

ADDITIONAL INFORMATION RELATING TO THE
EXAMINATION OF SUPPLEMENTARY ESTIMATES FOR 2005-
2006

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

Agriculture, Fisheries and Forestry Portfolio

VOLUME 2

July 2006

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Volumes of additional information relating to 2005-2006 Supplementary Estimates

Additional Information Volume 1, July 2006: contains answers to questions on notice relating to **Supplementary Estimates 2005-2006.**

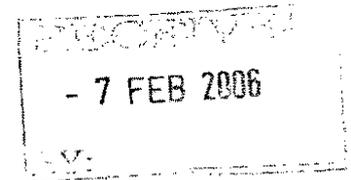
Transport and Regional Services: Corporate Services; AusLink, Maritime and Land Transport, Office of Transport Security, Inspector of Transport Security, Civil Aviation Safety Authority, Aviation and Airports, Australian Maritime Safety Authority, Regional Services, Territories and Local Government, National Capital Authority, Airservices Australia, Australian Transport Safety Bureau.

Additional Information Volume 2, July 2006: contains answers to questions on notice relating to **Supplementary Estimates 2005-2006.**

Agriculture, Fisheries and Forestry: Australian Bureau of Agriculture and Economics, Food and Agriculture, Product Integrity Animal and Plant Health, Biosecurity Australia, Australian Quarantine and Inspection Service, Rural Policy and Innovation, Fisheries and Forestry, Natural Resource Management, Management Services and Corporate Governance.

COPY

Australian Government
Wheat Export Authority



7/2/06 - egg to
Klat cta

7 February 2006

Senator Bill Heffernan
Chairman
Senate Rural and Regional Affairs and
Transport Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Senator Heffernan

At the Committee Additional Estimates hearings on 1 November 2005 and in the context of a discussion around the Wheat Export Authority's (WEA) review of AWB(I) contracts I was asked the following question by Senator Siewert:

"were you aware that the AWB had entered into commercial arrangements with the Jordanian trucking company?"

To which at the time I replied "No".

And subsequently in the context of the same question I replied:

"there was no indication of it at all on the documents we saw".

Having considered my responses to the committee I have since conducted a further review and I would like to inform the committee that my answer was factually incomplete. The WEA was made aware in mid 2004 from material in its possession that AWB(I) was supplying wheat into Iraq under an arrangement that included over land transport by a Jordanian trucking company.

Consistent with its function of reporting on the outcomes of the export performance of the national pool and in response to public allegations of AWB(I)/AWB Ltd paying "kick backs" in Iraq the WEA undertook to address the issue in its 2004 performance monitoring activities.

AWB(I) provided WEA access to a sample of 17 contracts for wheat sales to Iraq under the UN oil for food program. WEA staff reviewed these contracts to verify

whether the pool FOB data provided to WEA was consistent with those contracts. The details of the contracts were consistent with data provided by AWB(I) to WEA.

When questioned specifically by WEA staff over the provision of "kickbacks" in Iraq AWB(I) denied any wrong. AWB(I) staff pointed to the unique circumstances of Iraq sales (eg: that sales were to include delivery of wheat over land and payment is not made until the wheat is delivered) to explain why it was necessary to pay a Jordanian trucking company and why prices may appear above global benchmarks.

Part of the WEA's 2004 performance monitoring activity included examination of the Corporate Governance procedures within AWB(I) including a review of the AWB(I) *Corporate Code of Ethics and Code of Conduct Policy* that had been approved by its Board. This policy dealt with *agency facilitation payments*. WEA's review found that there were no payments recorded for Iraq wheat sales.

WEA's performance monitoring activities are undertaken from the perspective that WEA is not a regulator of AWB(I)'s performance. Responsibility for the manner in which AWB(I) conducts its business resides with the Board which is governed by a constitution and established corporate governance framework.

The WEA's role is to report retrospectively on the outcomes of AWB(I)'s management of the national pool and the resulting benefits to growers. This is generally a high level assessment undertaken by WEA on an annual basis.

I regret that my answer was not complete.

Yours sincerely



MA (Tim) Besley
Chairman



Australian Government

Department of Agriculture, Fisheries and Forestry

ACTING SECRETARY

24 November, 2005

Ms Roxanne Le Guen
Secretary
Rural and Regional Affairs and Transport Legislation Committee
Parliament House
CANBERRA ACT 2600

Don Banfield

In the course of reviewing comments made by officers of the Department of Agriculture, Fisheries and Forestry during the Supplementary Budget Estimates hearings conducted by the Senate Rural and Regional Affairs and Transport Legislation Committee on 1 November 2005, it has been determined that several of the answers provided were not accurate in relation to the specific questions asked.

I would like to note that these errors occurred through not having precise details to hand at the hearing and attempting to answer the Committee's questions, in good faith, from memory. We have since had the opportunity to check the answers provided at the hearings and the following pages present our corrections and/or further information for the consideration of the Committee.

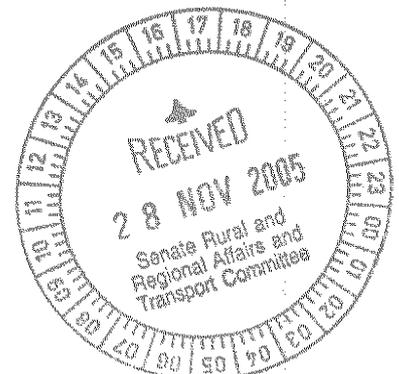
In all cases, where incorrect or incomplete information was supplied at the hearings we sincerely apologise for any misunderstanding that may have arisen as a result. It would be appreciated if these corrections could be brought to the attention of the members of the Committee.

If you have any queries on this matter please contact Ms Nicola Hinder, General Manager, Parliamentary and Media on 6272 5590.

Yours sincerely

Don Banfield

Don Banfield



Corrections for the consideration of the Committee as follows:

In answering Senator Heffernan's question (Hansard page 70; 1 November 2005):

Chair—Have you seen it? One of the problems with citrus canker was that no-one knew what they were looking for. Do you know what it is?

Ms Ransom answered:

Ms Ransom—Yes.

Ms Ransom wishes to clarify to the committee that she has only seen photographs of Eucalyptus rust. Ms Ransom apologises if this has in any way been misleading to the committee as this was not her intention.

In answering Senator Heffernan's question (Hansard page 72; 1 November 2005):

Senator Heffernan —What is the test over there; is it individual testing?

Dr Clegg answered:

Dr Clegg— They are tested for Newcastle disease antibodies individually. Samples are collected from all birds and then pooled to test for hemagglutinating viruses and agents.

Dr Clegg wishes to advise the committee that the answer was incomplete.

Blood and cloacal swab samples are collected from each bird then pooled to test for Newcastle disease antibodies (blood samples) and Newcastle disease virus (cloacal swabs). If a pool of samples under test for Newcastle disease antibodies is positive, the birds in that pool are re-sampled and tested individually to determine which birds in the pool are positive for antibodies and which are negative. The positive birds are excluded from the consignment; the negative birds continue preparation for export. If a pool of samples under test for Newcastle disease viruses, avian influenza viruses and other haemagglutinating agents is positive, the entire consignment is immediately ineligible for export.

Dr Clegg apologises if this has in any way been misleading to the committee as this was not her intention.

In answering Senator O'Brien's question (Hansard page 72; 1 November 2005):

Senator O'Brien—The section I am reading, if I am correct, says that if a government vet certifies that the country of export is free from avian influenza, Newcastle disease and paramyxovirus then testing is not required. Is that right? What is the test over there; is it individual testing?

Dr Clegg answered:

Dr Clegg—That is right. That is testing for Newcastle disease antibodies and also for avian influenza.

Senator O'Brien- Antibodies or the disease ?

Dr Clegg answered:

Dr Clegg—No, avian influenza virus.

Dr Clegg wishes to advise the committee that the answer was incomplete; the testing is for Newcastle disease antibodies and virus, and for avian influenza virus.

Dr Clegg apologises if this has in any way been misleading to the committee as this was not her intention.

In answering Senator O'Brien's question (Hansard page 72; 1 November 2005):

Senator O'Brien— Why the difference between the antibodies in one case and the virus in the other?

Dr Clegg answered:

Dr Clegg— In the other?

Senator O'Brien- Yes, why the difference?

Dr Clegg answered:

Dr Clegg—We are looking also for animals that may have been vaccinated. You might have a vaccinated population of birds and we do not want birds coming in that have been vaccinated.

Dr Clegg wishes to advise the committee that the answer was incomplete; while her answer explained why the protocol requires testing for Newcastle disease antibodies it did not address the difference in testing requirements for Newcastle disease and avian influenza viruses.

With respect to the testing for viruses, there is no difference in testing. The protocol requires testing for both avian influenza and Newcastle disease viruses. Dr Clegg incorrectly informed Senator O'Brien in response to his previous question that the only virus testing undertaken prior to export was for avian influenza viruses.

Dr Clegg apologises if this has in any way been misleading to the committee as this was not her intention.

In answering Senator Heffernan's questions (Hansard page 86; 1 November 2005):

Senator Heffernan —Going back to my earlier question is it possible logistically to have meat imported into New Zealand from another country that we do not accept it from and then for that meat to turn up in Australia without cheating the system?

