

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 14**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Farm Assistance Due to Suspension of Trade

**Proof Hansard page:** 33–34

**Senator RHIANNON asked:**

**Senator RHIANNON:** I would like to move on to the money that is allocated to assist farmers. This is with regard to when the live exports to Indonesia were suspended. I understand a large proportion of the money has not been claimed. Could you tell us the amount that has not been claimed and what has happened to that amount of money?

**Mr Aldred:** I can provide an outline of the funds that have been provided. Under each of the elements under the income recovery subsidy there was an amount of in the order \$60,000 that was spent. Under the business assistance package—there was a \$5,000 business assistance payment—there has been \$3.9 million. Under the business hardship payment—that is the \$20,000 grants—\$7.9 million. Then for the other elements you would be aware of the subsidised rate of interest program. Essentially applications closed on Friday. With that one payments are made six-monthly in arrears, so we are unable to give a precise figure at this time.

**Senator RHIANNON:** When will you be in a position to provide information to the committee on what portion of this money has not been claimed?

**Mr Aldred:** We can, as I have just done, provide the actual expenditures against those. It will be, I suggest, a couple of weeks before we would have any reconciliation of the subsidised rate of interest through from each of the jurisdictions who are administering that on the Commonwealth's behalf.

**Senator RHIANNON:** Could you take on notice for that information to be provided when it becomes available.

**Mr Aldred:** Yes.

**Answer:**

Please refer to the answer to QoN 115 Climate Change Division from the Additional Estimates hearing in February 2012.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39**

**Division/Agency:** CCD – Climate Change Division

**Topic:** WA Drought Pilot

**Proof Hansard page:** 91

**Senator SIEWART asked:**

**Senator SIEWERT:** I am going to ask for an update on the process in Western Australia. Can you give me an update of the figures that we usually go through and how many people have accessed the various programs now that it has been extended?

**Mr McDonald:** For the Farm Family Support measure, we have had 627 families receive income support up until 31 December 2011, which constitutes 198 new recipients since 1 July 2011.

**Senator SIEWERT:** I am conscious that I may be asking something that you cannot give me, because I know there are issues around providing information that would identify somebody. Is it possible to tell me which areas they came from in WA? Not towns but maybe localities or something?

**Mr McDonald:** We would have to take that on notice.

**Mr Aldred:** We have previously provided the committee with that sort of information by local government area, so we can do that.

**Answer:**

The number of successful applicants from each of the 130 local government areas in the pilot region for Farm Planning phase 2, Building Farm Businesses phase 2 (grants) and Farm Family Support (income support) are shown at **Attachment A**. Data is for 2011–12 only and is to the end of January 2011.

Due to privacy reasons, it is not possible to report Farm Family Support data under 20.

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

**Rural and Regional Affairs and Transport Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39** (continued)

**Attachment A**

<b>Local government area (LGA)</b>	<b>Farm Planning Phase 2  (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Building Farm Businesses Phase 2  (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Farm Family Support  (successful applicants to 1 July 2011 - 31 January 2012)</b>
Albany*	11	2	<20
Armadale*	0	0	0
Ashburton	0	0	0
Augusta-Margaret River*	21	0	<20
Bassendean*	0	0	0
Bayswater*	0	0	0
Belmont*	0	0	0
Beverley*	10	4	<20
Boddington*	1	0	0
Boyup Brook*	3	1	<20
Bridgetown-Greenbushes*	8	0	0
Brookton	3	1	<20
Broomehill-Tambellup*	6	2	0
Bruce Rock	6	3	<20
Bunbury*	0	0	<20
Busselton*	21	0	0
Cambridge*	0	0	0
Canning*	0	0	0
Capel*	16	0	<20
Carnamah	0	0	<20
Carnarvon	31	22	<20
Chapman Valley	2	2	<20
Chittering*	2	0	<20
Claremont*	0	0	0
Cockburn*	0	0	0
Collie*	0	0	0
Coolgardie	0	0	0
Coorow	1	1	<20
Corrigin	4	6	20
Cottesloe*	0	0	0
Cranbrook*	4	0	<20

**Rural and Regional Affairs and Transport Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39** (continued)

**Attachment A**

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Cuballing	8	4	<20
Cue	0	1	0
Cunderdin*	2	0	0
Dalwallinu	4	7	<20
Dandaragan	5	3	<20
Dardanup*	4	0	0
Denmark*	8	2	0
Donnybrook-Balingup*	11	0	0
Dowerin	8	1	<20
Dumbleyung	7	6	<20
Dundas	0	0	0
East Fremantle*	0	0	0
Esperance	17	11	<20
Exmouth	0	0	0
Fremantle*	0	0	0
Geraldton-Greenough	1	1	<20
Gingin*	2	0	0
Gnowangerup	8	5	<20
Goomalling	4	0	<20
Gosnells*	0	0	0
Harvey*	38	0	0
Irwin	1	1	0
Jerramungup	17	5	25
Joondalup*	1	0	0
Kalamunda*	0	0	0
Kalgoorlie-Boulder	0	0	0
Katanning	10	9	<20
Kellerberrin	3	3	21
Kent	6	1	21
Kojonup*	7	0	<20
Kondinin	12	7	42
Koorda	5	1	<20
Kulin	6	3	42

**Rural and Regional Affairs and Transport Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39** (continued)

**Attachment A**

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Kwinana*	0	0	0
Lake Grace	21	15	51
Leonora	1	0	<20
Mandurah*	0	0	<20
Manjimup*	17	0	<20
Meekatharra	0	0	<20
Melville*	0	0	0
Menzies	1	0	0
Merredin	10	6	21
Mingenew	0	0	0
Moora	6	4	<20
Morawa	0	1	0
Mosman Park*	0	0	0
Mt Magnet	1	0	0
Mount Marshall	5	1	<20
Mukinbudin	2	1	20
Mullewa	1	1	<20
Mundaring*	0	0	0
Murchison	0	0	<20
Murray*	4	0	<20
Nannup*	4	0	<20
Narembeen	4	4	<20
Narrogin	3	2	<20
Nedlands*	0	0	0
Northam*	1	0	<20
Northampton	4	6	<20
Nungarin	1	2	<20
Peppermint Grove*	0	0	0
Perenjori	3	2	<20
Perth*	0	0	0
Pingelly	4	1	<20
Plantagenet*	3	0	<20
Quairading	6	0	<20

**Rural and Regional Affairs and Transport Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39** (continued)

**Attachment A**

<b>Local government area (LGA)</b>	<b>Farm Planning Phase 2  (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Building Farm Businesses Phase 2  (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Farm Family Support  (successful applicants to 1 July 2011 - 31 January 2012)</b>
Ravensthorpe	4	8	<20
Rockingham*	0	0	0
Roebourne	0	0	0
Sandstone	0	1	0
Serpentine-Jarrahdale*	2	0	<20
Shark Bay	2	0	0
South Perth*	0	0	0
Stirling*	0	0	0
Subiaco*	0	0	0
Swan*	0	0	0
Tammin	2	0	<20
Three Springs	0	0	<20
Toodyay*	0	0	0
Trayning	1	0	<20
Upper Gascoyne	0	1	<20
Victoria Park*	0	0	<20
Victoria Plains*	5	0	0
Vincent*	0	0	0
Wagin	11	15	<20
Wandering	2	1	<20
Wanneroo*	1	0	0
Waroona*	5	0	0
West Arthur*	3	0	<20
Westonia	0	1	<20
Wickepin	6	5	<20
Williams*	3	1	<20
Wiluna	0	0	<20
Wongan-Ballidu	4	2	<20
Woodanilling	1	1	0
Wyalkatchem	0	0	<20
Yalgoo	0	2	<20
Yilgarn	6	3	<20

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 39** (continued)

**Attachment A**

<b>Local government area (LGA)</b>	<b>Farm Planning Phase 2 (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Building Farm Businesses Phase 2 (successful applicants to 1 July 2011 - 31 January 2012)</b>	<b>Farm Family Support (successful applicants to 1 July 2011 - 31 January 2012)</b>
York*	3	0	<20
<b>TOTALS</b>	<b>508</b>	<b>202</b>	<b>626</b>

\*Local Government Area's added to the pilot region in 2011-12

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 40**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Livestock Emissions

**Proof Hansard page:** 93

**Senator RHIANNON asked:**

**Ms Gaglia:** There are a number of practices that we are looking at in relation to livestock. As the secretary mentioned, we have some projects in relation to the capture of methane in piggeries and other institutions like abattoirs, but when it comes to the livestock emissions themselves most of the research we are undertaking is looking at where you are going to get the most significant reductions. It comes down to what you feed the livestock and the way that they digest that feed more so than the actual practice. The bulk of the research that we are doing now is into how we can reduce the actual methane coming out of each individual animal rather than the number of animals that you have on a paddock.

**Senator RHIANNON:** Are you able to share with the committee a list of those research projects that you are undertaking and where they are funded from?

**Ms Gaglia:** There is a document on our website that lists all of the projects and the results that we have ascertained so far over the entire program.

**Senator RHIANNON:** Can you share that link with us?

**Senator Ludwig:** We will provide it.

**Ms Gaglia:** Yes, we can provide that.

**Answer:**

This webpage ([www.daff.gov.au/climatechange/australias-farming-future/climate-change-and-productivity-research](http://www.daff.gov.au/climatechange/australias-farming-future/climate-change-and-productivity-research)) has a document that lists all the Climate Change Research Program projects and their progress.



**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 41**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Farmers in the Bundarra Area

**Proof Hansard page:** 94

**Senator WILLIAMS asked:**

**Senator WILLIAMS:** You might need to take this on notice. Could you tell me how many farmers in the Bundarra area actually applied for EC? That is one question. How many farmers in that region who qualified for EC were granted the assistance? So, how many applied and how many were granted? How much in total has been paid out in EC assistance to those Bundarra Farmers? Would you be able to take those three questions on notice?

**Dr O’Connell:** We definitely could do that.

**Mr Aldred:** We can probably provide that information quite quickly.

**Dr O’Connell:** We can do that now.

**Senator WILLIAMS:** Do you know how many applied in that region?

**Mr McDonald:** I have not got the number of applied, but I have got the number of granted, if that is helpful.

**Senator WILLIAMS:** How many were granted?

**Mr McDonald:** For the Exceptional Circumstances Relief Payment for farmers and small businesses, which is the income support, there were 39 recipients up until 31 December 2011, and there were 19 recipients of the Exceptional Circumstances Interest Rate Subsidy for farmers. The respective expenditure on both of those measures in 2011–12 through to 31 December 2011 was approximately \$335 000 for the income support and approximately \$745 000 for the interest rate subsidy.

**Senator WILLIAMS:** Could you also perhaps take it on notice how many did apply for that region in that area that was granted EC.

**Mr McDonald:** I can take that on notice.

**Answer:**

From the commencement of the Bundarra Exceptional Circumstances (EC) declared area on 29 June 2010 to 31 December 2011:

- There were 59 applications received from small business and farmers for the Exceptional Circumstances Relief Payment in the Bundarra EC declared area, with 11 rejected. Expenditure for this period was approximately \$0.95 million.
- There were 57 applications received from farmers for the Exceptional Circumstances Interest Rate Subsidy in the Bundarra EC declared area, with 8 rejected. Expenditure for this period was approximately \$1.72 million.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 42

**Division/Agency:** CCD – Climate Change Division

**Topic:** Implementation of the Conservation Agreement signed with Tasmanian Government and Forestry Tasmania

**Proof Hansard Page:** 98

**Senator BROWN asked:**

**Senator BOB BROWN:** Okay, Dr O'Connell, how many coupes and what is the area?

**Dr O'Connell:** I will pass over.

**Mr Aldred:** From recollection it is 43 coupes, Senator, and an area in the order of less than 2,000 hectares.

**Senator BOB BROWN:** Would you get the exact figures, the list of coupes and the area of each, and provide them to the committee, please?

**Mr Aldred:** Yes, Senator.

**Senator BOB BROWN:** For the committee, could you also get the scheduling of the start of logging in each of the coupes and any others that may be logged in the 430,000 hectares, and the completion date and the chief recipient of the contents of the forests that are logged from each coupe?

**Mr Aldred:** I will seek the information that I can, Senator. I believe a range of it should be available already as a result of the rescheduling work that was undertaken by the experts.

**Senator BOB BROWN:** So you will be able to get it to the committee this week?

**Mr Aldred:** As I said, I will seek the information that I can. I did not say that I could give you every piece of the information that you just sought. But I will do my best to get the bulk of the information quickly.

**Answer:**

The Conservation Agreement, signed by the Minister for Sustainability, Environment, Water, Population and Communities on behalf of the Commonwealth of Australia, the Tasmanian Minister for Energy and Resources on behalf of the State of Tasmania, and Forestry Tasmania, lists 43 coupes and roads required to access these coupes at Schedule 2 that are to be excluded from the area nominated by the environmental non-government organisations. The total area to be excluded is 1949 ha. The Conservation Agreement including the specific agreed exclusions can be found at [www.environment.gov.au/land/forests/independent-schedulers.html](http://www.environment.gov.au/land/forests/independent-schedulers.html).

The report identified that thirty one coupes (totalling 1449 ha) are scheduled for harvest before the end of February 2012 and a further 12 coupes and roads (totalling 500 ha) are scheduled for harvest between 1 March and 30 June 2012.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 42 (continued)

The Australian Government is unable to answer who the chief recipients of the timber generated from the harvesting activities in individual coupes will be. The day to day management of production forests is a matter for state governments.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 43**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Implementation of the Conservation Agreement signed with Tasmanian Government and Forestry Tasmania

**Proof Hansard Page:** 98

**Senator BROWN asked:**

**Senator BOB BROWN:** Has any habitat of any Commonwealth listed rare or endangered species been involved in the 43 coupes that have been logged?

