

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

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** ABARE 01

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** Water buyback project

**Hansard Page:** 101 (24/05/2010)

**Senator HEFFERNAN asked:**

**Senator HEFFERNAN**—How much an hour was that 300 grand worth of consultant work charged at?

**Mr Glyde**—I do not know. They have certainly put a lot of work into it.

**Senator HEFFERNAN**—Can you give us the details of the work?

**Mr Glyde**—We can take on notice how much effort went into that.

.....  
**Senator HEFFERNAN**—Can you give us the details of who decided it was 300 grand and on what basis you came to 300 grand?

**Mr Glyde**—I will have to take on notice how that happened.

**Answer:**

The cost of the project was \$300 000 exclusive of GST. The project was based on costs determined by the following staff allocations:

<b>Work level</b>	<b>Days</b>
SES Band 1	10
EL2	80
EL1	40
APS 5	100
APS 3	80

The project cost also includes allowances for overheads, travel and other expenses. Details of the work are included in the publication which can be accessed at [http://www.abare.gov.au/publications\\_html/landwater/landwater\\_10/waterbuyback.pdf](http://www.abare.gov.au/publications_html/landwater/landwater_10/waterbuyback.pdf)

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**Agriculture, Fisheries and Forestry**

**Question:** ABARE 02

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** Australian woodchip market - China

**Hansard Page:** 102 (24/05/2010)

**Senator Milne asked:**

What is your [ABARE] economic analysis of the price that we get for those native forest woodchips into China?

**Senator MILNE**—Can you take it on notice? I would like to know what price we get for native forest woodchips into China. You also mentioned the global financial crisis and changed attitudes towards certification and environmental issues as being reasons why the Japanese woodchip market has declined.

Would you care to comment on the competition also from the plantations coming on stream from around the rest of the world? What is the trend? The information we have been given is essentially there is a wall of wood on stream from plantation hardwoods around the world.

**Answer:**

ABARE–BRS has not undertaken an economic analysis of the price received for Australian native forest woodchips exports to China. The woodchip prices published in ABARE's *Australian Forest and Wood Products Statistics (AFWPS) – September and December quarters 2009* are for Australia's total woodchips exports and are not distinguished by sources: native or plantation forests.

The 2008-09 unit export values of woodchips to Japan and China, based off AFWPS, are presented in the table below:

**Table 1: Unit export value of woodchips to Japan and China, 2008-09 (AU\$/bdt)**

	<b>Broadleaved</b>	<b>Coniferous</b>
<b>China</b>	156	130
<b>Japan</b>	192	200

Note: bdt: bone dry tonne

In relation to the competition from plantations coming on stream in the rest of the world, the forestry note in the ABARE–BRS *Australian Commodities September quarter 2010* issue identified the supply and demand factors which influence the competitiveness of woodchip resources being traded in global markets. The report is available at [www.abare-brs.gov.au/publications/all-publications](http://www.abare-brs.gov.au/publications/all-publications).

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**Question:** ABARE 02 (continued)

On the supply side, total woodchip availability and trade are increasing but there is no global data available to separate the traded volumes of woodchips on the basis of them being derived from native forests and plantations. While the volume of hardwood plantation woodchips available globally for harvesting is rising, the volume available for trade is being dampened by having new pulp mills built in close proximity to the emerging resources of Latin America, China and Indonesia.

Demand for traded woodchips is a function of a broad range of variables that include quality, transport costs, scale of supply and maintaining long-term relationships between buyers and sellers. The quality aspects sought from woodchip buyers are fibre yield per tonne of woodchip, species, costs of processing, basic density of the wood fibres, consistency in wood age and chip size, and level of contamination. The positive attributes of Australia's hardwood chip resources helps them to retain their competitiveness relative to other suppliers.

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**Agriculture, Fisheries and Forestry**

**Question:** ABARE 03

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** Projections on Forestry

**Hansard Page:** 105 (24/05/2010)

**Senator Colbeck asked:**

**Senator COLBECK**—I am heading for your website first thing in the morning. When did you stop doing the forward projections on forestry?

**Mr Glyde**—We might have to take that one on notice. It would be at least five years ago. It was quite some time ago.

**Answer:**

In December 1993, ABARE last published its regular, detailed projections on forestry in *Agriculture and Resources Quarterly*. However, ABARE publishes projections on forest exports as part of Australia's balance of payments in its quarterly publication *Australian Commodities*.

In 1999, ABARE published long term consumption projections of wood products over 40 years in a research report available at:

[http://www.abare.gov.au/publications\\_html/forestry/archive/99\\_forestproducts.pdf](http://www.abare.gov.au/publications_html/forestry/archive/99_forestproducts.pdf).

In 2000, there was a one-off publication of forestry projections in *Australian Commodities* March quarter.

ABARE presented a paper *Future directions for the Australian forest industry*, at the 2010 ABARE Outlook Conference in March 2010. The paper presented insights into the key drivers of future forestry market conditions, and is available at

[http://www.abare.gov.au/publications\\_html/ins/insights\\_10/a1.pdf](http://www.abare.gov.au/publications_html/ins/insights_10/a1.pdf).