Dr Clegg answered:

Dr Clegg—You would have to be cheating the system. To bring in consignments of meat from New Zealand you need official veterinary certification from New Zealand MAFF that it is of New Zealand origin. You need to be able to demonstrate that.

Senator Heffernan. —The reason I ask that—and I may have raised this before—is that we used to have a problem with fortified soft drinks, one of those Poweraid type things, which you could not manufacture here but you could bring them in from New Zealand. They were bringing them in from somewhere else. But you cannot do that with meat — the meat has to be grown in New Zealand?

Dr Clegg answered:

Dr Clegg —Yes.

Senator Heffernan —Not like those Raptis prawns that have on the packet “Manufactured in Australia” and they are actually from Indonesia?

Dr Clegg answered:

Dr Clegg —You have to have the official government veterinary certification. So if you were able to forge that—

Dr Clegg wishes to advise the committee that the answers given referred to New Zealand meat from cattle, pigs or poultry. For these species, to clear the border, official New Zealand government certification as to the origin of the meat is required. Meat from other animals (for example deer, possum, sheep) may be imported from New Zealand with either official New Zealand government certification or a manufacturer's declaration that the meat is of New Zealand origin.

Dr Clegg apologises if this has in any way been misleading to the committee as this was not her intention.

In answering Senator Milne's question (Hansard page 95, 1 November 2005):

Senator Milne—With your work in relation to climate change, I noted that most of it seems to be looking at climate change from the point of view of incremental change rather than a threshold and step approach. Is that a fair comment, or are you looking at it from both perspectives?

Dr Grant answered:

Dr Grant—In terms of climate change, we are looking at—and we are not the premier climate change group in Australia—the implications for agriculture in terms of variability of climate. Farmers tell us that the interesting issue for them, and what they most need to understand, is what the variability is within season. If we can project it out a few years, that helps; but 20 and 30 years is not generally within their scope of consideration. Having said that, I should also say that essentially the sort of stuff we do is to try and develop tools to allow them to make decisions on risk associated with variable climate as it happens. For example, we are developing a tool called the national agricultural monitoring system, which assists to pull together information on the what-ifs—what if rainfall dips; what if the soil moisture drops; what does that mean?—and project it out about 13 or so weeks. We can do that in a reasonably good fashion, and that is a tool that they can use. But, in terms of climate modelling, we are not the organisation responsible for climate modelling.

Dr Grant wishes to advise the committee that while he referred to the tool described above as the 'national agricultural monitoring system, its correct title is the 'Rainfall to Pasture Growth Outlook Tool'. Dr Grant apologises if this has in any way been misleading to the committee as this was not his intention.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: ABARE 01

Division/Agency: Australian Bureau of Agriculture and Resource Economics

Topic: Liquid fuels projections

Hansard Page: 20

Senator Milne asked:

In relation to that, the Australian Bureau of Agricultural and Resource Economics Report is saying that the increase in the import of liquid fuels is projected to go from 22 per cent to 51 per cent by 2030. In terms of the breakdown of this, what I am really interested in is how that is going to pan out in terms of petrol, diesel and LPG. Can anyone help me in relation to that?

Answer:

In Australian Bureau of Agricultural and Resource Economics latest long term energy projections report (*eReport 05.9*) the analysis of trade in liquid fuels is carried out at an aggregate level, in which petroleum products are divided into LPG and all other petroleum products. As shown in table 17 on page 38 of the report, net exports of LPG are projected to fall from 55 PJ in 2003-04 to 9 PJ in 2029-30, while net imports of all other petroleum products are projected to rise from 187 PJ to 702 PJ over the same period.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&A 01

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 33

Senator O'Brien asked:

Does each plan contain measurable targets?

Answer:

The target of each regional reform plan is to ensure that the region's sugar cane based industry is viable and sustainable. There are targets for each region in its plan and these targets are expressed in different terms. The targets can be found in the public summaries of the plans which are attached for the information of the Senate Rural and Regional Affairs and Transport Legislation Committee.

Question: F&A 02

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 33

Senator O'Brien asked:

Senator O'BRIEN—Who runs the trains? I thought that was Q Rail.

Mr Phillips—I cannot answer that one. I will have to take it on notice.

Senator O'BRIEN—Presumably that target is a price per tonne of carriage.

Mr Phillips—As I said, I do not have the exact details at my fingertips. I will have to take that on notice.

Answer:

The rail systems referred to are the narrow gauge railways used to transport cut cane. Where they exist, each mill runs and operates its own system. Transport efficiency is a 'target' in many of the regional plans. Transport prices are based on per tonne of cane transported, not its method of transportation.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&A 03

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 34

Senator O'Brien asked:

Senator O'BRIEN—But we were told that there would be detail on how structural changes will occur, when the changes will be completed and what the changes will achieve.

Mr Phillips—It varies from plan to plan. Each full plan is about so thick. I do not have the detail in my head of each one. There is a precis that is publicly available. I could take that on notice if you wish further detail.

Answer:

This information is contained within the regional reform plans. The concise, public versions of the plans have been attached for the information of the Senate Rural and Regional Affairs and Transport Legislation Committee.

Question: F&A 04

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 34

Senator O'Brien asked:

I am trying to find out whether we have actually used those hurdles or whether we have built paths around them. So I am interested to know—and perhaps you can take it on notice, unless you can answer it now—how each of the plans details how structural change will occur, when the changes will be completed and what the changes will achieve.

Answer:

This information is contained within the regional reform plans. The concise, public versions of the plans have been attached for the information of the Senate Rural and Regional Affairs and Transport Legislation Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&A 05

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 34

Senator O'Brien asked:

Senator O'BRIEN—Are all the time lines three-year time lines, or are there benchmarks along the way?

Mr Phillips—It varies from plan to plan, as I recall, but I will take that on notice and get back to you.

Senator O'BRIEN—Could you detail where the benchmarks are in each of the plans. Can you confirm that each plan has quantified the regional gains from the implementation of the plans?

Mr Phillips—There is not a number of \$X million that will be achieved if all of these items are fulfilled.

Senator O'BRIEN—Again, we were told that there would be quantification and provision of appropriate evidence of the added benefits to the region of changes being implemented. I am trying to find out how these plans address that hurdle. Can you help us?

Mr Mortimer—It might be best if that is taken on notice in terms of what is in the plans. I would make the comment that the plans are all designed at a regional level, so the measures and the other quantification will clearly have to deal with setting that out and providing that at a regional level.

Answer:

This information is contained within the regional reform plans. The concise, public versions of the plans have been attached for the information of the Senate Rural and Regional Affairs and Transport Legislation Committee.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&A 06

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans

Hansard Page: 34

Senator O'Brien asked:

Senator O'BRIEN—Does each plan have a contingency if the identified strategies do not work?

Mr Phillips—I think we will take that on notice, because we will go through each of the plans so that we do not say anything that is generalised.

Senator O'BRIEN—In answering that, could you provide the committee with some detail as to what these contingency plans are for each of the regional plans and, where there is a contingency plan, what the time frame is for the triggering of the contingency plan. Do the plans have internal review arrangements that would enable a decision to be made to change direction in relation to reforms and desired outcomes?

Answer:

The plans set out a path forward for the industry and are positive documents. The expression of contingencies may detract from the positive direction they are seeking to establish.

Question: F&A 07

Division/Agency: Food and Agriculture

Topic: Sugar: Regional Plans (PricewaterhouseCoopers bill)

Hansard Page: 35

Senator O'Brien asked:

How much has been billed so far?

Answer:

A total of \$1.7 million has been billed by PriceWaterhouseCoopers to the Department.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&A 08

Division/Agency: Food and Agriculture

Topic: South Johnstone Mill

Hansard Page: 36

Senator O'Brien asked:

I want to go to the issue of the South Johnstone mill, particularly the issue of protecting the interests of the Australian taxpayer in relation to the money provided to the South Johnstone mill. Answer 18, on food and agriculture, relates to the legal framework for the loan to the mill. That answer states that the provision of the Commonwealth's assistance package was subject to a significant number of conditions which were designed in consultation with the Australian Government Solicitor to limit the Commonwealth's potential risk exposure and that the indemnity of the Commonwealth provider was not to the mill but to Queensland Canegrowers to the benefit of the National Australia Bank. The key to that arrangement was the deduction of five per cent of payments to suppliers to the mill to repay the funding provided by the Commonwealth. Is it true that when the ownership of the mill changed in 2001, a new agreement with suppliers was required?

Answer:

Following the sale of the Mill's assets to Bundaberg Sugar, the Mill assigned to Bundaberg Sugar the interest in, and the benefit of, covenants in its current Cane Supply and Processing Agreement. It also authorised Bundaberg Sugar to continue to deduct 5 per cent payments from growers. It is also understood that a Novation and Amendment Deed was entered into between South Johnstone Mill, CANEGROWERS South Johnstone Mill Suppliers' Committee, South Johnstone Mill Negotiating team and Bundaberg Sugar pursuant to which Bundaberg Sugar was taken to be a party to the Cane Supply and Processing Agreement.

Question: F&A 09

Division/Agency: Food and Agriculture

Topic: South Johnstone Mill

Hansard Page: 37

Senator O'Brien asked:

Did all suppliers to the South Johnstone mill sign up to the terms of the settlement?

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Answer:

No. Not every supplier signed up to the terms of settlement. A small number have not signed. Even though not all growers have signed this does not impact on the enforceability of the terms of settlement.