**Mr Aldred:** I cannot answer that, Senator.

**Senator BOB BROWN:** Why can't you?

**Mr Aldred:** I would ask that that be directed to the environment committee.

**Senator BOB BROWN:** No. It is your department's responsibility to ensure that the laws of the country are upheld. I am asking you because you should know this. Has any rare or endangered species habitat been logged in this process since 7 August?

**Mr Aldred:** I cannot answer the question. I will take it on notice.

**Senator BOB BROWN:** Would you? And would you list species in each coupe and define what component of habitat and what area of habitat has been logged in that process since 7 August?

**Senator Ludwig:** Just to be clear, we can take on notice what we actually have within the department of agriculture. But just so as we are not misleading you in the sense that you might think we will be able to answer all of that question, some of it, it seems at first blush, can or should be answered by the environment department. We are also not going to act as a go-between and pass the question over to the department of environment, so I would encourage you to take the opportunity to ask the same or a similar question of the department of environment.

**Senator BOB BROWN:** Thanks, Minister. What you can answer for the committee is: can you please enumerate for each coupe the process that you or the department undertook in assessing and making sure with the department of environment that no rare or endangered species habitat was to be logged, knowing, of course, that that is illegal under Commonwealth law?

**Senator Ludwig:** What we will do is provide what we do have in respect of the involvement in the intergovernmental agreement, particularly around the environmental matters that you have raised.

**Senator BOB BROWN:** No. I am asking you, Minister, to get us, this committee, the information about what process you or your department undertook to ensure that no rare or endangered species habitat was to be logged in any of these 43 coupes enumerated by Mr Aldred. That is the question.

**Senator Ludwig:** And, as we indicated, we will take it on notice and see what we can respond to it.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 43 (continued)

**Answer:**

Operational forest management is the responsibility of the State. The status of coupe planning by Forestry Tasmania was examined by independent expert reschedulers recently. Their report is available at; [environment.gov.au/land/forests/independent-schedulers](http://environment.gov.au/land/forests/independent-schedulers).

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 44

**Division/Agency:** CCD – Climate Change Division

**Topic:** Ta Ann

**Proof Hansard Page:** 99

**Senator BROWN asked:**

**Senator BOB BROWN:** I want to hand over to my colleague so I will end with a couple of questions on the issue of Ta Ann. Has the department or the minister or any other government representatives, as far as you are aware, had talks with Ta Ann at any time? If so, with whom and what were those talks about?

**Mr Aldred:** Senator, the answer is yes. We have previously provided that information on a question on notice that you asked at an earlier hearing.

**Senator BOB BROWN:** And not since then? There have been no meetings since then with Ta Ann or anyone?

**Mr Aldred:** Since then? I will undertake to check that.

**Senator BOB BROWN:** You do not know?

**Mr Aldred:** I have not had meetings with Ta Ann since we responded to that question on notice. I will seek the information.

**Senator BOB BROWN:** Ta Ann today announced that it was reducing its forest take in Tasmania, with 40 jobs at stake. Was the government forewarned about that?

**Mr Aldred:** I cannot answer on behalf of the government, Senator.

**Senator BOB BROWN:** Were you or anybody in the department? I am asking the minister now, because you might not know about that. Minister, did Ta Ann signal to the government its announcement today?

**Senator Ludwig:** I will just check so that we do not make any mistake here. I will take it on notice and check whether or not my office was advised. I have obviously been here all day, so I am not sure what may have happened.

**Senator BOB BROWN:** But you did not know about it before it went public?

**Senator Ludwig:** I was not advised prior to today.

**Senator BOB BROWN:** Were you warned that such an announcement might be coming?

**Senator Ludwig:** Again, I will check my records to see whether or not my office has been provided with any information in relation to that, because I would not want to be in a position to mislead the committee.

**Answer:**

Within the Department of Agriculture, Fisheries and Forestry portfolio:

- A departmental officer, in his capacity as a member of the Australian Government Taskforce for the Tasmanian Forests Intergovernmental Agreement, met with Mr Greg Hickey, Senior Manager, Resources, Ta Ann Tasmania, on 8 December 2011. There were two items of discussion:
  - Mr Hickey demonstrated the quality characteristics of different veneer types
  - public perceptions of forestry.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question : 44 (continued)**

- On 17 January 2012, Parliamentary Secretary Sidebottom also met with Mr Greg Hickey. There were three main issues that Mr Hickey wanted to discuss:
  - Tasmanian Forests Intergovernmental Agreement
  - public perceptions of forestry
  - forest certification schemes.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 45**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Tasmanian Community Forest Agreement Industry Development Program

**Proof Hansard Page:** 100

**Senator MILNE asked:**

**Senator MILNE:** The audit report in February 2008 was a scathing assessment of the department's management of the grants program, saying that the data was not being collected and the objectives to the program had not been set out properly et cetera. DAFF's response was to say, 'Yes, we agree. Performance data is important. We will collect it.' And then the audit report at the end of the program shows that it did not happen. I am asking why didn't DAFF collect the data that it was supposed to collect in order to evaluate this program?

**Mr Aldred:** Senator, I cannot give you the absolute details now. I will take that on notice and give you a comprehensive answer. As you would be aware, a number of the projects under that program had probably concluded by that time, so I will have a look at the information and come back to you. I think we have provided you with in the order of 3½ thousand pages of information under freedom of information on that program. We will try and provide some further information about those things.

**Senator MILNE:** I am sorry. Yes, you have provided me with thousands of pages, which is why I ask the question: why didn't DAFF do as it told the auditor it would do and collect performance data? Why? Who is in charge of overseeing it in DAFF?

**Dr O'Connell:** Mr Aldred said he would give you that information on notice. It goes back to 2008.

**Senator MILNE:** Who is responsible? Mr Secretary, who is responsible?

**Mr Aldred:** I am responsible for the division that looks after forestry and I will go back and find out what happened at that time, Senator.

**Senator MILNE:** Okay. I will go through specifically what happened. The recent report has made it clear that there was a breach of the Financial Management Act in that money left the agency without being signed off by anyone. Ernst and Young recommended it be investigated. Was it investigated? How is it that you, in charge of the forest program, oversaw a program that allowed money to leave the department without being signed off?

**Mr Aldred:** I did not oversee the program, Senator, but I will—

**Senator MILNE:** Well, who did?

**Mr Aldred:** As I have indicated, I will go back and find the answers for you.

**Senator MILNE:** Who did? You have just been through this process. Somebody has to be responsible for this. You say you are going to go back and look at it. You have been looking for 3,000 pages. I am asking the question: who is taking responsibility for this failure?

**Mr Aldred:** I will take it on notice and come back to you, Senator.

**Senator MILNE:** Let me try again. They noted that payments were made by the department prior to receipt of the requisite reporting documentation, including the progress and final reports. In 29 instances, payment was made before they got the receipts. How did that happen?

**Mr Aldred:** Again, Senator, I will take it on notice and give you a response.



**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 45 (continued)

**Answer:**

In relation to the matter of compliance with the Financial Management and Accountability Act (FMA), Ernst & Young reported that there was one project where the delegate approval to spend public money was not adequately evidenced on file, and recommended that “The potential breach of FMA regulation 9 should be investigated by the Department of Agriculture, Fisheries and Forestry and disclosed in the department’s Certificate of Compliance Schedule reported to Finance.”

The potential breach was investigated. It related to the lack of a copy of a signed approval from the delegate, the then Minister, Minister Abetz, on file. On examination of the files, there is an email advice from the then Minister’s office that Minister Abetz had approved the project. This email advice was accepted by the department’s then first assistant secretary responsible for the program as the delegate exercising FMA regulation 9 authority. The absence of there being a document where the delegate, Minister Abetz, has recorded their actual signature against the approval of this one project was reported to the department’s FMA Certificate of Compliance unit.

In response to the finding by Ernst & Young that there were 29 instances where payments had been made by the department “prior to receipt of requisite reporting documentation including progress and final reports”, the department has initiated a detailed examination of the department’s records. The examination is expected to be quite extensive and assess each milestone payment for payment, including the justification for payment, and if any follow up action is required. The department will provide further advice to the Committee once the examination is completed.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 46

**Division/Agency:** CCD – Climate Change Division

**Topic:** Tasmanian Community Forest Agreement Industry Development Program

**Proof Hansard Page:** 103

**Senator MILNE asked:**

**Senator MILNE:** So people got money to buy new machinery to keep going in the industry; then they got money to exit the industry. When they sold the equipment, who got the money?

**Mr Aldred:** Again, as I think I have indicated in an earlier hearing, our asset grants recovery procedures were put in place. We have been—

**Senator MILNE:** Yes, but I heard you got virtually no money back out of the millions that you have given out. People got money to buy machines to stay in the industry; now they have got money to come out of the industry, and they have kept the machines and will be selling the machines. Are you actively recovering any of the cash, or did you reduce the exit grants by the amount that they get from realising a cash sale or some other sale of their machines?

**Mr Aldred:** I will give you the specifics on notice. I think on at least two occasions we have withheld funds.

**Answer:**

Funding recipients that sell assets acquired with financial assistance provided by the Commonwealth under the Tasmanian Community Forest Agreement Industry Development Program are required to pay the Commonwealth a proportion of the sale proceeds equivalent to the proportion of the original Commonwealth funding under their funding deed. The recovery is administered in accordance with the 'Procedures for Treatment of Assets to be Disposed of under the Tasmanian Community Forest Agreement Industry Development Program', which is on the department's website. Funds recovered are returned to the Consolidated Revenue Fund.

Two applicants funded under the Tasmanian Forest Contractors Exit Assistance Program in the 2010–11 financial year, and previously funded under the Industry Development Program, have had Exit Assistance Program funding withheld to ensure liabilities owed to the Commonwealth were met.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 47

**Division/Agency:** CCD – Climate Change Division

**Topic:** Tasmanian Forest Industry Assistance

**Proof Hansard Page:** 103

**Senator MILNE asked:**

**Senator MILNE:** That is hopeless. This is my final question before I hand over to Senator Colbeck. Exactly how much money has been expended in Tasmania since the federal election in 2010 on forest industry assistance?

**Mr Aldred:** I will take it on notice and give you a figure since—

**Senator MILNE:** Since the election.

**Senator Ludwig:** Since 2007?

**Senator MILNE:** No, since the 2010 election—just since last year. My recollection, Minister, is that there was an assurance that the grant money would not be paid to the same recipients. But I will go back and check that.

**Answer:**

A total of \$22 510 043 (GST exclusive) has been expended from within the appropriations directed by the Department of Agriculture, Fisheries and Forestry.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 48**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Meeting of the Independent Verification Group

**Proof Hansard Page:** 106

**Senator COLBECK asked:**

**Senator COLBECK:** When was the first meeting of the independent verification group?

**Mr Aldred:** I have not got a specific date with me.

**Senator COLBECK:** Can you give me a rough idea?

**Mr Aldred:** I would not like to be held to it. It could well have been October. I am happy to chase it up over the evening break.

**Senator COLBECK:** I would be very interested to know when your first meeting was. You are saying perhaps October. When was the first meeting of the stakeholder reference group?

**Mr Aldred:** It would have been around the same time, I suspect, but again I will give you the specific dates.

**Dr O'Connell:** Rather than speculate, we will find out for you.

**Senator COLBECK:** That is fine. Who were the decision makers around appointments to those two groups?

**Mr Aldred:** Rather than give you a confused answer, I will confirm. I believe that we may have provided some information on a question on notice about consultation with the stakeholder reference group about the membership of the IVG. I will check that and come back to you.

**Senator COLBECK:** Who made the appointments to the IVG?

**Mr Aldred:** Again, I will confirm the process and who made the appointments.

**Answer:**

The first meeting of the Reference Group of Signatories nominated by signatories and established by the Tasmanian Forests Intergovernmental Agreement was held on 18 August 2011.

A list of possible members for the independent verification group was discussed and agreed with the Reference Group of Signatories on 31 August 2011. The final decision on appointment of members from this list was made by the Australian and Tasmanian Governments on 22 September 2011, with advice from the chair of the independent verification group. The first meeting of the independent verification group was on 23 September 2011.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 49**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Meeting of the Independent Verification Group

**Proof Hansard Page:** 107

**Senator COLBECK asked:**

**Mr Aldred:** Senator, I am trying to be helpful, but obviously taking a couple of things on notice. The specifics of some of this could be answered through the environment department in another committee. I am happy to chase it, but a number of these things were undertaken by the task force.

**Senator COLBECK:** I understand that. How are the interests of others that were not part of the signatories group dealt with as part of this process?

**Mr Aldred:** As part of the terms of reference, the independent verification group is supposed to consult with a range of other interested parties.

**Senator COLBECK:** But why wouldn't they be included in the stakeholder reference group? Tourism industry, mining industry—you have acknowledged that there is some work around minerals being done—why wouldn't they be engaged as part of the stakeholder reference group?

**Mr Aldred:** The stakeholder reference group was simply drawn from within the signatories to the statement of principles.

**Senator COLBECK:** But that does not answer my question. It does not say why. Surely they are stakeholders to this process? If you are going to impose restrictions on land use that have implications broader than just forestry, which is, as I understand, what is being proposed by some as part of this process, why aren't the genuine stakeholders who are being affected on the stakeholder reference group?

**Dr O'Connell:** Mr Aldred is just answering a question about who is on it and the relationship with the signatories. I think that is as far as he can answer.

**Senator COLBECK:** Can the minister answer why the other groups are not part of the process?

**Senator Ludwig:** I think, given the state of play in relation to the answers so far, I will take that on notice. I think it is much safer if we take it on notice and give a response.

**Answer:**

A wide group of stakeholders, including local government, farmer representatives, forestry stakeholders not directly involved in the Statement of Principles process were consulted as part of the process facilitated by the Independent Facilitator, Mr Bill Kelty, which led to the finalisation of the Statement of Principles to lead to an Agreement on Tasmanian forests.

The Signatories Reference Group is not a decision making body.

