



**Australian Government**  
**Department of Agriculture, Fisheries and Forestry**

Mr Gary Dolman *JD 2/11*  
Assistant Secretary  
Regional Communities Branch  
Department of Transport and Regional Services  
GPO BOX 594  
CANBERRA ACT 2601

*Gary*  
Dear Mr Dolman

**Sugar Industry Reform Program (2004) Sustainability Grant**

I refer to Clause 6 of the 8 June 2004 Memorandum of Understanding between the Departments of Agriculture, Fisheries and Forestry (DAFF) and Transport and Regional Services (DOTARS) which requires that DAFF will "provide a report to DOTARS on progress of the expenditure of funds," and "provide an audited statement that funds have been used for the project and in accordance with this agreement."

I note that on 15 June, DAFF received an amount of \$12.734 million from DOTARS in order to make Sustainability Grant payments to sugar producers (growers and millers) by 30 June 2004.

In accordance with the Prime Minister's 29 April announcement of the Sugar Industry Reform Program (SIRP) 2004, the first tranche of the \$146.1 million Sustainability Grant was paid to sugar producers in Queensland, New South Wales and Western Australia between 11 and 19 June 2004.

Payments for producers in

- Ord River were processed on 11 June in the amount of \$635,535;
- NSW were processed on 11 June in the amount of \$3,900,870; and
- Queensland were processed on 18 June in the amount of \$68,513,595 (a Queensland mill area breakdown is attached).

Our initial assessment is that the data provided by the industry was well compiled. We can report to your department that:

- approximately 7,300 transactions were made by the Department's Corporate Finance team with the co-operation of the Department's Sugar Policy Section, Queensland Sugar Limited and relevant Milling Companies, of which only fifteen payments "bounced";
- these parties cooperated closely to ensure that appropriate details for all fifteen bounced payments were promptly reprocessed;
- a small number of inquiries have been made by farmers about returning payments (as they do not intend to supply) and to date, five payments have been returned (in the amount of \$7,254.02);
- these returned payments have been returned to consolidated revenue; and
- three grower Payment Advices issued by the Department have so far been returned to sender and these have been sent to QSL for delivery to grant recipients.

[REGS 29 attachment]

Consistent with the Memorandum of Understanding between the Departments, I have attached an audited statement from the firm Acumen Alliance, one of DAFF's audit service providers, as well as a number of reports and printouts from our corporate finance team on the use of moneys provided by DOTARS for the project.

Should you have any queries on this matter, please feel free to contact either myself or Brent Moore on 02 6271 6399 or [brent.moore@daff.gov.au](mailto:brent.moore@daff.gov.au).

Thank you for your assistance with this matter and we look forward to continuing to work with you on facilitating sugar industry reform.

Yours sincerely,



Roland Pittar  
General Manager  
Crops, Wine & Horticulture

enc

27 October 2004

12 October 2004

Mr Brent Moore  
Food and Agriculture  
Department of Agriculture, Fisheries and Forestry  
GPO Box 858  
Canberra ACT 2601

Dear Mr Moore,

We have completed a review of the payments made for the Sustainability Grant Component of the Sugar Industry Reform Package in the 2003-04 financial year. The objective of the review was to ensure that funds from the Regional Partnerships programme have been used for the project and are in accordance with the Memorandum of Understanding between the Department of Transport and Regional Services (DOTARS) and the Department of Agriculture, Fisheries and Forestry (DAFF).

The process consisted of reviewing the following:

- the Memorandum of Understanding between DOTARS and DAFF;
- the reconciliation of payments made; and
- the payment schedule and confirmation of payments from the RBA.

The audit did not examine the eligibility of recipients of payments.

Based on the audit work performed, the funds from the Regional Partnerships program have been used for the project and are in accordance with the Memorandum of Understanding between DOTARS and DAFF in the 2003-04 financial year.

Yours sincerely,



Paul Allen  
Partner



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