Question: F&A 10

Division/Agency: Food and Agriculture

Topic: Canegrowers

Hansard Page: 37

Senator O'Brien asked:

Can I take you to a letter from the Australian Government Solicitor signed by John Scala, Chief Counsel, Commercial, to Mr Cooper, the legal representative of Canegrowers, on 17 September 2001. It says in part:

The Commonwealth is concerned at the advice now received from Bundaberg's solicitors which suggests the necessary novation and amendment of the Cane Supply and Processing Agreement for South Johnstone may not proceed.

It continues:

At all times the Commonwealth has relied and acted in good faith upon your client's representations that it has had the authority to act on behalf of and bind South Johnstone canegrowers in respect of this matter.

In the event this issue is not now quickly resolved the Commonwealth will look to your clients to recover any loss it may now incur as a result of the reliance it has placed on these representations.

That letter seems to clearly state that the Commonwealth's legal adviser's view was that Canegrowers was responsible for the debt. Is it fair to say that a document about how the funds raised through the five per cent deduction was agreed by all parties except a number of growers who had money deducted from their mill payments without their agreement?

Answer:

The 5% grower deductions were authorised pursuant to the terms of the Cane Supply and Processing Agreement between the Mill and CANEGROWERS South Johnstone. The Commonwealth was not directly involved in the negotiation of that agreement. Following the sale of the Mill's assets to Bundaberg Sugar, the previous Mill owners assigned to Bundaberg Sugar their interest in, and the benefit of, covenants in its current Cane Supply and Processing Agreement. It also authorised Bundaberg Sugar to continue to deduct 5 per cent payments from growers. It is also understood, that a

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Novation and Amendment Deed was entered into between South Johnstone Mill, CANEGROWERS South Johnstone Mill Suppliers' Committee, South Johnstone Mill Negotiating team and Bundaberg Sugar pursuant to which Bundaberg Sugar was taken to be a party to the Cane Supply and Processing Agreement. These agreements were expressed to be binding on all growers.

Question: F&A 11

Division/Agency: Food and Agriculture

Topic: Dairy producer exits

Hansard Page: 38

Senator O'Brien asked:

Which state is disproportionately high?

Answer:

Deregulation of the dairy industry occurred on 1 July 2000. Since that time approximately 3636 farmers have exited the industry.

New South Wales: Since 2000, on average New South Wales dairy farms constituted approximately 12 percent of national registered dairy farms. There have been 662 farm exits from New South Wales since 2000, or 18.21 percent of total national exits for the period.

Victoria: Since 2000, on average Victorian dairy farms constituted approximately 65 percent of national registered dairy farms. There have been 1,698 farm exits from Victoria since 2000, or 46.70 percent of total national exits for the period.

Queensland: Since 2000, on average Queensland dairy farms constituted approximately 10 percent of national registered dairy farms. There have been 660 farm exits from QLD since 2000, or 18.15 percent of total national exits for the period.

South Australia: Since 2000, on average South Australian dairy farms constituted approximately 5 percent of national registered dairy farms. There have been 252 farm exits from South Australia since 2000, or 6.93 percent of total national exits for the period.

Western Australia: Since 2000, on average Western Australian dairy farms constituted approximately 3 percent of national registered dairy farms. There have been 137 farm exits from Western Australia since 2000, or 3.77 percent of total national exits for the period.

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Tasmania: Since 2000, on average Tasmanian dairy farms constituted approximately 6 percent of national registered dairy farms. There have been 227 farm exits from Tasmania since 2000, or 6.24 percent of total national exits for the period.

Question: F&A 12

Division/Agency: Food and Agriculture

Topic: ACIL Tasman Report

Hansard Page: 42

Senator Adams asked:

I note that you had quite a number of comments on the ACIL Tasman report. Obviously you were not happy and disputed a lot of the content there. Could you just give me a brief summary of what you thought about it?

Mr Besley—I could. It was factually incorrect in parts, and we told them that when we saw a draft. If you bear with me, I will get a letter we wrote to them explaining that. We were privileged to see a draft of it, and we did indicate at the time that there were things in there that were not correct. Some of those were contained in the final report, and my colleague the chief executive wrote to Leon Bradley on 25 August pointing out the things that were wrong with the report. For example—and I will not go through the whole letter—the report ascribes responsibility for constructing the wheat industry benchmark, the WIB, to us. That is totally incorrect. We have nothing to do with creating it. The report talks about the remuneration model as though we were involved in its development, as between AWB and AWB(I). We were not; that is a commercial negotiation. So Glen wrote to him, pointing out that what he had said in the report in many respects was quite wrong.

Senator ADAMS—Would you be able to table that letter for us?

Mr Besley—I imagine so, if we can ask Mr Bradley if he is happy. From my point of view, I would be happy, but if Mr Bradley has a problem it is his letter, and then we would not. But if he does not, then, yes, we would.

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Answer:

The Wheat Export Authority's (WEA's) comments related to a number of inaccuracies within the ACIL Tasman Report; and in particular, those made regarding the WEA's role and degree to which it was involved in the development of the Wheat Industry Benchmark (WIB) and AWB(I)'s remuneration model.

The report incorrectly accredits the WEA with responsibility for both the WIB and administration of AWB(I)'s remuneration arrangements. Additionally, the report misrepresents the nature of the price discrimination analysis undertaken on an annual basis by the WEA.

The WEA wrote to the Pastoralists and Graziers Association of Western Australia outlining their concerns. A copy of the letter is **attached**.

[F&A 12 attachment]

25 August 2005

Leon Bradley
Chairman
PGA Western Graingrowers
Pastoralists and Graziers Association of WA
1st Floor, Pastoral House
277 Great Eastern Highway
Belmont WA 6104

Dear Leon

Thank you for the opportunity for WEA Members and me to meet with you and your colleagues on Wednesday 17 August 2005.

As mentioned at our meeting, the WEA considers there are inaccuracies in the ACIL Tasman report "Marketing Western Australian Wheat" that the WEA believes should be publicly corrected. These relate to the role of the WEA and its performance monitoring function and findings.

The report incorrectly accredits the WEA with responsibility for the Wheat Industry Benchmark (WIB) and the administration of the remuneration arrangements.

The WIB was developed by AWB(I) and AWB Ltd as a means to measure the pool performance. The WEA had no involvement in the development or its application. Accordingly, the benchmarks referred to on page xiii are not the WEA's benchmarks. While the WEA utilises and reports on the WIB outcomes, the WEA also conducts its own analysis and assessment of AWB(I)'s performance, including an independent verification of the WIB results. This was detailed on page 5 of the WEA's 2003 Growers' Report and on page 6 of the WEA's 2004 Growers' Report

AWB(I)'s remuneration model was developed and agreed as a commercial negotiation between AWB(I) and AWB Ltd. The WEA was not involved in this process and this is acknowledged on page xii of the report. The WEA does not administer the remuneration arrangements, nor is it responsible for incentives to drive AWB(I)'s performance, as stated on pages 16 and 40 of the report.

The report does not appropriately reflect the WEA's price discrimination analysis. The measurement of a firm's ability to price discriminate is always a complex task. The WEA has undertaken two forms of assessment. A qualitative assessment of whether AWB(I)'s strategies are consistent with creating the environment for price discrimination to occur was undertaken and reported on page 10 of the WEA's 2003 Growers' Report.

For quantitative assessment, there is no single agreed measure of price discrimination, so the WEA uses two commonly employed approaches: the 'pricing to market' test and the 'price discriminating monopolist model'. These techniques were used in the National Competition Policy review of the Single Desk arrangements undertaken in 2000.

Any 'premiums' obtained from price discrimination will be generated from a number of factors including, among other things: AWB(I)'s marketing; the inherent quality of the product; and product availability.

Given this bundle of factors that may affect price discrimination, in presenting the results the WEA has focused on relative movements of the price discrimination results over time, rather than the absolute values generated from the two evaluative techniques. The results are reported on pages 10 and 11 of the WEA's 2003 Growers' Report and on page 5 of the WEA's 2004 Growers' Report.

The two price discrimination techniques use prices actually achieved by AWB(I) in the market place. The techniques do not directly refer to the comparison grades used in the WIB sub-benchmark and so the quality related criticisms made by ACIL Tasman on pages xii and 43-46 are not valid.

Additionally, the price discrimination chart referred to on page 44 of the report does not represent the difference between the actual prices achieved by AWB(I) and the benchmark grade prices against which they are compared.

In providing comment on an early draft of the report, the WEA explained to the ACIL Tasman consultant that Figure 1 on page 5 of the WEA's 2004 Growers' Report showed AWB(I)'s price discrimination performance and Figure 2 on page 6 showed the difference in prices achieved by AWB(I) against its competitors. The WEA also stated that these two charts reflected different aspects of AWB(I)'s price performance and could not be reconciled.

I look forward to your consideration of these matters and, should you wish to discuss any of these matters further, please feel free to contact the WEA on (02) 6272 4400.

Yours sincerely

Glen Taylor
Chief Executive Officer

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Question: F&A 13

Division/Agency: Food and Agriculture

Topic: Staff and Resources for Container Trade Assessment

Hansard Page: 42

Senator Adams asked:

One of the key achievements stated by the Wheat Export Authority is that you efficiently manage significant numbers of requests for export consent variations. How many staff and how much resources are taken up with the container trade assent and the variations on those assents by the Wheat Export Authority? Given the size of the container trade, is this justified?