The Signatories Reference Group provides advice to the Governments and the Independent Verification Group (IVG) established by the Tasmanian Forests Intergovernmental Agreement

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 49** (continued)

(IGA). The IGA outlines a process to verify the claims and aspirations of the environment non-government organisations and groups representing the forest industry.

The IVG has consulted with stakeholders more broadly than the Signatories Reference Group in its role to verify the extent to which there can be conservation outcomes, noting the underlying commitment of the IGA is a commitment to honour existing wood supply contracts, other than Gunns Limited who had flagged an intention to exit from native forest logging at the time the IGA commenced.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 50**

**Division/Agency:** CCD – Climate Change Division

**Topic:** International Forest Carbon Initiative

**Proof Hansard Page:** 109

**Senator COLBECK asked:**

**Senator COLBECK:** What was the total allocation to the program, though—not how much was spent, how much was allocated to it to start with? I am trying to get a sense of how much was put in this pot in the first place. My understanding was that it was a fair bit of money. I accept that it might be phased over a number of cycles; I understand all that. But I want to know how much was put in the pot in the first place. There was a significant allocation, as I understand it, towards assisting these—

**Mr Aldred:** The International Forest Carbon Initiative is a \$273 million commitment, jointly administered by DCCEE—department of climate change—and AusAID. Our departments had—

**Senator COLBECK:** You get some allocations out of that.

**Mr Aldred:** ministerial managing some allocations of that.

**Senator COLBECK:** That is fine.

**Mr Aldred:** My recollection is the \$2.1 million was probably the full amount.

**Mr Talbot:** I will check this, but my understanding is that phase 1 was not part of the IFCI. It was given to our department and then when IFCI came in, our program was rolled into the IFCI and from phase 2 on it was part of IFCI.

**Senator COLBECK:** I did not quite catch the numbers.

**Mr Talbot:** I will confirm that.

**Senator COLBECK:** If you could confirm that, that is fine.

**Answer:**

The total allocation to the Asia-Pacific Forestry Skills and Capacity Building Program was \$15 698 000. This was split between two phases as follows:

Phase I           \$2 576 563

Phase II         \$13 121 437

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 51**

**Division/Agency:** CCD - Climate Change Division

**Topic:** Treatment of Specialty Timbers Under the Tasmanian Intergovernmental Agreement

**Proof Hansard Page:** 110

**Senator COLBECK asked:**

**Senator COLBECK:** So I will ask one question back on the IGA scene, while we still have you here, and put their concerns on the record. That is a question specifically relating to special species timbers. This person is a boat builder and says to me that they are looking at a 90 per cent reduction in timber as a part of this process if they do not maintain that 12½ thousand cubic metres of timber availability under the process and they are expressing their concern that the process is not interested in the industry demand from the boat-building sector. Can you give me any sense of what is happening in that particular area, given that that is a fairly significant part of the Tasmanian economy? I understand what is being said by the Tasmanian minister in relation to this. I have not heard anything specific from this minister, so I will not make a comment there, but this is a fairly critical part of this whole IGA process, the access to special species, particularly for people like boat builders and furniture builders.

**Mr Aldred:** Yes, there is acknowledgement in the IGA of industry seeking volumes of specialty timbers. My understanding is that it is being and will be looked at through the independent verification group process. I would say that the initial modelling around wood resources, I understand, as to sustainable yield is on categories 1 and 3 sawlogs, the high-quality sawlogs, and then the peeler arrangements as a couple of the limiting factors. I will take on notice the specifics of the specialty timbers and come back to you.

**Answer:**

Clause 17 of the Tasmanian Forests Intergovernmental Agreement (the Agreement) guarantees the minimum wood supply to industry and states that the industry claim for specialty species timber supply is 12 500 cubic meters per year, subject to verification.

Section 20 of the Agreement establishes the Independent Verification process by which the amount of speciality species timber species will be verified. The governments and signatories, in drafting the terms of reference for this group, specifically included a list of stakeholders to consult including the special species users.

The Independent Verification Group provided initial advice to governments on 29 February 2012, although not all the information is finalised.



**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 52**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Regional Forest Agreements and the Victorian Flora and Fauna Guarantee Act 1988

**Proof Hansard Page:** 111

**Senator RHIANNON asked:**

**Senator RHIANNON:** Considering that proposed changes to the Victorian Flora and Fauna Guarantee Act 1988 will make the application of threatened species legislation in Victoria discretionary and considering all RFAs are reliant on state legislation to ensure environmental standards are met—which in fact is the basis of the exemption of RFA logging operations from the EPBC Act—what are the implications for the standing of RFAs in light of those developments?

**Senator Ludwig:** The RFAs have not changed. The states are still required to meet their obligations under the RFA.

**Senator RHIANNON:** But if the legislation passed, would the government review its commitment to the RFAs? Do you have a watching brief on what is going on in Victoria?

**Mr Aldred:** I might be able to help. I cannot confirm whether the letter has specifically gone as yet, or our submission, but the department is or will shortly be seeking advice from the Victorian government that the changes proposed will not impact on commitments under the regional forest agreements.

**Senator RHIANNON:** You are referring to the proposed changes to the Victorian Flora and Fauna Guarantee Act 1988?

**Mr Aldred:** Yes.

**Senator RHIANNON:** Are there talks going on between federal and state? Are you waiting for advice?

**Mr Aldred:** We will certainly be seeking clarification.

**Senator RHIANNON:** When do you expect to receive that?

**Mr Aldred:** I cannot speak for the Victorian government.

**Senator RHIANNON:** So you are waiting on them?

**Mr Aldred:** As I indicated, whether we have already put in that submission or whether it is about to be signed off, I cannot tell you. I can take that on notice, but I can tell you that is the approach that we have or will be taking.

**Senator RHIANNON:** Thank you, if you could take it on notice. Thank you, Mr Chair.

**Answer:**

The Australian Government has sought assurances from the Victorian Government that the proposed variations to the *Code of Practice for Timber Production 2007* are consistent with commitments made in the Regional Forest Agreement.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 88**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Independent Verification Group Decision Making Process

**Proof Hansard Page:** Written

**Senator COLBECK asked:**

QON 191 October 2011 sought information on how the IVG would make decisions on the advice it was to provide. The Minister's response was that the IVG was not a decision making group – but it must reach some sort of decision on the advice it will offer. Please provide details of how the IVG will reach these decisions - is this by majority, consensus or at the discretion of the Chair?

**Answer:**

The Terms of Reference for the Tasmanian Forest Agreement Independent Verification Group provides direction to the Independent Verification Group (IVG). It does not include provisions about how the Group is to determine the advice it provides. Such matters are for the IVG to determine.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 89**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Live Exports Assistance

**Proof Hansard page:** Written

**Senator COLBECK asked:**

From the information provided to QON 74 and 135 October 2011 it seems that the Department spent \$4.17 million providing \$11.71 million in assistance packages. Is this correct?

**Answer:**

No. For detailed information, please refer to the answer to QoN 115 Climate Change Division from the Additional Estimates hearing in February 2012.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 90**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Income Recovery Subsidy

**Proof Hansard page:** Written

**Senator COLBECK asked:**

Over 60% of the applicants for the Income Recovery Subsidy were rejected. What were the main reasons for rejection?

**Answer:**

Rejected claims predominantly resulted from failure of the applicant to provide the required supporting/evidentiary documentation to support their claim for assistance. Some examples may have been that documentation provided did not support that the applicant:

- derived the majority of their income directly from the live cattle export trade to Indonesia, or
- experienced a loss of income as a direct result of the event.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 91**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Illegal Logging Projects

**Proof Hansard Page:** Written

**Senator COLBECK asked:**

Money was set aside under the Howard and Rudd Governments to help address illegal logging. What has happened to this money? What projects have been undertaken?

**Answer:**

The following projects have been undertaken since 2005 to address illegal logging. All reports are publicly available on the Department of Agriculture, Fisheries and Forestry website at [www.daff.gov.au/illegallogging](http://www.daff.gov.au/illegallogging).

**2005**

- Overview of Illegal Logging (Jakko Poyry management Consulting). Completed September 2005.  
**Cost \$12 226 (incl. GST)**

**2006**

- A review of the current practices employed by timber and timber product importers to determine the legality of supply. Timber and Building Materials Association of New South Wales (TABMA). Completed June 2006.  
**Cost \$ 30 800 (incl. GST)**

**2009**

- A generic code of conduct to support procurement of legally logged wood-based forest products. Timber Development Association of NSW (TABMA). Completed December 2009.  
**Cost \$173 728 (incl. GST)**

**2010**

- A framework for differentiating legality verification and chain of custody schemes. URS Australia. Completed March 2010.  
**Cost \$79 332 (incl. GST)**
- Risk assessment framework for assessing the legality of timber and wood products imported into Australia. Poyry Consulting. Completed February 2010.  
**Cost \$74 000 (incl. GST).**
- Consultancy report - An assessment of compliance costs for small business in the forest and timber industry. Cailum Consulting. Completed March 2010.  
**Cost \$23 600 (incl. GST).**

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 91 (continued)**

- A review of the social costs of illegal logging – Coakes Consulting. Completed June 2010.  
**Cost \$27 677 (incl. GST)**
  
- A final report to inform a Regulation Impact Statement for the proposed new policy on illegally logged timber. The Centre for International Economics. Completed January 2010.  
**Cost \$338 800 (incl. GST)**
  
- The Economic consequences of restricting the import of illegally logged timber. ABARES. Completed May 2010.  
**Project undertaken within departmental budget**

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 92**

**Division/Agency:** CCD – Climate Change Division

**Topic:** World Forestry Congress

**Proof Hansard Page:** Written

**Senator Colbeck asked:**

1. Responses to questions regarding the 2009 World Forestry Congress have been asked in May and October 2011 through QON. Has there or has there not been a report by the Embassy Official who attended this event?
  - a. If there has not been a report does this mean the official did not observe any outcomes of particular significance?
  - b. If there was a report, please provide a copy.

**Answer:**

- 1a-b. A range of issues associated with the World Forestry Congress have been progressed through other international fora including the United Nations Forum on Forests, the Asia Pacific Forestry Network, the Food and Agriculture Organisation Committee on Forestry, the Asia Pacific Economic Co-Operation Experts' Group on Illegal Logging, the Asia-Pacific Forestry Commission, the Montreal Process, the International Tropical Timber Organisation and the Asia Forest Partnership. No report was provided.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 93**

**Division/Agency:** CCD – Climate Change Division

**Topic: Program Funding**

**Proof Hansard page:** Written

**Senator COLBECK asked:**

Four programs, worth over \$100 million, recently closed within 10 days of each other and during what for many businesses is the holiday season. Why did the government adopt this schedule?

**Answer:**

Each program's funding round was designed to give enough time for project proponents to be able to prepare suitable applications for funding, whilst still allowing sufficient time for expert assessment and contracting to be completed before the end of the 2011-12 financial year.

<b>Program</b>	<b>Guidelines released</b>	<b>Application period open</b>	<b>Applications closed</b>
Filling the Research Gap Program	11 November 2011	11 November 2011	3 February 2012
Action on the Ground Program	29 November 2011	29 November 2011	8 February 2012
Biochar Capacity Building Program	11 November 2011	11 November 2011	3 February 2012
Biodiversity Fund	9 December 2011	9 December 2011	31 January 2012



**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 94**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Program Applications

**Proof Hansard page:** Written

**Senator COLBECK asked:**

1. How many applications have been received for each of the programs (Biodiversity fund, Filling the Research Gap, Action on the Ground, Biochar Capacity Building)?
2. Are the programs over subscribed?

**Answer:**

1. The Biodiversity Fund Program received approximately 1500 applications.

The Filling the Research Gap Program received 236 applications.

The Action on the Ground Program received 247 applications.

The Biochar Capacity Building Program received 29 applications.

2. The programs are competitive grants programs which are expected to attract a substantial number of applications exceeding the available funds. Further rounds of the Filling the Research Gap and Action on the Ground Programs are expected to be run over the next two years.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 115**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Live Cattle Suspension – Departmental Costs

**Proof Hansard page:** Written

**Senator EDWARDS asked:**

1. Have all of the assistance initiatives relating to the live cattle ban from the DAFF closed? If so, what is the final cost of the month long live cattle ban? Please now summarise the total cost to the Department (and it's agencies) from:
  - a. Live Export Business Assistance Package:
    - i. Business Assistance Payment of \$5,000
    - ii. Business Hardship Payment of up to \$20,000
  - b. Income Recovery Subsidy
    - i. Income Recovery Subsidy payments for loss of income, and
    - ii. Priority assistance through Job Services Australia for those who have been retrenched as a result of the trade suspension.
  - c. Access to Rural Financial Counselling Service through Rural Financial Counselling Service South Australia (RFCSSA)
  - d. Subsidised Interest Rate (on loans of up to \$300 000)
  - e. Grants for financial advice and training of \$5500

For a-e, data should be supplied on:

- a. the total number of persons, companies or entities who have been approved for the varying levels of assistance
  - b. the total cost of providing each type of assistance
  - c. the total number of persons that were denied assistance after applying and the reason they were denied assistance
2. Was all of the money allocated for assistance expended?
    - a. If not how much is remaining for each of e funding initiatives described in questions 1-5?
    - b. Does the department anticipate this money being used for future unannounced support to the northern cattle industry?

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question:** 115 (continued)

**Answer:**

1. All domestic assistance measures relating to the live cattle ban have now closed.

<b>Domestic assistance measure</b>	<b>Applications closed</b>
Income Recovery Subsidy	5 September 2011
Business Assistance Payment	30 September 2011
Business Hardship Payment	30 September 2011
Financial Advice Grants	31 December 2011
Subsidised Interest Rate	10 February 2012

- 1 a. (i) and (ii), b. (i) and (ii), c, d, and e:

Uptake of the domestic assistance measures as at 28 February 2012 is at **Attachment A**.