ABARE–BRS publishes historical statistics on the forestry sector in its quarterly publication *Australian Commodities*, its biannual publication *Australian Forest and Wood Products Statistics*, and its annual publication *Australian Commodity Statistics*.

ABARE–BRS also publishes historical information on the forestry sector in *Australia's forests at a glance* on an annual basis.

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**Agriculture, Fisheries and Forestry**

**Question:** ABARE 04

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** ABARE reports

**Hansard Page:** 122 (25/05/2010)

**Senator COLBECK asked:**

**Mr Glyde**—There was a report that was released in January 2007 that was called *Mineral resource taxation in Australia: an economic assessment of policy options*. Its number is ABARE Research Report 07.1. On the basis of that paper the author was invited to an International Monetary Fund conference and presented a paper at that conference entitled *International minerals taxation: experience and issues*. It is known as ABARE Conference Paper 08.11. Also at an IMF conference, held in Washington DC in September 2008, there was *Taxing natural resources: new challenges, new perspectives*. And again, following that conference there was some work that was published as a chapter in a book that the IMF and ABARE did jointly. The book was called *The taxation of petroleum and minerals: principles, problems and practice*. That was published by the IMF in April 2010. That chapter is a revised version of the conference paper, with a greater discussion of international mineral developments in recent decades.

**Senator COLBECK**—Could you give me the name of the book again?

**Mr Glyde**—The book was called *The taxation of petroleum and minerals: principles, problems and practice* and it was published by the IMF in April 2010. If it helps, we can provide the links to these—the first two are on our website.

**Senator COLBECK**—Yes, that would be great. They might provide some debating points, if nothing else.

**Answer:**

The ABARE Research Report 07.1. *Mineral resource taxation in Australia: an economic assessment of policy options* is available at: <http://www.abare-brs.gov.au/publications/all-publications>.

The ABARE Conference Paper 08.11 *International minerals taxation: experience and issues* was presented at the 'Taxing natural resources: new challenges, new perspectives' conference held in Washington DC in September 2008. It is available at: <http://www.abare-brs.gov.au/publications/all-publications>.

At the same conference, ABARE contributed information to an IMF publication *The taxation of petroleum and minerals: principles, problems and practice*. The publication is available at:

<http://www.imfbookstore.org/ProdDetails.asp?ID=TOPMEH>.

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**Question:** ABARE 05

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** Water allocations

**Hansard Page:** 134-135 (25/05/2010)

**Senator NASH asked:**

**Senator NASH**—Mr Glyde, we have just been talking about the reduced water and the SDLs we are going to have to deal with in the middle of the year. To date, what is your understanding, just in terms of the basin, of the overall allocation, say for each of the last five years, compared to the actual licensing across the basin?

**Mr Glyde**—I would have to take the specifics of that question on notice. I just do not have that information in my brief or in my head.

**Senator NASH**—That is understandable, but it is an important point I think.

**Mr Glyde**—I understand.

**Senator NASH**—If you could come back to the committee on that...

**Answer:**

Total water allocations and entitlement volumes for the Murray-Darling Basin, are shown below for the 5 years 2004-05 to 2008-09, as sourced from the MDBA's annual *Water Audit Monitoring* reports:

	Allocation volume (GL)	Entitlement Volume (GL)	Total Allocation as percentage of entitlement (%)
2004-05	7,014	11,271	62.2
2005-06	8,327	13,380	62.2
2006-07	3,771	13,408	28.1
2007-08	3,516	12,897	27.3
2008-09	3,067	13,702	22.4

Source: MDBA Water Audit Monitoring Reports 2004-05 to 2008-09.

For further information consult the annual Water Audit Monitoring reports, available at:  
<http://www.mdba.gov.au/services/publications>

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**Question:** ABARE 06

**Division/Agency:** Australian Bureau of Agricultural & Resource Economics (ABARE)

**Topic:** Water

**Hansard Page:** 136 (25/05/2010)

**Senator NASH asked:**

**Senator NASH**—Mr Glyde, in terms of the resource economics side of ABARE, do you do any work on water retention and capacity for cities?

**Mr Glyde**—We have published some work in the past. I would have to refresh my memory as to the exact nature of it. But, generally speaking, no. We tend to focus on what is happening in the bush, what is happening in agriculture.

**Senator NASH**—If you could provide for us what you have done in the past, that would be useful.

**Answer:**

ABARE has traditionally undertaken very limited research on water resources in urban areas, with the focus of our water research generally on agricultural water issues.

However, ABARE did complete a research project on urban water issues in 2008, details of this project are presented in the ABARE research report: *Urban water management: optimal price and investment policy under climate variability*.

The report considered scarcity pricing of urban water as an alternative to water restrictions. The report also considers the nature of water utility supply augmentation investment decisions (e.g. investment in new dams, recycling and desalination), under conditions of uncertain future inflows. Full details of the report are available at the ABARE–BRS website, [www.abare-brs.gov.au/publications/all-publications](http://www.abare-brs.gov.au/publications/all-publications).