Mr Besley—We are a very small organisation. At the moment we are at the highest number we have been for some time: 15 people in total. More than half of our budget is spent on monitoring AWB(I); the other half goes to the consent business for people who are non-AWBI exporters. In terms of variations, last year we spent \$992,000 on the export consents process, which includes variations. I do not have a dissection in front of me of how much of that \$992,000 was for variations and how much was for the up-front consent applications, but if you wanted a breakdown I think we could provide that.

Answer:

The total cost for Output 1, Administration of Consents for the PBS FY 2004/05 was \$992,000. This includes both staffing and overheads and is approximately:

Market research;	\$367,000
Applications processing	\$389,000
Compliance	\$236,000

The methodology for processing applications for export consent and export consent variations is the same. Accordingly expenditure was not differentiated during the year for consent variations but is incorporated into the application processing costs.

The secretariat consists of 15 staff, all of whom are involved across the full range of the functions of the Wheat Export Authority. Average staffing specifically for Output 1, is approximated to 5.05 full time equivalent positions.

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Question: F&A 14

Division/Agency: Food and Agriculture

Topic: Port Authorities

Hansard Page: 44-45

Senator O'Brien asked:

Which port authorities are private? Are any of the major stevedores in grain handling? How are those that may become private relevant to your past cost analysis?

Answer:

The port of Adelaide is privatised with Sydney, Brisbane, Melbourne, Fremantle and Darwin being government controlled. The major stevedores are Patrick and P&O for containerised exports of wheat.

(source: Gerry McCormack, Sydney Ports Corporation, November 2005.)

The Wheat Export Authority (WEA) has no knowledge of any major stevedores involvement in grain handling.

Changes in domestic supply chain costs charged to the National Pool are included in WEA's annual performance monitoring activities. Changes in structure/ownership would not impact on the past assessments undertaken by the WEA.

Question: F&A 15

Division/Agency: Food and Agriculture

Topic: Quantum of Real Decline

Hansard Page: 45

Senator O'Brien asked:

Have any of the three silos I mentioned gone against that trend?

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Answer:

The three 'silos', or supply chain components reported in the 2004 Wheat Export Authority (WEA) Growers' Report include:

- bulk storage and handling costs;
- rail freight costs; and
- port costs.

Of these, rail freight costs increased in 2002-03.

The WEA Chairman undertook to assess what the WEA could properly report insofar as a breakdown of costs for future Growers' Reports.

Question: F&A 16

Division/Agency: Food and Agriculture

Topic: AWB(I) report to shareholders

Hansard Page: 46

Senator O'Brien asked:

So you could not report to us what AWB(I) would report to its shareholders?

Answer:

In AWB(I)'s 2003-04 Pool Performance Report, supply chain management is reported on page(s):

- 18 to 21 - including a chart depicting national trends in standardised supply chain costs; and
- 49 – a table under National Pool General Statistics.

Question: F&A 17

Division/Agency: Food and Agriculture

Topic: WEA Consultant

Hansard Page: 51

Senator O'Brien asked:

Can you tell us what sorts of incentives were examined by the consultant?

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Answer:

The Wheat Export Authority's (WEA's) 1999-2000 Annual Report reports on the approach to be used by the WEA in identifying what, if any, incentives exist as a result of the wheat export arrangements, and AWB(I)'s domestic supply chain management to deliver benefits to Australian wheat growers. A consultant was utilised to inform this assessment.

Examples of the incentives intended to be assessed, and quoted in the Annual Report include 'joint ventures with millers/storage organisations, export credit breaks, and staff exchanges.'

The WEA's use of the word 'incentive' related only to the incentives or benefits of the Australian export arrangements and not to monetary payments to third parties in overseas markets.

WEA assessments also included incentives contained in the service agreement between AWB(I) and AWB Limited.

The results of these examinations have been reported in the WEA's annual Growers' Reports.

Question: F&A 18

Division/Agency: Food and Agriculture

Topic: Wheat Exports

Hansard Page: 51

Senator O'Brien asked:

What percentage of total exports were accounted for by AWB(I) from 1 July 2004 to 30 June 2005? I am told for the previous year it was 98.76 per cent.

Answer:

AWB(I) accounted for approximately 98% total wheat exports for the period 1 July 2004 to 30 June 2005.

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Question: F&A 19

Division/Agency: Food and Agriculture

Topic: Container Exports

Hansard Page: 52

Senator O'Brien asked:

What was the actual volume of container exports?

Answer:

Period	Volume of Container Exports
1 July 2003 to 30 June 2004	401,332 metric tonnes
1 July 2004 to 30 June 2005	709,859 metric tonnes.

(source: Australian Bureau of Statistics published data)

Question: F&A 20

Division/Agency: Food and Agriculture

Topic: Export of containerised and baggage wheat

Hansard Page: 52

Senator O'Brien asked:

How many applications did WEA receive for the export of containerised or bagged wheat last financial year and what was the tonnage involved in these applications? ...

I was going to ask you how many applications were successful and how many actually exported product? Perhaps you can supply that on notice?

Answer:

FY	Applications			Tonnage		
	Received	Approved	Acted on	Requested	Approved	Shipped
03/04	321	258	116	2,256,445	731,559	126,799
04/05	385	351	169	2,618,389	1,088,591	237,682

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Question: F&A 21

Division/Agency: Food and Agriculture

Topic: AWB(I) Target Markets

Hansard Page: 52

Senator O'Brien asked:

What markets were targeted by non-AWB(I) exporters last year?

Answer:

The top five international markets for wheat exported by non-AWB(I) exporters during the period 1 July 2004 to 30 June 2005 included Vietnam, Myanmar, Bangladesh, United Kingdom and Italy.

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Question: Additional F&A 01

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

How regularly, and to what degree does the Wheat Export Authority review the contracts entered into by the Australian Wheat Board?

Answer:

WEA reviews the performance of the national pool at an aggregate level and has reviewed individual contracts on an as needs basis to cross check the data provided by AWB(I).

The primary purpose of the WEA's examination of AWB(I) contracts has been to check the consistency of the contract sales price details with the sales contract data provided by AWB(I) to the WEA for its annual performance monitoring activities.

Almost all sales contract data received by the WEA is on a Free-on-Board (FOB) basis. FOB prices are the returns to the National Pool achieved for each shipment of wheat.

The WEA board decided to review AWB(I)'s policies and procedures in regard to its relationship and conduct in the Iraq market on 11 February 2004.

The WEA liaised with AWB, seeking information relevant to these reports. Further, staff from the WEA subsequently attended the AWB offices on 11 August 2004, and examined various records, contracts, certification of export details and authorisation letters from the UN, and verified that the details were consistent with information and data previously obtained by the WEA.

Question: Additional F&A 02

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Does the Wheat Export Authority review all such contracts?

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Answer:

No, the Wheat Export Authority (WEA) reviews AWB(I) performance under the Performance Monitoring and Reporting framework. Not all AWB(I) contracts are viewed as part of this process.

Question: Additional F&A 03

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

In a contract as large as that with Iraq (US\$2.3 Billion between 1997 and 2003), what form of due diligence does the Wheat Export Authority carry out in assessing these contracts?

Answer:

Under the Performance Monitoring and Reporting framework the WEA follows a risk based approach to reviewing contracts. This is done on the basis of checking for consistency with information provided by AWB(I) to the WEA.

In relation to matters concerning Iraq, WEA sought further details from AWB (I).

Details of this are outline in answer to Additional Questions on Notice F&A 01 and 04.

Question: Additional F&A 04

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Did the Wheat Export Authority have concerns at any stage about the Australian Wheat Board's role in the programme? If so, how were these concerns acted upon?

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Answer:

No. The WEA found nothing unusual about the AWB(I)'s performance in maximising returns to growers who deliver to the National Pool.

In 2003/2004 there were press reports alleging AWB Ltd/AWB(I) had paid 'kick backs' to Iraq for Australian wheat sales made under the Oil-for Food-Programme.

On 11 February 2004 the WEA board agreed that WEA should review AWB(I)'s policies and procedures regarding its conduct in Iraq.

The WEA then liaised with AWB, seeking information relevant to these reports. Further, staff from the WEA subsequently attended the AWB offices on 11 August 2004, and examined various records, contracts, certification of export details and authorisation letters from the UN, and verified that the details were consistent with information and data previously obtained by the WEA.

The WEA also examined AWB Ltd's Corporate Ethics and Code of Conduct Policies. The WEA's examination of these policies indicated adherence to stated policy guidelines and procedures and that there was nothing untoward regarding Iraq.

Question: Additional F&A 05

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Is the Wheat Export Authority (WEA) concerned that Australian Wheat Board was able to spend a total of US\$221 million on 'transport fees' and 'after sales service' without anyone from the WEA being aware of such expenditure?

Answer:

The Wheat Export Authority's (WEA's) role relates to monitoring the export performance of AWB (I) and reporting on the resulting net benefits to growers. The WEA's focus is therefore on returns to the National Pool.

Free-on-Board (FOB) prices for the wheat sale are negotiated and then chartering costs (including freight and insurance) and any additional costs are added and charged to the customer. As these are a direct expense to the purchaser they do not impact on the pool return.