- 2a and b. No. Expenditure of domestic assistance measures for programs relating to the temporary suspension of live cattle exports to Indonesia is provided at **Attachment A**. Final expenditure estimates for all assistance measures will be finalised once all outstanding application reviews and appeals are completed. Any unexpended funding is a matter for government consideration.

**Rural and Regional Affairs and Transport Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 115 (continued)**

**Attachment A**

Domestic assistance measure	Live cattle export assistance take-up rates as at 28 February 2012			
	Claims Received	Claims Granted	Claims Rejected <sup>(1)</sup>	Total \$m
Business Assistance Payment – \$5000	821	779	42	3.90
Business Hardship Payment – \$20 000	519	435	84	7.90
Program Delivery				2.25
Income Recovery Subsidy <sup>(2)</sup>	60	22	38	0.06
Program Delivery				1.22
Priority assistance through Job Services Australia <sup>(3)</sup>	N/A	N/A	N/A	N/A
Subsidised Interest Rate <sup>(4)</sup>	84	75	9	0.00
Program Delivery				0.27
Financial advice grant	80	72	8	0.29
Program Delivery				0.18
				<b>16.07</b>

Notes:

1. Rejected claims have predominantly resulted from failure of the applicant to provide adequate supporting/evidentiary documentation.
2. The Income Recovery Subsidy was designed to assist those who were not eligible for other income support programs (e.g. Newstart Allowance). Centrelink advises that applicants who were eligible for other forms of income support were directed into these programs and their enquiry was not recorded as an application for the Income Recovery Subsidy.
3. As at 18 December 2011. The Department of Education, Employment and Workplace Relations advise that of the 153 registered people, 28 have now been placed into new employment. This program closes on 30 June 2012.
4. Applicants who have been approved as meeting the eligibility criteria have 90 days to secure finance with their preferred lender. Estimated expenditure levels will not be known until after 11 May 2012.

Summary of activities of the South Australian Rural Financial Counsellor temporarily located in the Northern Territory as at 31 January 2012					
Client contact			Stakeholder contact		Cost \$m
Telephone	Farm visit	Office	Gov/Centrelink/ Industry	Producer/Industry meetings	GST inclusive
102	52	10	38	12	0.110

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry Portfolio**

**Question:** 180

**Division/Agency:** CCD – Climate Change Division

**Topic:** Carbon Price Legislation

**Hansard Page:** Written

**Senator COLBECK asked:**

1. How was your department/agency consulted in the development of the carbon price package?
2. Is the carbon price package consistent with all of the policies in your department/agency?

**Answer:**

1. The Department of Agriculture, Fisheries and Forestry (DAFF) was consulted by the Department of Climate Change and Energy Efficiency as part of the whole of government coordination process during the development of the Clean Energy Futures Plan. DAFF was directly involved in developing the Land Sector Package.
2. Yes.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 221**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Forestry Funding and Grants

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

1. Was any federal funding been provided to Timber Communities Australia in 2009, 2010, 2011? If so please detail.  
What grants or other payments have been made in 2009, 2010 (2010?) and 2011 to Forest and Wood Products Australia (FWPA), including for The Wood. Naturally Better.<sup>TM</sup> Partner Program, WoodSolutions<sup>TM</sup> or Wood. Naturally Better.<sup>TM</sup>
2. What was the amount and purpose of each payment?
3. What conditions or guidelines were attached to each payment?
4. What grants or other payments were made in 2009, 2010 (2010?) and 2011 to Planet Ark including for The Wood. Naturally Better.<sup>TM</sup> Partner Program, WoodSolutions<sup>TM</sup> or Wood. Naturally Better.<sup>TM</sup>
5. What was the amount and purpose of each payment?
6. What conditions or guidelines were attached to each payment?
7. What grants or other payments were made to the National Association of Forest Industries (NAFI) and its successor, the Australia Forest Products Association (AFPA) in 2009, 2010 and 2011. Under what program was each grant made. What were the conditions or guidelines attached to each grant.
8. What is the total amount of the diesel Fuel Rebate claimed by the logging industry in each of the past 4 years by RFA region?
9. Is GST payable on wood pellets
  - a. for domestic heating,
  - b. for industrial/commercial purposes
  - c. for animal litter?

**Answer:**

1. In July 2009 the Australian Government contributed \$94 000 (excluding GST) from the Department of Agriculture, Fisheries and Forestry portfolio to Timber Communities Australia to help it establish a Timber Community and Forest Industry Bushfire Recovery and Rebuilding Centre in Healesville, Victoria.

Under the *Forestry Marketing and Research and Development Services Act 2007* the government collects and forwards levies and charges (forestry service payments) and provides them to Forest and Wood Products Australia (FWPA). The government matches spending by FWPA on research and development but does not match spending on marketing and promotion.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 221 (continued)**

2. Payments are made on a financial year basis. The amount paid by the department in 2009–10 and 2010–11 was \$8.667 and \$9.564 million respectively. No other grants or payments have been provided by the government for the Wood. Naturally Better™ Partner Program, WoodSolutions™ or Wood. Naturally Better™ campaigns.
3. The *Forestry Marketing and Research and Development Services Act 2007* is available at [www.comlaw.gov.au/Details/C2007A00122](http://www.comlaw.gov.au/Details/C2007A00122). A statutory funding agreement signed between the Commonwealth and FWPA has previously been tabled and we provide a copy with this answer.
- 4-6. No grants or other payments have been provided to Planet Ark for The Wood. Naturally Better.™ Partner Program, WoodSolutions™ or Wood. Naturally Better.™
7. In March 2011 the department provided NAFI \$10 000 (excluding GST) in sponsorship for a dinner launching the International Year of Forests held at Parliament House on 21 March 2011.

From 2010 to 2011 the department provided NAFI a total of \$16 740 (GST exclusive) under the now closed Promoting Australian Produce program. The program guidelines are available from the department's website - [www.daff.gov.au/agriculture-food/food/australian-produce](http://www.daff.gov.au/agriculture-food/food/australian-produce).

From 2009 to 2011 the department provided NAFI \$160 000 (GST exclusive) of a FarmReady Industry Grant. The program guidelines are available from the department's website – [www.daff.gov.au/climatechange/australias-farming-future/farmready/farmready\\_industry\\_grants2/industry\\_grants\\_guidelines](http://www.daff.gov.au/climatechange/australias-farming-future/farmready/farmready_industry_grants2/industry_grants_guidelines)

From 2008 to 2010 the department provided NAFI a total of \$86 200 (GST exclusive) under the Australia-China Agricultural Technical Cooperation Programme to carry out a benchmarking study between China's draft forest certification scheme and the Programme for the Endorsement of Forest Certification schemes.

The department is not aware of other grants or payments that have been made to the Australia Forest Products Association or the National Association of Forest Industries.

8. The Australian Taxation Office (ATO) is responsible for the administration of the Diesel Fuel Rebate, the Energy Grants Credits Scheme and the Fuel Tax Credits Scheme. The ATO advised the department that the most recent statistical information available on claims under fuel schemes is in the publication 'Taxation Statistics 2008-09', which is available from the ATO website [www.ato.gov.au/content/00268761.htm](http://www.ato.gov.au/content/00268761.htm).
9. The ATO is responsible for the administration of the Goods and Services Tax (GST). GST advice can be obtained from the ATO by emailing [GSTmail@ato.gov.au](mailto:GSTmail@ato.gov.au).

**AGREEMENT 2007-12**

between the

**COMMONWEALTH OF AUSTRALIA**  
**ABN 24 113 085 695**

and

**FOREST AND WOOD PRODUCTS**  
**AUSTRALIA LIMITED**  
**ACN 127 114 185**

for the purposes of the

*Forestry Marketing and Research and Development  
Services Act 2007*



## TABLE OF CONTENTS

1.	DEFINITIONS .....	2
2.	TERM AND OPERATION OF THIS AGREEMENT .....	7
3.	CONSTITUTION AND MEMBERSHIP .....	8
4.	PAYMENT OF FUNDS .....	8
5.	APPLICATION OF THE FUNDS.....	9
6.	FUNDS BANK ACCOUNT .....	12
7.	MANAGEMENT OF TRANSFERRED ASSETS, LIABILITIES AND FUNDS...13	
8.	USE OF TRANSFERRED ASSETS AND FUNDS.....13	
9.	STRATEGIC AND OPERATING PLANS .....	13
10.	OTHER PLANS .....	15
11.	REPORTS AND MEETINGS.....	16
12.	REVIEW OF PERFORMANCE.....	17
13.	ACCESS TO RECORDS AND USE OF INFORMATION.....	18
14.	AUDIT COMPLIANCE REPORT AND CERTIFICATION REPORT .....	19
15.	INDEMNITY .....	20
16.	SUSPENSION OF FUND PAYMENTS .....	21
17.	TERMINATION AND RECOVERY .....	21
18.	CONFLICT OF INTEREST .....	23
19.	ACKNOWLEDGMENT OF FUNDING .....	23
20.	AUTHORISATION OF PERSONS TO ACT .....	23
21.	RELATIONSHIP .....	23
22.	FURTHER ACTION.....	24
23.	RESOLUTION OF DISPUTES .....	24
24.	ASSIGNMENT .....	24
25.	ENTIRE AGREEMENT .....	24

26. ALTERATION.....25

27. WAIVER .....25

28. SEVERABILITY .....25

29. GOVERNING LAW AND JURISDICTION .....25

30. NOTICE .....25

31. INTERPRETATION.....26

SCHEDULE 1 — Payment of Funds .....30

SCHEDULE 2 — Rules to be included in Company Constitution.....31

SCHEDULE 3 — Annual Reports.....33

**AGREEMENT dated**

**BETWEEN** The **COMMONWEALTH OF AUSTRALIA** represented by the Commonwealth Department of Agriculture, Fisheries and Forestry, ABN 24 113 085 695 (**Commonwealth**)

**AND** **FOREST AND WOOD PRODUCTS AUSTRALIA LIMITED** ACN 127 114 185, a company having its registered office at Suite 607, Level 6, Yarra Tower, World Trade Centre, Melbourne, Victoria 3005 (**Company**)

**RECITALS**

- A. The Industry established the Company to undertake Industry Service Provision, including marketing and promotion and research and development for the benefit of the Australian forest and wood products industry as a whole.
- B. The *Forestry Marketing and Research and Development Services Act 2007* (Cth) (**Act**) provides, amongst other things, that:
- (a) pursuant to section 8, the Minister may, on behalf of the Commonwealth, enter into a contract with a company that provides for the Commonwealth to make:
    - (i) payments called **Forest Service Payments**, being payments which must be spent by the Company on marketing, promotion, research and development activities or other activities for the benefit of the Australian forestry industry or the administrative expenses of the Commonwealth incurred in relation to various activities associated with this Agreement and its funding; and
    - (ii) payments for particular financial years called **Matching Payments**, being payments which must be spent by the Company on either research and development for the benefit of the Australian forestry industry and the Australian community generally or on the administrative expenses of the Commonwealth incurred in relation to various activities associated with this Agreement and its funding; and
  - (b) pursuant to section 11, the Minister, or his or her authorised representative, may declare a company which has entered into a contract contemplated by Part 2 of the Act to be the Industry Services Body for the Industry (**Industry Services Body**).
- C. The *Forestry Marketing and Research and Development Services (Transitional and Consequential Provisions) Act 2007* (Cth) provides, amongst other things, for the transfer of the assets and liabilities of the Forest and Wood Products Research and Development Corporation to the Industry Services Body.
- D. The Commonwealth has agreed to enter into a contract with the Company on the terms and conditions of this Agreement.

## AGREEMENT

### 1. DEFINITIONS

1.1 In this Agreement, unless the contrary intention appears:

**Act** means the *Forestry Marketing and Research and Development Services Act 2007* (Cth).

**Agreement** means this Agreement and any schedules and annexures to it.

**Agri-Political Activity** means engaging in or financing any form of external or internal political campaigning, but does not include an activity required or authorised under the *Corporations Act 2001* (Cth) or another law. Clause 5.10 provides examples of activities which are not Agri-Political Activity.

**Note:** Clause 5.12 provides that the Company may seek consultations with the Secretary about whether a proposed activity may amount to engaging in Agri-Political Activity

**Annual Operating Plan** means a plan prepared by the Company in accordance with clause 9.5.

**Annual Report** means a report prepared by the Company in accordance with Schedule 3.

**Audit Compliance Report** means a report prepared in accordance with clause 14.2.

**Business Day** means a day on which Australian banks are open for general banking business in the Australian Capital Territory excluding Saturdays and Sundays.

**Business Hours** means the hours between 9.00am and 5.00pm on a Business Day.

**Certification Report** means a report to be prepared in accordance with clause 14.6.

**Commonwealth Matching Funds** means payments referred to in paragraph 8(1)(b) and paragraph 9(4) of the Act.

**Company** means Forest and Wood Products Australia Limited ACN 127 114 185

**Confidential Information** means information for which all the following requirements are satisfied and including, but not limited to, Levy Payer information:

- (a) the information is given by one party (**the disclosing party**) to the other (**the receiving party**) for or in connection with this Agreement;
- (b) the information is by nature confidential; and
- (c) before or when the disclosing party gives the information to the receiving party, the disclosing party informs the receiving party that the information is confidential (which may be by marking a document including the information that is given by the disclosing party to the receiving party as mentioned in

paragraph (a) of this definition to the effect that the information is confidential),

but does not include information which:

- (d) is or becomes public knowledge other than by breach of this Agreement or by any other unlawful means; or
- (e) is in the possession of the receiving party without restriction in relation to disclosure before being given by the disclosing party; or
- (f) has been independently developed or acquired by the receiving party.

**Department** means:

- (a) the Department of Agriculture, Fisheries and Forestry; or
- (b) if the Act is administered by a Minister of State other than the Minister - the Department of State administered by the Minister.

