Funds that may be held by Forestry Tasmania and the Tasmanian audit report is a matter then for Tasmania.

Senator MILNE: No, it is not actually a matter for Tasmania. I disagree. It is taxpayers' money that was paid to Forestry Tasmania. You acquitted your side of it by making the funds available to them, but surely on behalf of the taxpayers we need to know that Forestry Tasmania spent the money as was required by what it was given to them for.

Mr Aldred: By 'acquittal' I mean Forestry Tasmania, by my recollection, has acquitted the funds to the Commonwealth. I am happy to take it on notice and check that, but that is my understanding.

Senator MILNE: I would like to know when that occurred because the auditor in Tasmania last year indicated that Forestry Tasmania had not spent the money as required by the Commonwealth but knew they had to do so. So I would be very interested to know when they actually spent it, as they were required to do so.

Mr Aldred: I think, as you described, Forestry Tasmania received funds from both the Tasmanian government and the Commonwealth government for a range of activities. My understanding is that there are some activities—and I cannot be specific about them—which will require further works in future years and Forestry Tasmania has some funds in reserve. I indicated that my understanding is that Forestry Tasmania has made an acquittal of those Australian government funds to the Commonwealth.

Answer:

Under the Tasmanian Community Forest Agreement \$115 million was jointly committed by the Australian and Tasmanian governments to the intensive forest management program to improve the productivity of managed native forests and plantations—to offset the loss in production from reserving areas of native forest under the agreement.

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Question: 159 (continued)

As specified in the agreement, the Australian Government contributed \$66 million from 2005–06 to 2007–08 towards the program's activities, with the remaining \$49 million being committed by the Tasmanian Government. The Tasmanian Government commissioned Forestry Tasmania to undertake the work.

Acquittals provided by the Tasmanian Government show that—up to the end of the 2007–08 financial year—when the Australian Government made its final contribution, Forestry Tasmania had spent more than \$76 million on intensive forest management activities, including all the Commonwealth funds. The latest acquittal from the Tasmanian Government for 2009–10 shows over \$99 million had been spent up to 30 June 2010.

The Tasmanian Government has indicated that the remaining \$15.35 million is expected to be used by Forestry Tasmania over the next 15 years to undertake intensification and management activities related to intensive forest management.

The Tasmanian Auditor-General's report commented on Forestry Tasmania's administration of the funding. The report indicated that Forestry Tasmania was aware that the money needed to be spent on specified activities.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 160

Division/Agency: CCD – Climate Change Division

Topic: Plenty Link Road

Proof Hansard Page: Written

Senator Bob Brown asked:

Referring to the answer to question 119 from the February estimates climate change session, what has been the Commonwealth's total contribution to the building or repair of the Plenty Link road? If you cannot answer this question, please advise who can and why this department is unable to get the answer from that source?

Answer:

The Plenty Link road is a forestry road that is understood to have been constructed in the late 1990s.

The Commonwealth provided \$6 million to 'roading to increase productivity' as identified in clause 101(iii) of the Tasmanian Regional Forest Agreement over the three year periods – 1997–98, 1998–99 and 1999–2000. In addition, under the Tasmanian Community Forest Agreement, the Tasmanian Government provided \$20 million for 'roading infrastructure' in equal instalments over five years commencing in 2005–06.

The Tasmanian Government is responsible for administration of committed funds and the Commonwealth contribution is likely to have been pooled with Tasmanian Government funds.

No specific allocation of Commonwealth funds was made under the Tasmanian Regional Forest Agreement.

The *Inquiry on the Progress with the Implementation of the Tasmanian Regional Forest Agreement (1997)* Background Report of April 2002 indicates that \$1.9 million had been spent on 'constructing a new major link road between the Huon and Derwent valleys to move wood more efficiently from forests in both valleys to existing and proposed industries' with no allocation of the Commonwealth and Tasmanian Government funds.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 161

Division/Agency: CCD – Climate Change Division

Topic: World Forestry Congress

Proof Hansard Page: Written

Senator Colbeck asked:

Attendance at 2009 World Forestry Congress

1. Is it usual practice for Embassy Officials to attend International Forestry events on behalf of DAFF and the Government?
2. Did the Embassy Official have particular forestry-related knowledge or skills?
3. What were the outcomes of the official's attendance? Was a report made to DAFF?