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WEA has conducted a detailed analysis of the costs of operating the national pool between 1994 and 2000. WEA concluded that the cost of operating the national pool was largely attributable to fixed costs and averaged \$47.87m in 01/02 dollars.

The process of allocating costs to the National Pool was consistent with commercial practice. There was nothing unusual identified in assessing the costs or the processes of cost allocation.

Question: Additional F&A 06

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Is the Wheat Export Authority (WEA) satisfied with the level of regulatory oversight performed by the WEA in this instance?

Answer:

Yes, the Wheat Export Authority (WEA) has performed its functions consistent with its legislative obligations.

Question: Additional F&A 07

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Do you consider that this represents a breakdown in government regulation of this company? If not, why not?

Answer:

No. The Wheat Export Authority believes it has fulfilled its functions within the scope of its legislative obligations.

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Question: Additional F&A 08

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Did the Wheat Export Authority check that there were valid/legal contracts for the total volume of wheat exported to Iraq? If not, why not?

Answer:

The nature of the contracts entered into is a commercial matter for the board of AWB(I). Checking the validity of these contracts was not the responsibility of the Wheat Export Authority.

Question: Additional F&A 09

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Did the Wheat Export Authority ever question the total costs including transport fees incurred in the export of wheat to Iraq?

Answer:

The Wheat Export Authority (WEA) questioned AWB(I) on the arrangements under the UN Oil-for-Food Programme and how they related to the returns to the National Pool. This did not include an examination of costs of shipment to or land transport costs in Iraq as these costs did not impact on the export performance of the National Pool. WEA understands that these costs were charged to the ESCROW account operated by the United Nations.

Almost all sales contract data provided to WEA is on a Free-on-Board (FOB) basis. FOB prices are the returns to the National Pool achieved for each shipment of wheat.

FOB prices for the wheat sale are negotiated and then any chartering costs (including freight and insurance) are added and charged to the customer. As these are a direct expense to the purchaser they do not impact on the pool return and hence are not examined.

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Question: Additional F&A 10

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Did the Wheat Export Authority even question why the Australian Wheat Board never tried to negotiate the fee structure imposed by Alia?

Answer:

No.

Question: Additional F&A 11

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Did the Wheat Export Authority ever ask whether the contracts with Iraq were legal in an international legal perspective?

Answer:

No.

Question: Additional F&A 12

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

Why did Wheat Export Authority never examine the supply chain costs at the 400% increase?

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Answer:

There were no unusual changes to the pool returns for sales to Iraq observed by the Wheat Export Authority over the period in question.

Question: Additional F&A 13

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Siewert asked:

How can Wheat Export Authority convert raw data to wheat figures without freight costs? Can they describe process? Why if they didn't have freight costs for Iraq sales didn't they ask for them?

Answer:

Almost all sales contract data provided to Wheat Export Authority (WEA) is on a Free-on-Board (FOB) basis. FOB prices are the returns to the National Pool achieved for each shipment of wheat.

Cost and Freight (C&F) or Cost, Insurance & Freight (CIF) data which includes freight, is not routinely provided. FOB prices for the wheat sale are negotiated and then any chartering costs (including freight and insurance) are added and charged to the customer. In the few cases where C&F or CIF data has been provided to the WEA the freight and the FOB components are included.

The WEA's assessment is based on the Performance Monitoring and Reporting (PMR) framework and is conducted in this context. Pricing data provided to the WEA has from its inception been primarily on a FOB basis, as requested by the WEA. FOB prices are the returns to the National Pool achieved for each shipment of wheat.

The WEA's assessment of the performance of previous pools has confirmed there was no statistical evidence that the pool returns were compromised by AWB(I) sales under C&F or CIF contracts. The WEA had no reason to investigate the freight costs beyond Australia.

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Question: Additional F&A 14

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

What was the reasoning and justification for the increase in the Australian Wheat Board base fee to \$65 million in 2003-04?

Answer:

The increase reflected the:

- actual costs of managing the National Pool; and
- increased investment to implement new strategies, arising from a Boston Consulting Group study commissioned by AWB (I).

Question: Additional F&A 15

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

What were the net farm gate returns at that time?

Answer:

The Wheat Export Authority (WEA) does not estimate net farm gate returns. The WEA focus is at the national level on the basis that AWB(I) manages a National Pool. The WEA's interest is therefore from the point of transfer of ownership to AWB(I) which occurs at the delivery point and not the farm gate.

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Question: Additional F&A 16

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

What was the return to Australian Wheat Board in 2002-2003 in out-performance bonus?

Answer:

AWB Ltd received an out-performance bonus payment of \$19.4 million.

Question: Additional F&A 17

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

What was the state by state breakdown of the 4.9 million tonnes wheat crop in 2002-2003?

Answer:

The 2002-2003 wheat crop was 9.385 million tonnes.

Export of the wheat crop for 2002-2003 was 4.5 million tonnes. The table below outlines state receivals and production as reported in AWB National Pool performance report on page 45.

2002-03	WA	SA	Vic	NSW	Qld	Total
Production (approx)	3.9	2.0	0.95	1.95	0.55	9.385
National Pool Receivals (approx)	3.06	1.3	.058	.036	.054	4.509

(source: 2002/03 AWB(I) pool report pp.45)

(Million tonnes)

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Question: Additional F&A 18

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

Is Wheat Export Authority satisfied with the balance it struck between return to growers and return to shareholders between 2000-2004?

Answer:

The Wheat Export Authority's (WEA's) function is to monitor the export performance of AWB (I) and report on the net benefits to growers which result from that performance.

The WEA is not in a position to specifically comment on the balance between return to growers and return to shareholders.

Question: Additional F&A 19

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Milne asked:

How many and who are the members of the Export Consent Arrangements Working Group (ECAWG)? Are there any representatives of potential exporters on the working group? If not, why not?

Answer:

There are four (4) member organisations represented on the Export Consent Arrangements Working Group (ECAWG). These include the Wheat Export Authority (WEA), AWB (I), the Grains Council of Australia and the Australian Government Department of Agriculture, Fisheries and Forestry.

WEA consults individually with non-AWB (I) exporters, and on occasions an exporter's nominated representative has participated in ECAWG meetings.

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Question: Additional F&A 20

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Adams asked:

How can you effectively judge whether the pool is maximising the benefit to growers (your stated objective) with no reference point outside Australian Wheat Board (International)? Surely the benefit to growers can only be measured in terms of modelling against alternatives?

Answer:

The export arrangements are unique and cannot be directly compared against an existing alternative. For this reason the Wheat Export Authority (WEA) breaks down the individual components of the arrangements AWB(I) has with service providers and assesses the net impact on pool returns. The outcomes of WEA's assessments are reported in the annual Growers Reports.

- WEA disaggregates the sub-benchmarks contained in the AWB(I) Wheat Industry Benchmark (WIB) to test the sub-benchmarks and then reports on its own assessment of AWB(I)'s performance.
- WEA also assesses and reports on the arrangements that exist between AWB(I) and its service provider. For example, are there performance indicators, and are these appropriate and measurable.
- WEA has assessed and reported on the reasonableness of the remuneration arrangements that remunerate AWB Ltd for the provision of services to AWB(I).
- WEA has also assessed the costs of operating the national pool and how the historic pool operating costs compare with the base fee that exists under the remuneration arrangements.
- Using raw data from the WIB the WEA has also conducted its own assessment of the domestic supply chain performance outcomes.

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Question: Additional F&A 21

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Adams asked:

It is clear from the ACIL Tasman Report that an effective case can be made for the fact that WA grain growers are suffering a financial penalty at the hands of the export monopoly because they are large, export-focussed growers. Do you take into account this effect when assessing whether the pool is maximising benefit to growers?

Answer:

No. AWB(I) manage the National Pool which averages returns to growers. It is the National Pool that is therefore the focus of the Wheat Export Authority under the Performance Monitoring and Reporting framework.

Question: Additional F&A 22

Division/Agency: Food and Agriculture

Topic: Wheat Export Authority

Hansard Page: Written question

Senator Adams asked:

Could you advise us of why Co-operative Bulk Handling had to buy their wheat from the Black Sea market to supply their Asian flour mills?

Answer:

No. This is a commercial matter for CBH.

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Question: PIAPH 01

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Trade with countries which have BSE

Hansard Page: 55

Senator Heffernan asked:

CHAIR—So it would be fair to say that all those people who would like to have the status that we currently have—but, unfortunately, they do not have it—and who would like to equalise the marketplace would not like to emphasise the fact that there is a lot of unknowns with BSE; for example, the incubation period. There is a whole lot of work that has not been completed, having read some of the paperwork from the countries that do not have our status and that wish to somehow equalise the marketplace by our ignoring this. With the OIE logic—some would say ‘illogic’—there is an understanding that you can have a trade in blood products from a country that has BSE as long as they come from a BSE-free herd. Is that your understanding?

Dr Murray—There are certain commodities or certain products from bovines that can be traded freely or with minor treatments from countries which have BSE. I do not have the complete list, but the products include calcium diphosphate, skins and hides, semen and things like that. But we can certainly get you the list.

Answer:

Article 2.3.13.1 of the World Organisation for Animal Health (OIE) *Terrestrial Animal Health Code (2005)* contains recommendations on trade in blood and blood by-products derived from cattle. That article is reproduced below in its entirety.