**Director** means a person who is for the time being a member of the board of directors of the Company.

**Forest Products** means each of the following:

- (a) logs; or
- (b) such other products as described in Chapter 44 of the Schedule 3 to the *Customs Tariff Act 1995* (Cth) and prescribed by the regulations.

**Forest and Wood Products Service Levy** means:

- (a) a levy, tax or charge:
  - (i) imposed under clause 2 of Schedule 10 to the *Primary Industries (Excise) Levies Act 1999* (Cth);
  - (ii) imposed under Schedule 7 or Schedule 8 to the *Primary Industries (Customs) Charges Act 1999*;
  - (iii) imposed under:
    - (A) regulations made for the purposes of Schedule 27 to the *Primary Industries (Excise) Levies Act 1999* (Cth); and
    - (B) received by the Commonwealth on or after the transfer time; or
  - (iv) identified by regulations made for the purposes of paragraph (c)(ii) of the definition of "tax-related amount" in the Act;
- (b) amounts that:

- (i) are required to be paid under section 7 of the *Primary Industries Levies and Charges Collection Act 1991* (Cth) in relation to charge or levy described in paragraph (a) above; and
- (ii) are received by the Commonwealth on or after the transfer time; and
- (c) amounts of penalty (if any) payable under the *Primary Industries Levies and Charges Act 1991* (Cth) in relation to any of those levies.

**Forest and Wood Products Service Levy Payments** means payments referred to in subsection 8(1)(a) of the Act.

**Fraud Control Plan** means a plan prepared and maintained by the Company specifying measures to minimise the risk of fraud within the Company in accordance with clause 10.1(b).

**Funds** mean each of the following:

- (a) Forest and Wood Products Service Levy Payments;
- (b) State Growers' Contractual Payments;
- (c) Commonwealth Matching Payments;
- (d) Transferred Funds;
- (e) income earned or derived by the Company from the Forest and Wood Products Service Levy Payments and Commonwealth Matching Payments; and
- (f) the proceeds of the sale or other disposition of assets acquired with the Funds referred to in paragraphs (a), (b), (c), (d) or (e) of this definition.

**Guidelines** means each of the following:

- (a) the Research and Development Priorities;
- (b) the Levy Principles and Guidelines relating to the introduction of new levies or changes to existing levies as communicated to the Company by letter from the Minister from time to time; and
- (c) any other guidelines relating to the Funds agreed between the parties.

**Industry** means the Australian forest and wood products industry being the industry concerned with growing, harvesting, processing, importing, exporting and marketing wood, wood fibre and products made from wood or wood fibre.

**Industry Bodies** means representatives of each Forest and Wood Products Service levy payer national representative body.

**Industry Service Provision** means engaging in activities that provide a benefit for the Industry where those activities may not otherwise be carried out, including, but not limited to:

- (a) collection of information from a range of sources (including consultation within the Industry, and with other industries, government, other stakeholders or the public);
- (b) the balanced analysis of that information in the context of the Australian forest and wood products industry environment;
- (c) communication of information (including within the Australian forest and wood products industry, and with other industries, government, other stakeholders or the public); and
- (d) collaborating with both Federal, State and Territory government and government departments and agencies, in relation to crisis and issues management, regulatory activities and other activities that may be necessary or convenient for the improvement of the productivity or the performance of the Industry.

**Insolvency Event** means:

- (a) that the Company disposes of the whole or part of its assets, operations or business other than in the ordinary course of business;
- (b) that the Company ceases to carry on business;
- (c) that the Company ceases to be able to pay its debts as they become due;
- (d) any step is taken by a mortgagee to take possession or dispose of the whole or part of the Company's assets, operations or business; or
- (e) any step is taken to enter into any compromise or arrangement between the Company and its creditors or a class of them; or
- (f) any step is taken to appoint a receiver, a receiver and manager, a trustee in bankruptcy, a provisional liquidator, a liquidator, an administrator or other like person of the whole or part of the Company's assets, operations or business.

**Intellectual Property** means all copyright and neighbouring rights, and all rights in relation to inventions (including patents), plant varieties, registered and unregistered trade marks, registered designs, confidential information (including trade secrets and know how) and circuit layout rights resulting from the intellectual activity in the industrial, scientific, literary or artistic fields.

**Intellectual Property Management Plan** means a plan prepared and maintained by the Company specifying the procedures for management, adoption and commercialisation of Intellectual Property created by the Company in accordance with clause 10.1.

**Levy Payers** means the persons who are required to pay Forest and Wood Products Service Levy amounts.

**Minister** means:

- (a) the Minister for Agriculture, Fisheries and Forestry; or
- (b) if the Act is administered by a Minister of State other than the Minister - that Minister.

**Performance Review** means a review conducted in accordance with clause 12.4 of the Company's performance against its plans that takes into account:

- (a) the performance of the Company in meeting its obligations under this Agreement;
- (b) the Company's development and implementation of its Strategic, Annual Operating, Risk Management, Fraud Control and Intellectual Property Management Plans, and the Company's effectiveness in meeting the priorities, targets and budgets set out in those Plans;
- (c) the efficiency with which the Company carried out those Plans; and
- (d) the delivery of benefits to the Industry foreshadowed by those Plans.

**Performance Review Report** means a report to be prepared in accordance with clause 12.4(b).

**Plans** means, unless the context otherwise requires, the Strategic, Annual Operating, Risk Management, Fraud Control and Intellectual Property Management Plans.

**Promotion** means activities intended to promote and encourage consumer choice of Australian forest and wood products to the benefit of the Industry, but does not include research and development.

**Research and Development** means systematic experimentation and analysis in any field of science, technology, economics or business (including the study of the social or environmental consequences of the adoption of new technology) carried out with the object of:

- (a) acquiring knowledge that may be of use in achieving or furthering an objective of the Industry, including knowledge that may be used for the purpose of improving any aspect of the production, processing, storage, transport or Promotion of wood and wood products; or
- (b) applying such knowledge for the purpose of achieving or furthering such an objective.

**Note:** Clause 5.5 provides examples of research and development activities which include Research and Development.

**Research and Development Priorities** means the Research and Development Priorities as communicated to the Company by letter from the Minister from time to time.



**Revenue Received from the Commonwealth** means the total of the industry contributions (domestic levy and importer timber charge) and Commonwealth contributions (matching payments) received by the Forest and Wood Products Research and Development Corporation from the Commonwealth.

**Risk Management Plan** means the plan prepared and maintained by the Company specifying the measures to be implemented to manage its material, commercial, legal and administrative risks in accordance with clause 10.1(a).

**Secretary** means the Secretary of the Department.

**State Growers** means State and Territory government entities that own/grow/manage forest and/or plantations and have entered into a State Growers' Contractual Contribution.

**State Growers' Contractual Contributions** means the payments paid by the State Growers which are equivalent to the Forest and Wood Products Service Levy paid by other voting members.

**State Growers' Contractual Payments** means payments referred to in section 4 of the Act.

**Strategic Plan** means a plan to be prepared by the Company in accordance with clause 9.1.

**Transferred Assets** means the assets referred to in the definition of Transferred Assets and Liabilities.

**Transferred Assets and Liabilities** means assets and liabilities transferred to the Company under section 4 of Schedule 1 of the Transitional and Consequential Provisions Act, but does not include an asset in the form of money or an immediate right to receive money transferred to the Company under section 4 of Schedule 1 of the Transitional and Consequential Provisions Act.

**Transferred Funds** means an asset in the form of money or an immediate right to receive money transferred to the Company under section 4 of Schedule 1 of the Transitional and Consequential Provisions Act, or money received by the Company from the use or disposal of Transferred Assets.

**Transitional and Consequential Provisions Act** means the *Forestry Marketing and Research and Development Services (Transitional and Consequential Provisions) Act 2007* (Cth).

## 2. **TERM AND OPERATION OF THIS AGREEMENT**

2.1 The initial term of this Agreement is five years, commencing on 3 September 2007.

2.2 The parties must, by 30 June 2012, negotiate in good faith with a view to renewing this Agreement either on the same terms and conditions or on varied terms and conditions.

- 2.3 In negotiating the renewal of this Agreement, the outcomes of the latest Performance Review as provided for under clause 12.4 shall be taken into account.
- 2.4 The parties acknowledge that this Agreement, and any amendments to this Agreement, are not confidential and may, for example, be provided by the Minister to members of the Commonwealth Parliament.

### 3. **CONSTITUTION AND MEMBERSHIP**

- 3.1 The Company warrants that at all time during the operation of this Agreement its constitution will contain rules to the effect of those specified in **Schedule 2**.
- 3.2 The Company must:
- (a) give the Commonwealth a copy of each notice of a motion to repeal or modify the Company's Constitution, at the same time as it gives notice of the motion to its members; and
  - (b) as soon as practicable after any modification of the Company's Constitution is made, give the Commonwealth a notice setting out the modification and explaining its effect.
- 3.3 The Company must do all things necessary to ensure that it effectively represents and reflects the interests of its members and, through those members, the Industry's promotion and research and development interests.
- 3.4 The Company must use reasonable endeavours to ensure Levy Payers and State Growers who are not members are advised of their entitlements to become, and how they may become members of the Company.

### 4. **PAYMENT OF FUNDS**

- 4.1 In consideration for the Company undertaking approved activities as specified in clause 5.1 and **Schedule 1**, the Commonwealth must pay to the Company the funds that are appropriated to it pursuant to section 9 of the Act.
- 4.2 Nothing in this Agreement obliges the Commonwealth to make a payment to the Company unless a declaration of the Company as the "industry services body" for the purposes of section 11 of the Act is in force at the time the payment is to be made.
- 4.3 Notwithstanding any other provision of this Agreement:
- (a) pursuant to section 8 of the Act, the Commonwealth may either invoice the Company for, or deduct from Forest and Wood Products Service Levy Payments amounts equal to, the costs incurred by the Commonwealth in relation to collecting, recovering, administering provisions relating to, or making refunds of, Forest and Wood Products Service Levy;

- (b) the Company shall pay any amount so invoiced to the Commonwealth within 30 days of receipt of the invoice; and
- (c) an amount to be deducted by the Commonwealth or paid by the Company under this clause 4 shall be deducted or paid:
  - (i) from the Forest and Wood Products Service Payments to the extent that the amount relates to Forest and Wood Products Service Levy; or
  - (ii) from the State Growers' Contractual Contributions to the extent that the amount relates to State Growers' Contractual Payments.

## 5. APPLICATION OF THE FUNDS

5.1 The Company must spend the Funds only on approved activities as defined in clauses 5.2 and 5.3 and:

- (a) in a manner that is consistent with:
  - (i) the Strategic Plan;
  - (ii) the Annual Operating Plan; and
  - (iii) the Guidelines; and
- (b) subject to clause 5.1(a), in a manner that is otherwise efficient, effective and ethical.

### *Forest and Wood Products Service Levy Payments and State Growers' Contractual Payments*

5.2 For the purposes of the Act, Forest and Wood Products Services Levy Payments and State Growers' Contractual Payments approved activities includes expenditure:

- (a) on or in relation to Industry Service Provision including research and development activities;
- (b) on investigating and evaluating the need for Industry Service Provision;
- (c) on the basis of investigations and evaluations under clause 5.2(b) -- preparing, reviewing and revising plans for Industry Service Provision;
- (d) on carrying out, and coordinating and funding the carrying out, of Industry Service Provision;
- (e) on monitoring, evaluating and reporting to the Commonwealth and the Industry on Industry Service Provision undertaken by the Company;
- (f) on maintaining a membership register and holding general meetings of the Company;
- (g) on complying with obligations imposed on it under this Agreement or the Act;

- (h) in making payments to the Commonwealth for costs associated with the collection of the Forest and Wood Product Service Levy and the State Grower Contractual Contributions;
- (i) in making a payment the Company is authorised or required to make by law in accordance with this Agreement;
- (j) in paying remuneration and allowances to directors, employees, consultants and agents of the Company and in meeting administrative, operating and capital expenses (including but not limited to lease costs and legal and other professional expenses) reasonably necessary or appropriate to be incurred by the Company to support Industry Service Provision;
- (k) in the repayment of money borrowed by the Company and the payment of interest and other financing costs incurred by the Company for purposes related to Industry Service Provision;
- (l) in the repayment of money borrowed by the Company or in the satisfaction of a liability of the Company or of a subsidiary of the Company;
- (m) managing risks related to the Company's operations, funding and expenditure;
- (n) any activity incidental but important to an activity referred to in another provision of this clause 5.2; and
- (o) in making any other payment with the prior written agreement of the Minister.

#### *Commonwealth Matching Payments*

- 5.3 For the purposes of the Act, Commonwealth Matching Payments may only be applied by the Company for, or in relation to, research and development activities related to the Industry, for the benefit of the Industry, and also for the benefit of the Australian community generally.
- 5.4 The Company must ensure that there is a clear distinction between expenditure on:
- (a) research and development activities; and
  - (b) other activities.
- 5.5 Without limitation to clause 5.3, examples of activities which may be determined to be research and development activities are:
- (a) Research and Development;
  - (b) the training of people to carry out Research and Development;
  - (c) the investigation and evaluation of the requirements for Research and Development and, on the basis of such investigation and evaluation, the preparation, reviewing and revising of research and development plans;

- (d) the carrying out, and the coordination and funding of the carrying out of Research and Development;
- (e) the monitoring, evaluating and the reporting to the Commonwealth and the Industry, on Research and Development funded by the Company;
- (f) facilitating the dissemination, adoption and commercialisation of the results of Research and Development or of practices or technological developments that have been designed or adapted to improve the operation or efficiency of the Industry;
- (g) the dissemination of information related to any aspect of Research and Development, whether electronically, by print or by any other means;
- (h) improving the accountability for expenditure on Research and Development activities in relation to the Industry;
- (i) the development in the Industry of an awareness of the contribution that can be made by Research and Development in improving its efficiency and competitiveness;
- (j) the collection of statistical information on the Industry;
- (k) such other activities as may be approved by the Commonwealth in writing from time to time;
- (l) engaging directors, employees, consultants and agents of the Company and in meeting administration, operating or capital expenses (including, but not limited to, lease costs and legal and other professional expenses) reasonably necessary or appropriate to be incurred by the Company to support its activities in relation to clauses 5.5(a) to (k) inclusive; and
- (m) any activity incidental but considered important to an activity referred to in clause 5.5(a) to (l) inclusive.