Answer:

1. When a DAFF forestry official is unable to attend an international forestry event the department tasks the relevant Australian diplomatic mission to attend the event on behalf of the Australian Government. The attendance at international forestry events by officials from alternative agencies, for example the Department of Foreign Affairs and Trade, is in accordance with the Prime Minister's directive on Guidelines for the Management of the Australian Government Presence Overseas which states 'that APS agencies work together productively on issues that cross traditional agency boundaries'.
2. No.
3. DAFF tasked the Embassy Official to observe and report back on any outcomes of particular significance from the World Forestry Congress. The official attended the World Forestry Congress on 20 October 2009 as an observer, including a side event on the Montreal Process. The official made no formal intervention at the congress.

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Agriculture, Fisheries and Forestry

Question: 162

Division/Agency: CCD – Climate Change Division

Topic: World Forestry Congress

Proof Hansard Page: Written

Senator Colbeck asked:

Bid for the 14th World Forestry Congress

1. Can the Department expand on a previous QON Answer (#127 from Feb 2011 Additional Estimates) and detail why it did not support the bid from the Melbourne World Forestry Congress Bid Committee?
2. What would have been required for the Bid to be supported?

Answers:

1. The department was unable to support Melbourne's bid to host the 14th World Forestry Congress as a fully developed proposal was not received with adequate time for consideration prior to the Food and Agriculture Organization closing date for submissions to host the World Forestry Congress of 1 September 2010.
2. For the department to consider a bid and provide advice to the Minister, it would have needed to:
 - address all the requirements as outlined by the Food and Agriculture Organization for resourcing the World Forestry Congress
 - be assured that funding mechanisms were in place to adequately cover all the costs of hosting the event
 - indicate how much funding was being sought from the Australian Government.

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ANSWERS TO QUESTIONS ON NOTICE

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Question: 163

Division/Agency: CCD – Climate Change Division

Topic: Intensive Forest Management program review

Proof Hansard Page: Written

Senator Colbeck asked:

When will the TCFA Intensive Forest Management program review commence?

Answer:

The review is scheduled to begin in September 2011, when tender processes are concluded, and will be administered by the Tasmanian Government.

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

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Question: 164

Division/Agency: CCD - Climate Change Division

Topic: Exceptional Circumstances

Proof Hansard Page: Written

Senator Heffernan asked:

1. Is the direction of drought policy reform about reducing the cost to Government of helping farmers in drought rather than meeting the needs of the farming community?
2. Your Answer to your QON 99 from the February Additional Estimates outlines the policies terminating at the completion of an EC period.
3. With regard to the exit grants is a farmer eligible for an exit grant if he/she has being trying to sell their property during an EC declared period but does not complete the sale until after the period of EC for that area terminates?

Answer:

1. No.
2. No it does not.
3. Eligibility for the EC Exit Grant, among other things, requires farmers to have resided in an area that has or had an EC declaration since 1 July 2010, and have completed the sale of their farm property. Therefore, the EC declaration can have ended and the farmer is still able to apply as long as they resided within an EC declared area on or after 1 July 2010.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: 165

Division/Agency: CCD – Climate Change Division

Topic: Exceptional Circumstances

Proof Hansard Page: Written

Senator Nash asked:

1. Is the government/department aware of the cumulative impact the floods have had on top of a prolonged drought?
2. The DAFF website states to be classified as an EC event, it:
 - must be rare and severe, that is it must not have occurred more than once on average in every 20 to 25 years and must be a significant scale
 - must result in a rare and severe downturn in farm income over a prolonged period of time (e.g. greater than 12 months)
3. Given the time it will take many farmers to recover from the drought and floods, which will be at least 12 months, why won't the govt/dept extend EC assistance to allow them more time to recover?

Answer:

1. Yes.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) issued a special report on 21 January 2011 on the impact of the recent flood events on commodities.

ABARES further reported on the impact of the recent flood events in its *Australian crop report* released on 15 February 2011 and the most recent quarterly edition of *Australian commodities* released on 21 June 2011.

While the floods have had a significant impact on many farmers, coming on top of the drought that preceded them, ABARES' *Australian crop report* and *Australian commodities* report indicate that the outlook for agriculture over the next two years is positive. Good water availability and high soil moisture content have combined to create circumstances where yields and on-farm incomes are expected to be strong into the future.

In addition, since 31 March 2011, 26 Exceptional Circumstances (EC) declarations have ceased, following advice from the independent National Rural Advisory Council (NRAC) that seasonal conditions had improved for the majority of producers in these areas such that they have been able to return to typical farm management practices.

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Question: 165 (continued)

2. The criteria for a new Exceptional Circumstances (EC) application differ from those for a review of an existing EC declaration. The criteria you refer to in your question apply to new EC applications.

The National Rural Advisory Council (NRAC) advises the government on whether EC declarations should continue on the basis of a review of areas with an EC declaration, which it undertakes before the declaration expires.