Article 2.3.13.1

The recommendations in this Chapter are intended to manage the human and animal health risks associated with the presence of the bovine spongiform encephalopathy (BSE) agent in cattle (*Bos taurus* and *B. indicus*) only.

1. When authorising import or transit of the following *commodities* and any products made from these *commodities* and containing no other tissues from cattle, *Veterinary Administrations* should not require any BSE related conditions, regardless of the BSE risk status of the cattle population of the *exporting country, zone or compartment*:
 - a. *milk and milk products*;
 - b. semen and *in vivo* derived cattle embryos collected and handled in accordance with the recommendations of the International Embryo Transfer Society;
 - c. hides and skins;
 - d. gelatin and collagen prepared exclusively from hides and skins;
 - e. protein-free tallow (maximum level of insoluble impurities of 0.15% in weight) and derivatives made from this tallow;
 - f. dicalcium phosphate (with no trace of protein or fat);

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- g. deboned skeletal muscle meat (excluding mechanically separated meat) from cattle 30 months of age or less, which were not subjected to a stunning process, prior to slaughter, with a device injecting compressed air or gas into the cranial cavity, or to a pithing process, and which were subject to ante-mortem and post-mortem inspections and were not suspect or confirmed BSE *cases*; and which has been prepared in a manner to avoid contamination with tissues listed in Article 2.3.13.13.;
 - h. blood and blood by-products, from cattle which were not subjected to a stunning process, prior to slaughter, with a device injecting compressed air or gas into the cranial cavity, or to a pithing process.
2. When authorising import or transit of other *commodities* listed in this Chapter, *Veterinary Administrations* should require the conditions prescribed in this Chapter relevant to the BSE risk status of the cattle population of the *exporting country, zone or compartment*.

Standards for diagnostic tests are described in the *Terrestrial Manual*.

Question: PIAPH 02

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Bird flu response team

Hansard Page: 61

Senator O'Brien asked:

Senator O'BRIEN—I know people are anxious to get to the barriers, but if a state made a request would there be a response, or is that a matter which would be considered by the Commonwealth before they said, 'Well, let's get the rapid response team in'?

Dr Murray—I think that if a state made a request you would call up the people on the books and ask them to go right away.

Senator O'BRIEN—That has not been the case in some other areas of Commonwealth-state relations. You may want to take that on notice. I would like a very clear answer that, if there were a request by a state for the rapid response team to come there to deal with an incident, an event or an outbreak, there would be a response rather than consideration.

Dr Murray—I am happy to take it on notice, but that is why it has been established.

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Answer:

The National Rapid Response Team (RRT) is made up of members from state, territory and Australian Government agencies. At present the RRT has 44 members who have training and experience that allows them to undertake 16 key positions in either a Local Disease Control Centre (LDCC) or State Disease Control Headquarters (SDCHQ) with many of the members being able to fulfil the requirements of more than one of the identified positions.

Activation of the RRT is requested by the Chief Veterinary Officer (CVO) of the affected jurisdiction through the Consultative Committee for Emergency Animal Disease (CCEAD), under terms set out in a protocol that has been agreed to by the Primary Industries Standing Committee (PISC) and Primary Industries Ministerial Council (PIMC). This protocol states under the heading of 'Jurisdictional commitment':

'The success of the RRT concept is heavily dependent upon the ongoing support of all jurisdictions, particularly in relation to the availability of appropriate staff for training, assessment, exercising and, if necessary, deployment. Parties to the protocol agree that RRT members will be released for deployment without delay unless one of the following circumstances arise:

- *unavailable due to personal reasons (health, family etc); or*
- *work commitment exists that is of higher concern than the disease outbreak;*
or
- *disease risk for the donor jurisdiction is of sufficiently high concern that the expertise of a particular member cannot be lost at that time.'*

In line with this protocol, procedures have been established and trialled by the Department of Agriculture, Fisheries and Forestry for the activation of the RRT. Exercises designed to test these procedures have confirmed the ability to deploy the RRT within 24 hours. This was further supported in one of the many lead up activities to Exercise Eleusis '05, where jurisdictions agreed to provide sufficient RRT members to South Australia, despite two of these jurisdictions being potentially affected by the simulated outbreak.

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Question: PIAPH 03

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Animal Health Australia consultation

Hansard Page: 63

Senator O'Brien asked:

Senator O'BRIEN—You also told the committee in May that Animal Health Australia was undertaking consultation regarding some 19 actions and amendments to the cost-sharing deed and was developing an explanatory memorandum to the deed. Has that process been completed?

Mr McCutcheon—It has not been completed, to my knowledge. My understanding is that they have had meetings with a number of industry organisations and have also had meetings with a number of state jurisdictions, but there is still some work to be done on that.

Senator O'BRIEN—When is that expected to be completed?

Mr McCutcheon—That is a question I would have to put to Animal Health Australia. Certainly, they are operating on the basis that it needs to be finished sooner rather than later.

Answer:

All of the issues relating to the cost-sharing deed have been substantially dealt with by government and industry parties through a consultative process managed by Animal Health Australia. Most of the identified proposals for implementation of the deed were able to be settled without the need for the deed to be varied. Variations to the deed were, however, required for four matters, while two further proposed variations have not yet been approved by all parties.

The explanatory memorandum was released in June 2005 following consultation with the parties. As it does not form part of the deed, it did not require formal approval by the parties as a variation.

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Question: PIAPH 04

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Australian Veterinary Reserve

Hansard Page: 64

Senator O'Brien asked:

Senator O'BRIEN—Can you provide an update on the Australian Veterinary Reserve? Can you tell us how many vets are currently part of the reserve? Perhaps you can tell us, on notice, where they are located and how much has been spent on the reserve.

Mr McCutcheon—For that amount of detail, I will have to take that question on notice.

Answer:

The aim of the AVR is to train 100 non-government veterinarians in two AUSVETPLAN roles by 30 June 2006. The training is in two parts – the first involves four days training to complete the Field Surveillance Veterinarian role and the second two days training for the Surveillance/Tracing Officer role. The program is delivered by Animal Health Australia.

There are currently 100 rural and regional private veterinary practitioners selected to be part of the Australian Veterinary Reserve (AVR) training program. To date 56 have been trained as Field Surveillance Veterinarians (FSV's)s and another 23 will be trained in December 2005. The balance will attend training in May 2006. The Surveillance and Tracing Officer (STO) training commences in January 2006 and will be completed by June 2006.

The distribution of private veterinary practitioners is as follows:

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NSW	34	Ballina, Bathurst, Berry, Broken Hill, Casino, Coffs Harbour, Coonamble, Cowra, Deniliquin, Finley, Gerogery, Gilgandra, Glen Innes, Gloucester, Goulburn, Hay, Inverell, Leeton, Maitland, Moss Vale, Mudgee, Muswellbrook, Narrabri, Nowra, Port Macquarie, Quirindi, Tamworth, Taree, Tucki, Unanderra, Wauchope, West Armidale, West Wollongong, Yass
Victoria	23	Ararat, Bairnsdale, Camperdown, Colac, Corryong, Drouin, Echuca, Granite Rock, Koonwarra, Lang Lang, Maffra, Mildura, Moama, Myrtleford, Newborough, Rochester, Tallangatta, Timboon, Toorak, Wangaratta, Warragul, Warrnambool, Wonthaggi
Tasmania	4	Rocky Cape, Scottsdale, Smithton, South Launceston
South Australia	9	Burra, Kadina, Kingston SE, Mount Gambier (2), Murray Bridge, Tanunda, Victor Harbor, Willunga
Western Australia	9	Albany (2), Brookton, Broome, Busselton, Dunsborough, Eaton, Kununnara, Toodyay
Northern Territory	1	Katherine
Queensland	20	Auchenflower, Brisbane, Brookfield, Bundaberg, Bungunya, Charters Towers, Fernvale, Goondiwindi, Hermit Park, Kingaroy, Mareeba, Montville, Mount Isa, Nanango, Richmond, Sarina, Smithfield, Toowoomba, Warwick, Willows Gemfields

Total expenditure by Animal Health Australia on the Australian Veterinary Reserve project to 31 October 2005 was \$214,623.47. This is comprised of \$180,321.59 in the year ended 30 June 2005, and \$34,301.88 from 1 July 2005 to 31 October 2005.

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Question: PIAPH 05

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Veterinary Reserve – Geographic Coverage

Hansard Page: 65

Senator O'Brien asked:

Senator O'BRIEN—What about geographic coverage—or is that not an issue?

Dr Murray—We can find out for you, but the geographic coverage was a key component of the Veterinary Reserve—geographic coverage and population of animal coverage. We can advise you, if you wish.

Answer:

See answer to PIAPH 04.

Question: PIAPH 06

Division/Agency: Product Integrity, Animal and Plant Health

Topic: Eucalyptus Rust

Hansard Page: 69

Senator Milne asked:

Senator MILNE—I had not realised that 'Product integrity' was all part of this and that then you would be leaving. I just wanted to ask about eucalyptus rust. I understand that it has been detected in Hawaii and that there is a national response plan being developed. I wonder if you could let me know what preventative action is being taken in relation to planning for that and if you have any updates in relation to it, because of the obvious ramifications if it were to get to Australia.