5.6 The Company must ensure that, for the term of this Agreement, the amount invested per annum in Research and Development by the Company should not be less than the average of the **Revenue Received from the Commonwealth** in the last three years of operation of the Forest and Wood Products Research and Development Corporation.<sup>1</sup>

5.7 The Company may apply Transferred Funds or Transferred Assets in the same manner as Forest and Wood Products Service Levy Payments, State Growers' Contractual Payments or Commonwealth Matching Payments.

5.8 Without limiting clause 5.7, Transferred Funds or Transferred Assets and Liabilities may be applied by the Company to:

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<sup>1</sup> The Average of Revenue received from the Commonwealth in the last three years of operation of the Forest and Wood Products Research and Development Corporation is \$6.73 million.

- (a) meet liabilities transferred to the Company under section 4 of Schedule 1 of the Transitional and Consequential Provisions Act; or
- (b) meet costs incurred by the Company, the Commonwealth or by any other person in connection with the wind up of the Forest and Wood Products Research and Development Corporation, and transition to the Company.

5.9 The Commonwealth may vary the Guidelines (other than the Guidelines agreed between the parties referred to in paragraph (c) of the definition of Guidelines) provided that it gives the Company such period to implement the variations to the Guidelines as the Commonwealth, after consulting with the Company and taking into account such consultations, considers reasonable in the circumstances.

5.10 The Company must not engage in Agri-Political Activity. To avoid doubt, Agri-Political Activity does not, subject to the *Corporations Act 2001* (Cth), include any of the following:

- (a) the Company, or an officer of the Company:
  - (i) recommending a candidate for election to the board of the Company; or
  - (ii) making statements or providing information on matters related to the Company's objects in the proper performance of the Company's functions and the proper furtherance of its objects;
- (b) use by another person, for political purposes, of a report or other publication prepared or financed by the Company in accordance with this Agreement;
- (c) the use by an officer of the Company or an employee of the Company of his or her own funds to conduct a campaign for election to the Board of the Company or any entity engaging in Agri-Political Activity; and
- (d) payments to industry bodies on an arm's-length value for money basis to acquire goods or services or fund research and development or promotion projects.

5.11 The Company may, at any time, seek consultations with the Secretary or his or her nominee in relation to any matter connected with this Agreement (including whether a proposed expenditure may amount to engaging in Agri-Political Activity).

## 6. FUNDS BANK ACCOUNT

6.1 The Company must:

- (a) deposit and hold the Funds in an Australian bank account controlled solely by the Company;
- (b) notify the Commonwealth on request of the identifying details of the account referred to in clause 6.1(a);

- (c) establish accounting systems, procedures and controls in accordance with the advice of a qualified accountant acting in a professional capacity, diligently maintain such systems, procedures and controls, and otherwise do all things necessary, to ensure that an auditor is able to readily verify that the Funds have been used only in accordance with this Agreement and the Act and the Transitional and Consequential Provisions Act and that all dealings with the Funds are properly authorised, conducted and accounted for;
- (d) notify the Commonwealth on request of the details of the systems, procedures and controls established in accordance with clause 6.1(c);
- (e) keep complete and detailed accounts and records of receipt, use and expenditure of the Funds in accordance with good accounting practice including all applicable Australian accounting standards;
- (f) keep the accounts and records referred to in clause 6.1(e) separately in relation to the Forest and Wood Products Services Levy Payments, State Growers' Contractual Payments, Research and Development Activities, and Commonwealth Matching Payments; and
- (g) keep accounts and records in relation to the Funds identifiably separate from other accounts and records of the Company.

## **7. MANAGEMENT OF TRANSFERRED ASSETS, LIABILITIES AND FUNDS**

7.1 The Company must establish such accounting systems, procedures and controls as are necessary to ensure:

- (a) the Transferred Assets and Liabilities and Transferred Funds are used only in accordance with this Agreement;
- (b) all dealings with the Transferred Assets and Liabilities and Transferred Funds are properly authorised, conducted and accounted for; and
- (c) an auditor is able to readily verify that the Transferred Assets and Liabilities and Transferred Funds have been used only in accordance with this Agreement.

7.2 The Company shall not destroy or otherwise dispose of records which are part of the Transferred Assets and Liabilities, Transferred Funds without the prior written approval of the Commonwealth.

## **8. USE OF TRANSFERRED ASSETS AND FUNDS**

8.1 The Company must use the Transferred Assets and Liabilities and Transferred Funds only for the purposes specified in clauses 5.7 and 5.8.

## **9. STRATEGIC AND OPERATING PLANS**

9.1 The Company must:

- (a) develop and adopt a written Strategic Plan covering a three to five year period within 9 months of commencement of this Agreement;
- (b) review and update the Strategic Plan at least once every year;
- (c) make the Strategic Plan generally available to Levy Payers and State Growers; and
- (d) within 28 days after the date the directors pass a resolution to accept a Strategic Plan or an amendment to the Strategic Plan, provide the Minister with a copy of the Plan or amended Plan.

9.2 The Strategic Plan is to cover matters such as:

- (a) the Company's vision or mission statement;
- (b) the objectives and priorities of the Company for the period the plan covers;
- (c) an assessment of the Company's operating environment, including its strengths, weaknesses, threats and opportunities, and including current and future trends and implications;
- (d) the views of the Company's key stakeholders and clients including Levy Payers and State Growers for the period the Plan covers;
- (e) a corporate governance statement outlining the Directors' responsibilities;
- (f) the strategies the Company intends to adopt in order to achieve its objectives;
- (g) proposed corporate outcomes and outputs, aligned with the Company's strategies;
- (h) performance indicators that will enable progress being made towards achieving the planned Promotion and Research and Development outputs and outcomes to be monitored, reported upon, and evaluated as part of the Performance Review process under clause 12.4;
- (i) the Research and Development Priorities; and
- (j) broad resource allocation for the life of the Plan, including differentiation of proposed Research and Development, marketing and Promotion and other Industry Service Provision activities.

9.3 In developing the Strategic Plan, the Company must:

- (a) use reasonable endeavours to consult with Levy Payers and State Growers;
- (b) consult representatives of the Industry sectors;



- (c) take into account the priorities of Levy Payers, State Growers, the Research and Development Priorities and the Guidelines; and
  - (d) adopt best business planning practices.
- 9.4 In addition to clause 9.3, in developing the Strategic Plan the Company must also consult with the Minister.
- 9.5 The Company must, prior to 1 July each year, develop and adopt a written Annual Operating Plan setting out:
- (a) the intended operations of the Company for the next financial year;
  - (b) the Promotion, Research and Development and Industry Service Provision programs of the Company;
  - (c) a statement of how those programs align with, and to what extent they will give effect to, the objectives described in the Strategic Plan including meeting Levy Payer and State Grower priorities and the Research and Development Priorities;
  - (d) performance indicators, timetables and milestones relating to the Company's proposed activities and expenditure;
  - (e) estimates of income and expenditure for the financial year which include:
    - (i) the amounts to be received by the Company separately in respect of Forest and Wood Products Service Levy Payments, State Growers' Contractual Payment and Commonwealth Matching Payments and any other form of income; and
    - (ii) expenditure by the Company on Promotion, Research and Development activities and Industry Service Provision; and
  - (f) any other matters the directors consider should be set out in the Plan.
- 9.6 In preparing plans under this clause 9, the Company must comply with its reporting obligations under **Schedule 3**.
- 9.7 The Commonwealth must treat any Strategic or Annual Operating Plan submitted by the Company as Confidential Information until the Plans are publicly released by the Company.
10. **OTHER PLANS**
- 10.1 The Company must develop and implement the following plans within 9 months of commencement of this Agreement:
- (a) a Risk Management Plan;

- (b) a Fraud Control Plan; and
- (c) an Intellectual Property Management Plan.

10.2 The Company must review each Plan referred to in clause 10.1 at intervals of no more than 3 years and must, within 28 days after the date its Directors pass a resolution to accept a Plan or an amendment of a Plan, provide the Minister with a copy of the Plan or amended Plan.

10.3 The Commonwealth must treat a Plan referred to in clause 10.1, or an amended Plan, as Confidential Information until it is publicly released by the Company.

## 11. REPORTS AND MEETINGS

11.1 The Company must provide the Minister with four copies of an annual report prepared in accordance with **Schedule 3** at the same time as the *Corporations Act 2001*(Cth) requires the Company annual report to be given to the members of the Company.

11.2 The Company must, within one month after the end of each six month period ending 30 June and 31 December, provide the Commonwealth with the following financial information for that period:

- (a) a statement of the Company's financial performance; and
- (b) a statement of the Company's financial position.

11.3 The financial information referred to in clause 11.2(a) shall be certified as being complete and accurate by the chairperson, or managing director, secretary or equivalent officer of the Company.

11.4 The Company shall report to the Minister, within 30 days, any significant matters that have come to the Company's notice that will or may impact on the Company's ability to achieve the objectives stated in its Annual Operating Plan or comply with its obligations under this Agreement during the relevant financial year.

11.5 The Company must give the Commonwealth, within such reasonable period as the Commonwealth specifies, any other reports, documents or information that the Commonwealth requires from time to time.

11.6 The chairperson of the Company, or in his or her absence his or her nominee, must meet with the Minister or, in his or her absence, the Minister's nominee at not more than six-monthly intervals from the commencement date of this Agreement and at any other time requested by the Minister or nominee on reasonable notice, to brief the Minister or nominee on the Company's performance of its functions, its performance in meeting Research and Development Priorities and such other matters as the Minister or nominee may require.

11.7 Notwithstanding any other provision of this Agreement, the Company agrees that annual reports of the Company referred to in clause 11.1, provided to the Commonwealth, may be laid before or otherwise given to the Commonwealth

Parliament (including, without limitation, any committee, officer or member of Parliament).

## 12. REVIEW OF PERFORMANCE

12.1 The Company shall provide all reasonable assistance requested by the Commonwealth in respect of any evaluation of or inquiry into the Company's performance or its obligations under this Agreement.

12.2 Without limitation to the generality of clause 12.1:

- (a) the assistance to be provided by the Company shall include, as appropriate, the provision of documents or information, and making available relevant personnel of the Company to provide information or answer questions on any matters concerning the Company's performance of, or otherwise in relation to, the Company's obligations under this Agreement which might reasonably be expected to be within the knowledge of the Company; and
- (b) an evaluation or inquiry referred to in clause 12.1 shall include any administrative or statutory review, audit or inquiry, any request for information directed to the Commonwealth, or any inquiry conducted by Parliament or any Parliamentary committee.

12.3 The Commonwealth will endeavour to notify the Company as early as possible of any assistance required under clause 12.1.

12.4 The Company must, at its cost, engage an appropriately qualified person or organization to:

- (a) complete a Performance Review by 1 February 2012; and
- (b) prepare a report on all matters of the Performance Review.

12.5 The person or organization engaged to carry out the Performance Review must be a person or organization that has not, within the previous 5 years, carried out any corporate governance reviews, performance audits or similar reviews of the Company (but this does not prevent a person or organization that has merely carried out evaluations of specific projects from being so appointed).

12.6 The Company must do all the following:

- (a) give the Performance Review Report to the Minister within 7 days of the date the Directors passing a resolution to accept the Report;
- (b) publish the Performance Review Report on the Company's web-site; and
- (c) make the Performance Review Report available to members at the next general meeting of the Company.

13. **ACCESS TO RECORDS AND USE OF INFORMATION**

13.1 The Commonwealth, the Commonwealth Auditor-General and any duly authorised representative of either of them, may, for the purpose of monitoring compliance by the Company with this Agreement:

- (a) have access to premises occupied by or under the control of the Company; and
- (b) have access to data, records, accounts and other financial material, and any property of the Commonwealth, in the possession or under the control of the Company.

The Company must grant this access, on request:

- (a) during Business Hours -- at any time; and
- (b) outside Business Hours - on 48 hours notice given to the Company and marked for the attention of the managing director of the Company.

13.2 The Company must provide access to all its accounts and records relating to this Agreement, the Act or the Transitional and Consequential Provisions Act and otherwise co-operate fully with the Commonwealth, the Commonwealth Auditor-General, or any duly authorised representative of either of them, to enable those persons to exercise their rights under clause 13.1.

13.3 Each party shall, in respect of Confidential Information given by the other party:

- (a) use that Confidential Information only for the purposes of administering or enforcing this Agreement, the Act or the Transitional and Consequential Provisions Act; and
- (b) not disclose that Confidential Information to any person without the prior approval in writing from the other party and subject to any reasonable conditions or restrictions imposed by the other party in giving its approval,

provided that a party shall not be in breach of this clause 13.3 to the extent that it is legally obliged to make a particular use or disclosure of the Confidential Information.

13.4 The Commonwealth shall not be in breach of clause 13.3 in respect of Confidential Information given by the Company and held by the Department where a request is made by Parliament (including a committee of Parliament) for that information to be given to Parliament, provided that the Department notifies Parliament of the confidential nature of the information and requests Parliament hold and deal with that information on an *in camera* basis.

13.5 The parties agree, for the purposes of paragraph (c) of the definition of Confidential Information, that the following two classes of information are to be treated as confidential under this Agreement if the information otherwise complies with the definition of Confidential Information:

- (a) information which is subject to an obligation of confidence owed by the Company to a third party which has been entered into by the Company in good faith, where the Company has notified the Commonwealth of the third party obligation of confidence prior to or at the time of the giving of the information between the parties; and
- (b) information which is commercially sensitive to the Company or a third party and which, if disclosed, would be likely to prejudice the commercial interests of the Company or that third party, where the Company has notified the Commonwealth of that commercial sensitivity prior to or at the time of the giving of the information between the parties.