In reviewing an existing EC declaration, NRAC undertakes the process that was introduced by the Australian Government in 2005.

NRAC takes into consideration the extent to which seasonal conditions have allowed a seasonal recovery to commence over the past twelve months since its last inspection across the majority of the area by the majority of producers.

3. The Government has and continues to follow the established process for the assessment and expiry of EC declarations. The requires and independent assessment of on the ground conditions by NRAC.

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Question: 166

Division/Agency: CCD – Climate Change Division

Topic: Drought

Proof Hansard Page: Written

Senator Nash asked:

The Bureau of Meteorology states NSW recorded 803 mm of rainfall during 2010, well above the average of 559 mm. 2010 was the third wettest year on record and the state had the highest rainfall recorded in over 50 years. Further, the loss to agriculture in NSW, Victoria and Queensland from the floods is at least \$5 billion.

1. Does this not meet the criteria that this event is rare and severe and of a significant scale?

Answer:

Exceptional Circumstances assistance is intended for drought events and not intended to be available for all adverse events, particularly those covered by existing assistance mechanisms or those events that farmers are expected to be able to manage using normal risk management strategies. This includes insurable events, events covered under the Natural Disaster Relief and Recovery Arrangements (NDRRA), or events covered by existing Australian, state and territory government assistance measures.

Natural disasters covered by the NDRRA include floods, bushfires, cyclones, earthquakes, storms, storm surge and landslides (consequential upon an eligible event).

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Question: 167

Division/Agency: CCD – Climate Change Division

Topic: Exceptional Circumstances and Drought Pilot

Proof Hansard Page: Written

Senator Nash asked:

1. How would you define 'exceptional circumstances'?
2. How long do you think it takes for a farmer to recover from an event that is of exceptional circumstances?
3. Are you aware there are farmers who have received little to no income for several years due to hardship?
4. Do you concede that if this was another industry/sector, it would not be tolerated?
5. I've been advised of attempted suicides and suicides by farmers in flood affected regions, who've just come out of drought – are you aware this is happening?
6. What information has the dept received (in relation to attempted and actual farmer suicides)?
7. Victoria has reportedly sought an extension of EC beyond March 31 – has it? Have other states done the same?
8. The govt's announced the WA drought pilot will be expanded and extended for another 12 months – why is the trial happening in areas that are not EC declared. NOTE: While many areas in eastern states are no longer EC declared, there were many before EC expired in March/April and when the WA drought pilot first started).
9. Why not trial it in Delungra in NSW which is EC declared?
10. A RIRDC paper – called 'Decisions made by farmers that relate to Climate Change' - states many farmers will have little if any equity left with which to rebuild their farms and are struggling financially to adapt to risks posed by climate change – how does the govt/dept propose to address this?
11. What is the govt's plans regarding a drought policy?
12. When will it be finalised?
13. How extensively are you consulting?
14. Farmers I've spoken to want EC support to continue a further 6-8 months, or a low interest loan with two years of no repayments, to help them recover – will the govt consider this option?
15. The Bureau of Meteorology states NSW recorded 803 mm of rainfall during 2010, well above the average of 559 mm. 2010 was the third wettest year on record and the state had the highest rainfall recorded in over 50 years. Further, the loss to agriculture in NSW, Victoria and Queensland from the floods is at least \$5 billion. What would it cost to extend EC assistance for a further 6-8 months?

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ANSWERS TO QUESTIONS ON NOTICE

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Question: 167 (continued)

Answer:

1. Exceptional Circumstances (EC) is the Australian Government's principal mechanism for assisting farmers and small business operators who are experiencing exceptional hardship due to a rare and severe climatic or other event.

The criteria for an EC declaration are:

- Be rare and severe.
A rare event is one that occurs on average only once in every 20 to 25 years. A rare event is severe if it is of a significant scale. It must also affect a significant enough proportion of farm businesses in a region to warrant government intervention.
 - Result in a rare and severe downturn in farm income over a prolonged period.
The effects of a rare and severe event must result in a rare and severe income downturn that cannot be managed by producers using normal risk management practices. The impact must extend beyond 12 months, as producers should reasonably be expected to manage one year of difficult seasonal conditions.
 - The event must not be predictable or part of a process of structural adjustment.
EC support is not available to those producers whose problems have arisen from the fundamental need for structural adjustment.
2. Recovery from an EC event will vary according to the geographical and climatic nature of the affected region as well as the nature of the agricultural systems and practices in that region.
 3. Farmers in EC declared areas with little or no income were able to apply for EC assistance. Much of Australia's agricultural land was EC declared and eligible for EC assistance during the recent, extended drought.