Ms Ransom—Eucalyptus rust is of significant concern to us and we are extremely worried that the disease has been confirmed in Hawaii. As a result, a number of actions have been taking place. An emergency response plan is currently being drafted. I have to talk on behalf of Biosecurity Australia. We have been in contact with the United States to ask for more information on the outbreak. I am not sure whether any response has been received. There are existing quarantine measures in place for eucalyptus rust. As you may be aware, the disease is well established in Brazil and has been for some time. There are continuing measures in place to prevent incursion through trade, particularly in timber products from Brazil. It is probably best for us to compile the information that you have asked for as a question on notice. Then we can ensure that all of the aspects of our preparedness are covered.

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Answer:

A national response plan for Eucalyptus rust is being progressed by the Office of the Chief Plant Protection Officer (OCPPO) in collaboration with ENSIS (ENSIS is the trading name for the Commonwealth Scientific and Industrial Research Organisation (CSIRO) Forest and Forest Products Pty Ltd, Scion Australasia Ltd), which is a joint venture between the CSIRO and the former Forest Research Institute of New Zealand. The plan will make reference to the draft national diagnostic standard for the fungus that was completed in April 2004. It will also include surveillance, treatment, containment and eradication strategies.

In October 2004, officers from Biosecurity Australia, the Australian Quarantine and Inspection Service (AQIS) and the OCPPO attended a workshop on '*Development of an Asia-Pacific Strategy for Eucalyptus rust*', in Thailand. The workshop was arranged in collaboration with the Australian Centre for International Agricultural Research, the Asia-Pacific Forestry Commission and the Food and Agriculture Organization of the United Nations. The meeting sought to engage countries within the region to undertake basic risk assessments to identify potential hosts of Eucalyptus rust. It also stressed the value of early warning surveys to target high risk species, the need to raise awareness at senior levels in quarantine and forestry sectors of the need for diagnostic capability and procedures to ensure safe movement of germplasm. Australia has quarantine measures in place to prevent incursions through trade of Eucalyptus/Guava rust from countries where the pathogen is known to occur. These can be found in the Import Conditions database (ICON) on the Department website. They include specific conditions for the importation of known hosts. In summary:

- Imports of logs require a specific permit, and a permit would not be issued for logs of *Eucalyptus* species for any country where the disease is known to occur.
- Imports of timber of *Eucalyptus* species are currently suspended from all countries where the pathogen is known to occur, including Hawaii.
- Imports of cut flowers and cut foliage of known hosts are not permitted from countries where the pathogen is known to occur.

Imports of pollen material are treated on a case by case basis and referred to Biosecurity Australia for advice.

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Question: BA 01

Division/Agency: Biosecurity Australia

Topic: Importation of prawns

Hansard Page: 68

Senator Heffernan asked:

CHAIR—What work has Biosecurity done on the importation of prawns?

Mr Cahill—We do have an import risk analysis underway on prawns which is incomplete.

CHAIR—When did that start, given that we are now importing 18,000 tons of prawns per year?

Answer:

A review of the quarantine policy for the importation of prawn and prawn based products was announced in September 1996. The review was to address animal quarantine issues including consideration of potential exposure factors such as the use of prawns for bait. The formation of an import risk analysis (IRA) panel to conduct the review was announced in September 1997. A draft IRA report was released in August 2000; the recommended risk management measures form the basis of the current interim quarantine requirements.

Question: BA 02

Division/Agency: Biosecurity Australia

Topic: Importation of prawns

Hansard Page: 69

Senator Heffernan asked:

I have one final question on prawns. When did you decide to do the import risk analysis on waterways and animal health – how long ago?

Answer:

See answer to BA 01.

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Question: AQIS 01

Division/Agency: Australian Quarantine and Inspection Service

Topic: Eucalyptus Rust

Hansard Page: 70

Senator Heffernan asked:

CHAIR—As a result of that, is there a restriction on other plants coming in from those countries?

Ms Ransom—Yes.

CHAIR—Please provide us with details of what they are.

Ms Ransom—I will have to ask AQIS for those.

Answer:

The Australian Quarantine and Inspection Service has general conditions that apply to non host plants coming from *Eucalyptus*/Guava rust countries. These non *Eucalyptus*/Guava rust host plants may have further restrictions placed on them if they are hosts of other pathogens or pests of quarantine concern.

Question: AQIS 02

Division/Agency: Australian Quarantine and Inspection Service

Topic: Human Quarantine

Hansard Page: 77

Senator O'Brien asked:

Can you confirm advice apparently provided to this passenger by the Minister that the AQIS officer – perhaps you will take this on notice – uses a Department of Health questionnaire.

Answer:

Yes. A copy of the questionnaire is **attached**.

[AQIS 02 attachment]

PASSENGER WITH ILLNESS CHECKLIST

Notes:

- **This checklist is only intended to allow you to make an assessment of whether or not a passenger may have a quarantinable disease. If this checklist indicates that no quarantinable disease is present then you are not required to notify the Chief Medical officer in the state or territory health department.**
- **All ill passengers should be advised to seek medical attention and to inform the doctor of the travel history. Seriously ill passengers should be given the location of the closest medical facility (eg, within the airport) or the address to the closest public hospital or clinic. If necessary call an ambulance.**
- **In case of severe illness, the provision of medical care, or transport to a hospital, should not be delayed while this checklist is being completed. However, the patient details are to be provided to the relevant Chief Quarantine Medical Officer together with the information on the patients symptoms and the hospital they have been transported to.**
- **The checklist does not include rabies or smallpox. Rabies is not transmissible between humans and can only diagnosed in the hospital setting. No cases of smallpox have occurred anywhere in the world since late 1970s. Smallpox has been made a quarantinable disease as a health security measure.**
- **Historically, the primary human quarantine disease risk is from cholera. The risk of transmission of cholera between humans from international travel is low (see below).**
- **Unless a health alert has been issued by the Director of Human Quarantine, in general ill passengers maybe allowed to disembark from the aircraft and be interviewed by the quarantine officer in private. The remaining passengers and crew may also be allowed to disembark. Only where a viral haemorrhagic fever or highly infectious respiratory disease (such as SARS) is suspected should passengers and crew be detain on board the aircraft or within the terminal.**

Cholera

Cholera is caused by drinking water (or ice) or eating food contaminated by the cholera bacteria. Common sources of infection are raw or poorly cooked seafood, raw fruit and vegetables and other foods that have been contaminated during preparation or storage. Most episodes of cholera are mild. Persons who have been infected may have no symptoms or only mild diarrhoea. Others may develop very severe watery diarrhoea and vomiting. Cholera is not transmissible between humans other than through contact with infected faeces. Severe cholera is life threatening especially in children and the elderly.

Yellow Fever

Yellow Fever is a viral disease transmitted by the *Aedes aegypti* mosquito. It is not transmissible between humans in the absence of that mosquito. The infection initially causes the symptoms listed below and may progress to jaundice (yellow skin), bleeding, kidney failure and loss of consciousness. Severe illness is life threatening.

Viral Haemorrhagic Fever (VHF)

There are four main types of VHF- Ebola, Lassa, Crimean-Congo and Marburg. These infections are transmissible between humans through infected bodily fluids. Generally VHF infections are only acquired by indigenous people in remote jungle through consuming local animals. In the absence of an alert issue by the World Health Organisation, it would be extremely rare for an international air traveller to be infected with a VHF.

Plague

Plague is a bacterial infection transmitted to humans by infected fleas that live primarily on small mammals such as rats, mice, cats, dogs and squirrels. These are several types of plagues, however the most common form, bubonic, is not transmissible between humans in the absence of fleas. Plague can be treated with antibiotic drugs. Although uncommon, cases of plague occur in the rural and wilderness areas of some countries where wild animals population maintain the bacteria.

SARS (Severe Acute Respiratory Syndrome)

SARS is a viral infection that causes a potentially life-threatening pneumonia. It is transmitted between humans through infected droplets expelled from the body by sneezing or coughing. At the time of writing, the occurrence of the disease was confirmed to sporadic case in southern China, but had previously occurred in Hong Kong, Singapore, Taiwan, Philippines, Canada, Vietnam and Cambodia. In the absence of an alert from the World Health Organisation, it is unlikely that the respiratory infection in the international traveller would be SARS.

NOTE: If **NO** is answered to Questions 1, 2, 3 or 4, be aware that the passenger may still be suffering an illness of quarantine concern or notifiable concern, contracted from outside of Africa or South America (such as Cholera, Plague, Rabies, Viral Haemorrhagic Fever). If this is suspected, the Quarantine officer will ring THE CHIEF QUARANTINE MEDICAL OFFICER, advise on responses and request instructions for the management of the unwell passenger.

Cholera

Q1. Does the passenger have symptoms of gastro-intestinal illness such as watery diarrhoea, nausea or vomiting which commenced within the last 24 hours?

Yes *Action:* Contact the Chief Quarantine Officer in your state/territory health Department for further direction.

No Go to Question 2.

Yellow Fever

Q2. Has the passenger been to Africa or South America within the previous 6 days?

Yes Go to Question 3.

No Go to Question 5.

Q3. Has the passenger been in a **Yellow Fever country**?

Yes Go to Question 5.

No Go to Question 4.

Q4. Has the passenger been in a declared Yellow Fever infected country within the past 6 days and have some or all the following symptoms:

Fever, Chills, Headache, Painful Muscles, nausea and vomiting?