13.6 The Company grants the Commonwealth a non-exclusive licence to use the copyright in any document provided to the Commonwealth under this Agreement in any way for any purpose of the Commonwealth. A document provided to the Commonwealth is a document in which the Company owns or is a licensee of copyright (whether alone or with 1 or more other persons). This clause 13.6 does not amount to an assignment of copyright.

#### 14. **AUDIT COMPLIANCE REPORT AND CERTIFICATION REPORT**

##### *Audit Compliance Report*

- 14.1 The Company must give the Minister a copy of its audited financial report for the financial year at the same time as the *Corporations Act 2001* (Cth) requires the Company annual report to be given to members.
- 14.2 Subject to clause 14.6, the Company must, within 5 months after the end of its financial year, give the Minister an Audit Compliance Report, prepared by the Company's auditor (at the Company's expense). An Audit Compliance Report must:
- (a) be prepared in accordance with relevant Australian auditing and assurance standards;
  - (b) include an opinion whether the Company has complied with its obligations under clauses 5 and 6 during the financial year;
  - (c) indicate whether any qualification to the Audit Compliance Report, and any non-compliances that have come to the auditor's attention, are material; and
  - (d) include a statement that the Audit Compliance Report has been prepared for the Commonwealth for the purposes of this Agreement and an acknowledgment that the Audit Compliance Report will be relied upon by the Commonwealth.
- 14.3 An Audit Compliance Report need not include an opinion whether the Funds have been applied for the benefit of Industry, or efficiently, effectively and ethically, or for purposes related to Agri-Political Activity.

- 14.4 If, in the reasonable opinion of the Commonwealth, the Company is or may be in breach of this Agreement or the Act or the Transitional and Consequential Provisions Act, the Commonwealth may request an audit report or opinion on any matter relevant to the Company's compliance with this Agreement.
- 14.5 If the Commonwealth requests an audit report or opinion under clause 14.4, the Company must at its own expense:
- (a) obtain the audit report or opinion from the Company's auditor; or
  - (b) if, in the opinion of the Commonwealth, the audit report or opinion cannot be properly given by the Company's auditor, engage another auditor to conduct an audit and give the audit report or opinion; and
  - (c) give a copy of the audit report or opinion to the Commonwealth within 14 days after the Company receives it.

*Certification report*

- 14.6 The Company must, within 5 months after the end of its financial year, give the Minister a report signed by the chairperson of the Directors and the managing director of the Company:
- (a) certifying whether the Company has complied with its obligations under the Act, the Transitional and Consequential Provisions Act and this Agreement during the financial year;
  - (b) stating whether, in their opinion, any non-compliances are material; and
  - (c) if any non-compliances are, in their opinion, material, giving an explanation of the non-compliance.

**15. INDEMNITY**

- 15.1 The Company indemnifies the Commonwealth, its officers and agents against all expenses, losses, damages and costs (on a solicitor and own client basis and whether incurred by or awarded against the person claiming the indemnity) sustained or incurred as a result, whether directly or indirectly, of:
- (a) any breach of this Agreement by the Company; or
  - (b) any loss of or damage to any property or injury to or death of any person caused by any negligent act or omission or wilful misconduct of the Company or its officers and employees.
- 15.2 The amount payable under an indemnity under clause 15.1 is reduced to the extent that the expenses, losses, damages and costs concerned were caused or contributed to by a breach of this Agreement, by a negligent act or omission of the Commonwealth, or a negligent act or omission or wilful misconduct of an officer or agent of the Commonwealth.

- 15.3 The Company agrees that a person indemnified under clause 15.1 may recover a payment under an indemnity in this Agreement before the person makes the payment in respect of which the indemnity is given.
- 15.4 The indemnities in this Agreement are irrevocable and survive the expiration or termination of this Agreement.
- 15.5 The Company agrees that the Commonwealth holds the benefit of an indemnity under clause 15.1 in favour of an officer or agent of the Commonwealth in trust for the officer or agent.

## 16. **SUSPENSION OF FUND PAYMENTS**

- 16.1 The Commonwealth may, by giving written notice to the Company, immediately suspend payment of any or all of the Funds if:
- (a) the Company is in breach of any obligation or warranty under this Agreement and the Company has not commenced steps reasonably acceptable to the Commonwealth to rectify the breach within 14 days of receiving notice of the breach;
  - (b) the Company fails to comply with a direction given to it by the Minister under section 13 of the Act; or
  - (c) an Insolvency Event occurs.
- 16.2 The Commonwealth may, by giving written notice to the Company, lift a suspension of Funds under clause 16.1.
- 16.3 Following the lifting of a suspension under clause 16.2, any Funds which would have been paid to the Company during the period of the suspension but which were not paid because of the suspension shall be paid to the Company in accordance with **Schedule 1**.

## 17. **TERMINATION AND RECOVERY**

- 17.1 If at any time the Commonwealth has reasonable grounds to believe that any part of the Funds has been used or expended by the Company otherwise than in accordance with this Agreement, the Commonwealth may by notice to the Company require the Company, by a time specified in the notice, to pay an amount equal to that part of the Funds to the Commonwealth or a Nominated Body specified in the notice.
- 17.2 If:
- (a) the Company is in breach of any obligation or warranty under this Agreement and the Company has not commenced steps reasonably acceptable to the Commonwealth to rectify the breach within 28 days of receiving notice of the breach;

- (b) the Company fails to comply with a direction given to it by the Minister under section 13 of the Act; or
- (c) an Insolvency Event occurs,

the Commonwealth may, by giving notice in writing to the Company, terminate this Agreement from a day specified in the notice, which day must be a day on or after the day on which the notice is given.

- 17.3 If the declaration of the Company as the "industry services body" for the purposes of subsection 11(1) of the Act ceases, the Commonwealth may, by giving notice in writing to the Company, terminate this Agreement from a day specified in the notice, which day must be a day no less than three months after the day on which the notice is given.
- 17.4 The Company acknowledges that the Minister may declare in writing that the Company ceases to be the "industry services body" for the purposes of subsection 11(1) of the Act for any of the reasons set out in subsection 12(1) of the Act.
- 17.5 If the Commonwealth gives the Company notice of termination of this Agreement in accordance with clauses 17.2 or 17.3, the Commonwealth may also, by giving written notice to the Company at any time before the notice of termination takes effect, require the Company to pay or transfer to the Commonwealth, or pay or transfer to a Nominated Body specified in the notice, all or any part of the Funds.
- 17.6 A notice given under clause 17.5:
- (a) must be complied with by the Company on or before the day on which the relevant notice of termination under clauses 17.2 or 17.3 takes effect; and
  - (b) operates only to the extent that that part of the Funds specified in the notice is held by the Company at the time the notice is complied with.
- 17.7 The Commonwealth shall not issue a notice under clause 17.2 (**proposed notice**) unless:
- (a) the Commonwealth has first given the Company a notice (**show cause notice**) requiring the Company, within a reasonable period specified in the show cause notice, to show cause why the proposed notice should not be given; and
  - (b) either:
    - (i) the Company does not respond to the show cause notice within the specified period; or
    - (ii) having regard to the Company's response to the show cause notice, the Commonwealth still considers that the proposed notice should be given.



- 17.8 The Company shall do all things and execute all documents necessary to pay or transfer Funds to the Commonwealth or a Nominated Body in accordance with a notice under this clause 17.
- 17.9 Where, under this clause 17, an amount of money required to be paid by the Company to the Commonwealth is not paid by the Company by the time required, that amount may be recovered as a debt due to the Commonwealth.

17.10 **Nominated Body means:**

- (a) a body with which the Commonwealth has or proposes to declare as the Industry Services Body under the Act; or
- (b) a trustee or body that has the objective of furthering the Industry's promotion and research and development interests.

18. **CONFLICT OF INTEREST**

- 18.1 The Company warrants that, at the date of this Agreement, no conflict exists or is likely to arise in the performance of its obligations under this Agreement.
- 18.2 If a conflict of interest or risk of a conflict of interest arises in the performance of the Company's obligations under this Agreement, the Company must notify the Minister or his or her authorised representative of that conflict or risk and take steps acceptable to the Minister or authorised representative to resolve or avoid the conflict.

19. **ACKNOWLEDGMENT OF FUNDING**

Unless otherwise agreed with the Commonwealth, the Company must ensure that all significant publications and publicity by the Company in relation to matters on which Commonwealth Matching Payments are expended, acknowledge the provision of the Matching Payments by the Commonwealth.

20. **AUTHORISATION OF PERSONS TO ACT**

- 20.1 The rights, functions and powers of the Commonwealth under this Agreement may be exercised and performed on behalf of the Commonwealth by the Minister or the Secretary, or a delegate of the Minister or the Secretary.
- 20.2 Performance of an obligation of the Commonwealth under this Agreement by the Minister or the Secretary, or a delegate of the Minister or the Secretary, is taken to be performance of the obligation by the Commonwealth.

21. **RELATIONSHIP**

This Agreement does not create a relationship of employment, agency or partnership between the parties.

**22. FURTHER ACTION**

Each party must use its best efforts to do all things necessary or desirable to give full effect to this Agreement, including the execution of any document requested by either party.

**23. RESOLUTION OF DISPUTES**

- 23.1 A party must not start arbitration or court proceedings (except proceedings seeking interlocutory relief) in respect of a dispute arising out of this Agreement (**Dispute**) unless it has complied with this clause 23.
- 23.2 A party claiming that a Dispute has arisen must notify the other party, giving details of the Dispute.
- 23.3 During the 20 day period after a notice is given under clause 23.2 (or a longer period agreed to in writing by the parties to the Dispute) each party must use its reasonable efforts to resolve the Dispute.
- 23.4 Despite the existence of a Dispute, each party will (unless requested in writing by the other party not to do so) continue to perform their obligations under this Agreement.
- 23.5 This clause 23 does not apply to action by the Commonwealth under clauses 16 or 17 nor does it preclude either party from seeking urgent interlocutory relief.

**24. ASSIGNMENT**

The Company must not assign this Agreement or any right, or novate any obligation, under this Agreement unless the Company:

- (a) is not in breach of this Agreement;
- (b) obtains the prior written consent of the Commonwealth; and
- (c) ensures that the assignee agrees to be bound by all of the Company's obligations under this Agreement.

**25. ENTIRE AGREEMENT**

This Agreement:

- (a) constitutes the entire agreement between the parties as to its subject matter; and
- (b) in relation to that subject matter, supersedes any prior understanding or agreement between the parties and any prior condition, warranty, indemnity or representation imposed, given or made by a party.

26. **ALTERATION**

Except as expressly permitted under this Agreement, this Agreement may be altered only by an agreement in writing signed by each party.

27. **WAIVER**

Waiver of any provision of or right under this Agreement:

- (a) must be in writing signed by the party entitled to the benefit of that provision or right; and
- (b) is effective only to the extent set out in any written waiver.

28. **SEVERABILITY**

Part or all of any provision of this Agreement that is illegal or unenforceable may be severed from this Agreement and the remaining provisions of this Agreement continue in force.

29. **GOVERNING LAW AND JURISDICTION**

- 29.1 This Agreement is governed by the law applicable in the Australian Capital Territory.
- 29.2 Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Australian Capital Territory in relation to matters arising in connection with this Agreement.

30. **NOTICE**

- 30.1 A party giving notice or notifying under this Agreement must do so in writing:
  - (a) directed to the recipient's address specified in this clause 30, as varied by any notice; and
  - (b) hand delivered or sent by prepaid post or facsimile to that address.

The parties' addresses are:

Commonwealth      The Secretary  
  
                                 Department of Agriculture, Fisheries and Forestry  
                                 GPO PO Box 858  
  
                                 CANBERRA ACT 2600

Company              Managing Director

Forest and Wood Products Australia Limited  
Suite 607, Level 6

Yarra Tower

World Trade Centre

MELBOURNE VIC 3005

PO BOX 69

World Trade Centre

MELBOURNE VIC 8005

30.2 A notice given in accordance with clause 30.1 is taken to be received:

- (a) if hand delivered—on delivery; or
- (b) if sent by prepaid post—3 days after the date of posting.

## 31. INTERPRETATION

31.1 In this Agreement, unless the contrary intention appears:

- (a) headings are for ease of reference only and do not affect the meaning of this Agreement;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) a reference to a clause, paragraph, schedule or annexure is a reference to a clause or paragraph of or schedule or annexure to this Agreement and a reference to this Agreement includes any schedules and annexures;
- (e) a reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as novated, altered or replaced from time to time;
- (f) a reference to 'A\$', '\$A', 'dollar' or '\$' is a reference to Australian currency;
- (g) a reference to a specific time for the performance of an obligation is a reference to that time in the State, Territory or other place where that obligation is to be performed;

- (h) a reference to a party includes its executors, administrators, successors and permitted assigns;
  - (i) words and expressions importing natural persons include partnerships, bodies corporate, associations, governments and governmental and local authorities and agencies;
  - (j) a reference to any legislation or statutory instrument or regulation is construed in accordance with the *Acts Interpretation Act 1901* (Cth); and
  - (k) a reference to writing includes typewriting, printing, lithography, photography and any other method of representing or reproducing words, figures or symbols in a permanent and visible form.
- 31.2 A provision of this Agreement must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement.
- 31.3 Where a provision of this Agreement requires a thing to be done on a day which is a Saturday, Sunday or public holiday in the place at which the thing is to be done, that provision shall be taken to require the thing to be done on the next day which is not a Saturday, Sunday or public holiday at that place.
- 31.4 The schedules are provisions of this Agreement, but notes and headings are not provisions of this Agreement.