In any given year, there will be farmers in areas which are not EC declared who have little or no income. The government funds a number of programs such as the Transitional Income Support program and the Rural Financial Counselling Service to assist farmers in hardship regardless of whether they are EC declared.

Between 1 January 2001 and 30 June 2011, more than \$4.7billion has been paid in assistance to farmers in EC declared areas.

4. No.

The level of direct assistance provided to farmers under the EC arrangements is not available to any other industry sector. Further, the government provides a range of assistance measures to farmers in hardship such as the Transitional Income Support program and the Rural Financial Counselling Service regardless of whether they are EC declared.

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5. From time to time, the Department of Agriculture, Fisheries and Forestry receives anecdotal information about possible suicides. Under Australian Government protocols, when officers become aware of individuals with mental health issues an immediate referral is made to Centrelink social workers to follow-up with that individual.

The government provides a range of measures to help prevent and deal with suicide and associated mental health issues through the Department of Health and Ageing.

6. None.
7. On 29 March 2011, the Victorian Government lodged an appeal for parts of the former Mallee-Northern Wimmera Revised, Central Victoria North Revised and Northern Victoria Revised EC declared areas that were not extended beyond 31 March 2011.

On 20 May 2011, the government announced that it had accepted the advice of NRAC that there was no compelling evidence to suggest that heavy rainfall and flooding impeded the ability of the majority of producers in the proposed area from returning to typical farm management practices.

No other state or territory government has lodged appeals to the decisions of EC declarations that expired in 2011.

8. The pilot of drought reform measures is being trialled in part of Western Australia as it covered a broad range of farming businesses and climatic conditions and did not contain any EC declared areas.

The drought reform pilot in Western Australia has been extended until 30 June 2012 and expanded to include the south-west region of the state. Extending the pilot for 12 months will allow farmers currently receiving assistance to do so while the review of the pilot is completed in September 2011 and the government considers the next steps on possible reforms to national drought policy. It will allow more time to properly test the measures and therefore assist the government in its consideration of drought policy reform.

The expansion of the pilot to the south-west will allow more farmers to benefit from assistance measures being trialled in the pilot.

9. The New South Wales Government did not request a trial of possible new drought measures whereas the Western Australian Government did. The Australian Government agreed to conduct the pilot of possible drought reform measures in part of that state as there were no existing EC declarations in Western Australia at that time.

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10. Provision of finance for farm businesses is a commercial matter dealt with between farmers and their financiers. The government has no role in these matters.

The government has programs such as the Transitional Income Support program and the Rural Financial Counselling Service to assist farmers deal with the challenges of change and adjustment, including climate change.

11. The government, in partnership with the Western Australian Government, is undertaking a pilot of possible drought reform measures. The pilot is trialling measures designed to help farmers better manage risks and prepare for future challenges. It is also trialling more effective social support services for farming families and rural communities.

The pilot is being reviewed to inform further government consideration on possible drought policy reform. The review is focussing on the efficiency, effectiveness, appropriateness and preliminary outcomes of the pilot measures. The final report will be provided to the Australian and Western Australian governments by the end of September 2011.

12. The final review report will be provided to the Australian and Western Australian governments by the end of September 2011.

13. The panel called for submissions against its terms of reference on 9 March 2011, which closed on 20 April 2011. Fifty-six submissions were received. The panel has also undertaken an extensive consultation process with key stakeholders, including a range of pilot participants, program delivery agencies, national and WA peak industry bodies, financial institutions and other interested parties. Consultations were undertaken in Canberra, Perth and across the pilot region in Western Australia.

The finalised review report will be discussed with state and territory agriculture ministers and key stakeholders.

14. The government has accepted the advice of NRAC in making decisions to end EC declarations.

Funding for low interest rate loans is included as part of a range of assistance measures provided by the Australian Government to state governments, for farmers, small businesses and communities affected by flooding and other disasters, through Natural Disaster Relief and Recovery Arrangements (NDRRA). NDRRA is the most appropriate form of assistance to help people in difficulty in flood-affected areas. The specific assistance and loan amounts under the NDRRA vary between the states according to the particular local circumstances and arrangements agreed with each state government. Loan

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amounts range from \$100,000 to \$200,000 with interest as low as 2.7 per cent fixed for a period. Funding is also provided to states for grants of up to \$25,000 to primary producers, to assist with clean up and recovery costs.

15. The cost of each EC declaration or the extension of an EC declaration is estimated on a case-by-case basis according to the previous year's uptake and expenditure. During 2010-11, the national average amount paid to a recipient for the EC Interest Rate Subsidy was approximately \$44 000 and approximately \$11 000 for the EC Relief Payment.