## **SCHEDULE 1 — Payment of Funds**

### **1. TIMING AND MANNER OF PAYMENTS**

- 1.1 The Commonwealth must pay Forest and Wood Products Service Levy Payments and State Growers' Contractual Payments to the Company as soon as reasonably practicable after the Commonwealth receives the relevant payments in cleared funds. Payments to the Company must be made as soon as reasonably practicable after the 15<sup>th</sup> day and the final Business Day of each month.
- 1.2 The Commonwealth must use its reasonable endeavours to pay the Commonwealth Matching Funds to the Company within 1 calendar month after receiving from the Company a claim for payment, together with evidence reasonably satisfactory to the Commonwealth that the Company has already spent the amount that forms the basis of the claim on Research and Development.
- 1.3 For the purposes of paragraph 1.1, a certificate signed by the managing director (or equivalent), the chief financial officer or the secretary of the Company, certifying that the Company has spent a particular amount on Research and Development, is reasonably satisfactory evidence, in the absence of any evidence to the contrary.
- 1.4 Payment must be by direct deposit or cheque or other method agreed between the parties.
- 1.5 The Company must pay/reimburse the Levies Revenue Service within the Department on behalf of the Commonwealth for any costs associated with the collection of the Forest and Wood Products Service Levy and the State Growers' Contractual Contribution.

## **SCHEDULE 2 — Rules to be included in Company Constitution**

The constitution of the Company must contain rules to the following effect:

- (a) that the Company must be limited by guarantee;
- (b) that the income and property of the Company shall be applied solely towards the promotion of the objects of the Company (as set forth in the Constitution) and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise, to the members or to any person claiming through them provided that the Constitution may permit:
  - (i) the payment in good faith of remuneration to any officer or employee of the Company (whether Directors of the Company or not), or to any member of the Company or other person in return for any services actually rendered, or to be rendered to the Company, or for property or goods supplied, or to be supplied in the ordinary and usual way of business; and
  - (ii) the payment of interest at a rate not exceeding the rate for the time being payable by the Company's bankers for commercial overdrafts on money borrowed from any member of the Company or reasonable rent for premises leased by any member to the Company;
- (c) that all Levy Payers and State Growers are entitled to become members of the Company;
- (d) that all members of the Company are entitled to vote whether personally or by proxy, as prescribed in the Constitution, at general meetings and in the election of Directors of the Company;
- (e) that all members who are Levy Payers and State Growers are entitled to vote personally or by proxy on resolutions concerning proposed changes to Levies;
- (f) that the Company must not engage in Agri-Political Activity;
- (g) that the process for selection of candidates for election to the board of directors should seek to ensure that the directors will collectively have the appropriate balance of skills and experience in the following areas:
  - (i) Research and Development, innovation, technology transfer and commercialisation of research and development outcomes, particularly in respect of Forest Products;
  - (ii) production of Forest Products;
  - (iii) marketing and Promotion of Forest Products, including product Promotion and retail marketing;

- (iv) commerce, including domestic and international market development and domestic and international trade;
  - (v) conservation and management of natural resources;
  - (vi) business and financial management including legal issues and risk management;
  - (vii) public policy and administration; and
  - (viii) corporate governance;
- (h) that the Board comprise:
- (i) up to 9 but no less than 5 Directors, including the managing director; and
  - (ii) at least two of the Directors (not including the managing director) must be independent Directors;
- (i) As soon as possible after the date the Company Constitution is adopted, the Board must appoint the managing director and, if necessary, arrange for a general meeting for the appointment of the number of Directors as specified in paragraph (h); and
- (j) that the Company shall not spend the Funds on making payments to Industry representative bodies specifically intended for Agri-Political Activity. This does not preclude:
- (i) payments by way of membership fees where that membership contributes to the Company pursuing its objects; or
  - (ii) payments on an arm's-length value for money basis to acquire goods or services or fund Research and Development or marketing activities.



### SCHEDULE 3 — Annual Reports

The Company must prepare an annual report that complies with the financial reporting and other reporting requirements of the *Corporations Act 2001* (Cth). For the purpose of meeting Commonwealth accountability requirements, the annual report must include coverage of the following matters:

- (a) significant activities and transactions undertaken in the year in the conduct of the Company's functions as the Industry Services Body;
- (b) progress made in implementing Plans, including progress against key Promotion and Research and Development performance indicators specified in the Plans;
- (c) collaboration with Industry and other research providers;
- (d) commercialisation;
- (e) Intellectual Property creation and protection, including management of Intellectual Property arising from research and development activities or acquired with Funds;
- (f) subsidiaries and joint ventures formed;
- (g) material changes to the Company's membership;
- (h) how the Company's activities contributed to the priorities of Levy Payers and State Growers, the Research and Development Priorities and achieved public benefits;
- (i) Funds spent on Research and Development and Promotion programs, allowing identification of total expenditure of Commonwealth Matching Funds and the full cost of Research and Development and Promotion programs (after the apportionment of all indirect costs);
- (j) Research and Development agreements entered into by the Company with third parties;
- (k) corporate governance practices in place during the financial year; and
- (l) other significant matters notified to the Company by the Minister.

An annual report prepared for the purposes of this Schedule may be in a separate document to the annual report prepared for the purposes of the *Corporations Act 2001* (Cth). Four copies of the annual report prepared for the purposes of this Schedule must be provided to the Department.

EXECUTED as a contract

**SIGNED SEALED AND DELIVERED**

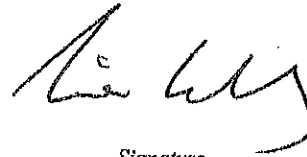
for and on behalf of the )

**COMMONWEALTH OF AUSTRALIA** )

ABN 24 113 085 695

By Senator the **Hon. Eric Abetz** )

Minister of State for Fisheries, Forestry  
and Conservation )



Signature

in the presence of: )

*Peter Grist* )

Name of witness )

*[Handwritten signature]* )

Signature of witness )

SIGNED for and on behalf of )

**FOREST AND WOOD PRODUCTS** )

**AUSTRALIA LIMITED** )

ACN 127 114 185 )

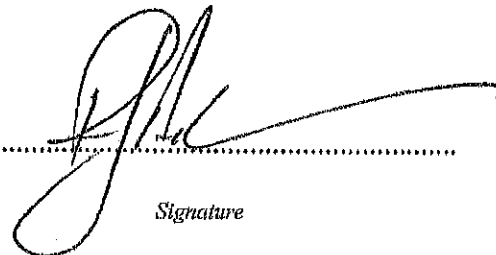
by: )

*RONALD JOHN ADAMS* )

Name of signatory )

*CHAIRMAN.* )

Position of signatory )



Signature

in the presence of: )

MERVYN R WALSH )

*Mervyn R Walsh* )  
Name of witness )

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 223**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Wood Pellets and Regional Forest Agreements

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

1. Has any federal government funding been sought, offered or obtained for a wood pellet plant at the South East Fibre Exports woodchip mill at Eden. If so, can you provide details?
2. Has any federal government funding been sought, offered or obtained for wood fired power station to be established at the Eden woodchip mill by the Nippon paper subsidiary, South East Fibre Exports? If so, can you please provide details.
3. Are there any export controls over the export of wood pellets made from native forest wood, for whole logs or woodchips destined to be burned for electricity?
4. Has DAFF calculated what amounts of compensation would be payable in each RFA area, were those agreements to be cancelled for any reason?
5. Has DAFF sought legal advice on whether compensation would be payable in the event that the collapse of the native forest woodchip market made Regional Forest Agreements no longer viable?
6. Has the Government calculated the greenhouse gas emissions from native forest logging in Australia, including from soil disturbance. If so, please provide breakdown figures for each State. If not, why not?
7. On what basis has the Government decided to continue to exempt Regional Forest Agreement areas from the EPBC Act, in the absence of any evidence from the Hawke review, RFA reviews or independent scientific research that there is no concern about threatened species?

**Answer:**

1. No.
2. No.
3. The *Export Control Act 1982*, and the regulations under this Act, requires an export licence from the Australian Government Department of Agriculture, Fisheries and Forestry for 2 tonnes or more of, woodchips, wood in the round which is intended to undergo further processing following export or wood with a cross sectional area of 225 square centimetres or greater which is intended to undergo further processing following export.
4. No.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 223 (continued)**

5. No.
6. The Department of Climate Change and Energy Efficiency estimates greenhouse gas emissions and removals in Australia's Forests as part of the National Greenhouse Accounts.
7. This is a decision of the Parliament. Section 38 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) provides an exemption from Part 3 of the EPBC Act provided forestry operations are in accordance with 20 year Regional Forest Agreement where a Comprehensive Adequate Representative reserve system and ecologically sustainable forest management have been implemented to give an equivalent level of protection to threatened species and ecological communities as could be expected to be achieved if Part 3 of the EPBC Act did apply.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 224**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Forestry – Koalas

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

1. In light of the pending announcement whether or not he will list the koala nationally as a threatened species and in view of the fact threatened species in RFA area areas are not protected by the EPBC Act, will the Minister review measures that might be taken, particularly in SE NSW where virtually all remaining koalas are in State forests and are directly threatened by logging, and where Integrated Forestry Operations Approvals have clearly been inadequate to protect them?

**Answer:**

1. The Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Joe Ludwig, does not wish to pre-empt the decision of another minister.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 225**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Regional Forest Agreements

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

At the last ALP national conference, ALP policy was changed to remove support for the Regional Forest Agreements.

1. Is there any plan to adopt this ALP position as government policy and if so when?
2. If not, why not?

**Answer:**

- 1-2. Regional Forest Agreements are the primary intergovernmental mechanism for ensuring sustainable management of forests and balance outcomes covering economic, social and environmental (biodiversity and heritage) issues.

Any changes in government policy are a matter for the government.

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 226**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Forestry Services Payments and Matching Payments

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

Table 1.1 DAFF Additional Budget Statement

Forestry Marketing and Research and Development Services Act 2007: Payments and matching payments to an industry services body and Commonwealth administration expenses:

- Forestry service payments - spent by the company on activities benefiting the Australian forestry industry.
- Matching payments - spent by the company on research and development benefiting the Australian forestry industry and the Australian community.

1. How many funding contracts are there currently under the Act?
2. How many new funding contracts were issued this year so far? What were they?
3. What proportion of the 2001-12 budget of \$10,186,000 was to be spent for forestry services payments and for matching payments?
4. Of the forestry services payments, what proportion has funded promotional activities and research and development?
5. Do any current funding contracts relate to biomass projects? Please name the body(s) involved.
6. Do any current funding contracts relate to woodchipping projects? Please name the body(s) involved.
7. Can you detail what the increase in budget from last year to this year of \$622K relates to?

**Answer:**

1. One, a statutory funding agreement with Forest and Wood Products Australia (FWPA).
2. None.
3. Forestry service payments refer to the industry levies and charges collected by the department and forwarded to FWPA, in 2011–12 this is forecast to be \$5.234 million. Matching payments by the government are forecast to be \$4.952 million in 2011–12.
4. The 2011–12 FWPA Annual Operating Plan provides details of how the combined forestry services payments and matching payments will be spent. Budget allocations to



**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 226 (continued)**

FWPA strategies for 2011–12 total \$13.8 million. Expenditure eligible for matching payments (i.e. available for research and development) for 2011–12 is forecast to be \$10 million<sup>1</sup>. This forecast allows an approximate breakup of 72 per cent for research and development and 28 per cent for promotional activities for the combined forestry services payments and matching payments.

5. The government does not directly fund projects under the *Forestry Marketing and Research and Development Services Act 2007*. FWPA invests in research and development which benefits the Australian forestry industry. Details of completed and current projects can be found on the FWPA website<sup>2</sup> and in FWPA Annual Reports<sup>3</sup>.
6. Please refer to the answer to Question 5.
7. Forestry services payments collected from industry are based on volumes of sale, budget projections of the forestry service payments and matching payments will vary year to year. This increase in the budget for 2011–12 is due to a projected increase in levies collected and matching payments.

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<sup>1</sup> FWPA, 2011-2012 Annual Operating Plan, page 5,  
[www.fwpa.com.au/sites/default/files/FWPA%20Operational%20Plan\\_web.pdf](http://www.fwpa.com.au/sites/default/files/FWPA%20Operational%20Plan_web.pdf)

<sup>2</sup> FWPA, Research and Development, [www.fwpa.com.au/research-and-development](http://www.fwpa.com.au/research-and-development)

<sup>3</sup> FWPA, Company Overview, [www.fwpa.com.au/node/50](http://www.fwpa.com.au/node/50)

**Rural and Regional Affairs and Transport Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2012

**Agriculture, Fisheries and Forestry**

**Question: 227**

**Division/Agency:** CCD – Climate Change Division

**Topic:** Forest and Wood Products Australia

**Proof Hansard Page:** Written

**Senator RHIANNON asked:**

I note that the FWPA funding agreement that started on 3 September 2007 finishes on 30 June 2012.

1. Has the performance review required before the expiry of the next funding agreement been completed?
2. Where is it up to?
3. When will it be completed?
4. When will it be made publicly available?

The DAFF submission to the Productivity Commission review of RDCs 2010 stated there is a process underway to standardise and strengthen the accountability requirements of the funding agreement as renewal of each Industry Owned Corporation's agreement is negotiated (see Section 5.4.a).

5. What process has been undertaken for FWPA?
6. How will FWPA standardise and strengthen the accountability requirements of its funding agreement?

**Answer:**

1-4. The performance review of Forest and Wood Products Australia (FWPA) was completed in January 2012 and is available from the Forest and Wood Products Australia website at [www.fwpa.com.au/FWPA\\_Performance\\_Review](http://www.fwpa.com.au/FWPA_Performance_Review).

5-6. Discussions are currently underway with FWPA with regard to the development of the statutory funding agreement for 2012–17. Standardising and strengthening accountability requirements will be discussed as part of the development of the new funding agreement.