Yes Passenger may have Yellow Fever.
Action: Contact the Chief Quarantine Officer in your state/territory health Department for further direction.

No Go to Question 5.

Viral Haemorrhagic Fever (VHF)

Q5. Has the passenger been to Africa within the past 21 days?

Yes Go to Question 6.

No Go to Question 7.

Q6. Does the passenger have most or all of the following symptoms:

Bleeding, fever, headache, sore throat, painful muscles, stomach pain, skin rash, diarrhoea and vomiting?

Yes *Action:* Contact the Chief Quarantine Officer in your state/territory health Department for further direction.

No Go to Question 7.

Plague

Q7. Does the passenger have most or all of the following symptoms:

Fever, headache, sore throat, chills, sore muscles, nausea, and painful swelling in the groin, armpit or neck area?

Yes Go to Question 8.

No Go to Question 9.

Q8. Has the passenger travelled within the last 7 days in the south-western United States, Mexico, Vietnam, Myanmar, India, Russia, Kazakhstan, Mongolia, Brazil, Peru, Bolivia, China, Indonesia, eastern or southern Africa?

Yes Passenger may have plague.

Action: Contact the Chief Quarantine Officer in your state/territory health Department for further direction.

No Go to Question 9.

SARS (Severe Acute Respiratory Syndrome)

Q9. Does the passenger have a high temperature (above 38 degrees) combine with respiratory symptoms such as shortness of breath, difficulty with breathing and dry cough?

Yes Go to Question 10.

No It is unlikely that the person has a quarantinable disease.

Q10. Has the passenger travelled within the last 10 days in China or other countries declared by the World Health Organisation to be infected with SARS?

Yes The passenger may have SARS.

Action: Contact the Chief Quarantine Officer in your State or Territory health department. Unless they are seriously ill, the passenger should be detained pending medical advice. Only on the specific request of the Department of Health and Ageing (DHA) should other passengers be detained on board the aircraft.

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Question: AQIS 03

Division/Agency: Australian Quarantine and Inspection Service

Topic: Dog Handlers

Hansard Page: 79

Senator Heffernan asked:

Do you find that many dogs will only work with the one handler?

Answer:

In most cases Quarantine Detector Dogs work with a primary handler but are also required to work with other handlers.

Question: AQIS 04

Division/Agency: Australian Quarantine and Inspection Service

Topic: Rotation Policy

Hansard Page: 79

Senator O'Brien asked:

How long has this policy been in place?

Answer:

A national policy on rotation of staff was promulgated in September 1999.

Question: AQIS 05

Division/Agency: Australian Quarantine and Inspection Service

Topic: Training detector dogs

Hansard Page: 80

Senator O'Brien asked:

Can you get me some information on how long it takes to train a detector dog and for a working dog and a handler to become proficient?

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Answer:

A 'dog only' training course takes approximately eight weeks. A 'dog and handler' course takes thirteen weeks to complete, including an initial five weeks with the dogs on their own and a further eight weeks paired with their initial handler. It takes up to twelve months for a team to become fully field proficient.

Question: AQIS 06

Division/Agency: Australian Quarantine and Inspection Service

Topic: Importation of products via New Zealand.

Hansard Page: 85

Senator Heffernan asked:

In AQIS terms, is there any variation between what New Zealand lets in and what we let in? Someone told me there was a soft entry point through New Zealand for certain things. Is that possible?

Answer:

Australian quarantine requirements are independent of New Zealand's quarantine requirements and take into account the animal and plant health status of each country. Products imported into Australia from New Zealand need to meet the Australian quarantine requirements for the relevant raw ingredients, whether they are sourced from New Zealand or a third country. Depending upon the specific quarantine requirements for the commodity, government certification from New Zealand or the country of origin may be required to verify the country of origin.

After quarantine requirements are met, compliance with food standards is then assessed. Australia and New Zealand have a joint food standards system administered through Food Standards Australia New Zealand.

Under the Trans-Tasman Mutual Recognition Arrangement, a range of products, including foods that are legally manufactured in or imported into either country can be legally sold in the other country.

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Question: RPI 01

Division/Agency: Rural Policy and Innovation

Topic: Drought Expenditure

Hansard Page: 99

Senator McEwen asked:

Senator McEWEN—We can just hope that we do not have to test them too soon. I would like to ask a few questions about funding. Can someone provide the committee with an update on the actual expenditure on drought against the amounts budgeted in the 2004-05 PBS?

Mr Koval—Certainly, Senator. In terms of item by item, starting with the interest rate relief, we have expended \$2.277 million.

Senator McEWEN—Just before you go on, have you got the information on a state by state basis as well?

Mr Koval—No. I could provide it on notice if that is of interest...

Senator McEWEN—I asked a question about getting the information on a state by state basis. Would you be able to provide that?

Mr Koval—I can on notice

Answer:

Breakdown of actual expenditure on drought assistance for 2004/05 by State

	Prima Facie Income Support \$m		Exceptional Circumstances Interest Rate Subsidy \$m		Exceptional Circumstances Relief Payment \$m		Interest Rate Relief \$m		Total Expenditure \$m	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
NSW		0.790		57.760		64.370		0.010		0.01
Qld		0.100		32.478		26.625		1.617		1.617
WA		0.055		4.279		2.190		0.098		0.098
Vic		0.780		9.863		22.470		0.020		0.02
SA		0.140		0.761		1.410		0.532		0.532
TOTAL	\$4.209	\$1.865	\$131.985	\$105.141	\$124.403	117.065	\$3.158	\$2.277	\$263.755	\$753.858

Question: RPI 02

Division/Agency: Rural Policy and Innovation

Topic: Administration of Australian Wool Innovation Limited

Hansard Page: 100

Senator McEwen asked:

So it is a partial implementation of the recommendation by the government? Do you know what portion of its income that is?

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Answer:

The Government accepted that Statutory Funding Agreements (SFAs) between the Commonwealth and industry-owned companies should cover all expenditure from statutory levies and Commonwealth matching payments, and monies derived from those funds (such as interest and royalties). The Government did not consider that the SFA should cover expenditure from funds that an industry-owned company obtains from other sources.

Australian Wool Innovation did not receive any money during 2004-05 which was not covered by its SFA with the Commonwealth.

Question: RPI 03

Division/Agency: Rural Policy and Innovation

Topic: Audit of Australian Wool Innovation Limited

Hansard Page: 101

Senator McEwen asked:

Are those requirements you talk about—the audit, the report and the review—looking at all of the company's income or only that portion that comes from the government? You talked about there being private and public funding?

Answer:

Australian Wool Innovation's (AWI's) funds for 2004-05 comprised statutory levies, Commonwealth matching payments and monies derived from those funds. All AWI's funds are subject to audit, reporting and review processes under the Statutory Funding Agreement. Corporations law also requires an annual audit of the company's accounts as well as an annual report prepared for shareholders.

Question: RPI 04

Division/Agency: Rural Policy and Innovation

Topic: Statutory Funding Agreement covering Australian Wool Innovation Limited's funding

Hansard Page: 102

Senator McEwen:

Have you provided a copy of the Statutory Funding Agreement to the committee previously?

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Answer:

No. The new Statutory Funding Agreement between the Commonwealth and Australia Wool Innovation commenced on 1 September 2004 and is publicly available through the Australian Wool Innovation Web Site.

Question: RPI 05

Division/Agency: Rural Policy and Innovation

Topic: Australian Wool Innovation Limited's Legal Proceedings Against the People for Ethical Treatment of Animals (PETA).

Hansard Page: 102

Senator O'Brien:

Has the department taken legal advice?

What advice has the department taken? You have referred to advice. You said, "We've taken advice". What do you mean?

Answer:

Yes. The Department obtained legal advice from the Australian Government Solicitor (AGS).

Question: RPI 06

Division/Agency: Rural Policy and Innovation

Topic: Annual General Meetings of Dairy Australia Limited

Hansard Page: 103

Senator McEwen:

When would the AGM normally be held?

Answer:

Dairy Australia Limited has previously held its Annual General Meetings in November. The 2005 Dairy Australia Limited Annual General Meeting is scheduled for 25 November 2005.

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Question: F&F 01

Division/Agency: Fisheries and Forestry

Topic: Illegal fishers

Hansard Page: 108

Senator O'Brien asked:

What about the degree of recidivism amongst the apprehended fishers? What proportion are you catching on multiple occasions?

Answer:

Of the 213 persons charged with foreign fishing offences in the period 1 January 2005 to 28 October 2005, the Australian Fisheries Management Authority (AFMA) identified and charged 85 persons as recidivists.

Question: F&F 02

Division/Agency: Fisheries and Forestry

Topic: Shark taken in northern Australian waters

Hansard Page: 108-09

Senator O'Brien asked:

Senator O'BRIEN—How much Australian tropical shark is taken legally in northern Australian waters?

Mr McLoughlin—It is much smaller than those estimates, because we have the catch and effort records from the states that manage the shark fisheries across the north.

Senator O'BRIEN—Do you know roughly how many tonnes?

Mr McLoughlin—No, but we could certainly pull that information out for you.

Answer:

In 2002-03, a total of approximately 3160 tonnes of shark (all species) was taken legally in fisheries that target shark in northern Australian waters (northern Australian waters are defined as the waters from Cape York in Queensland through the Northern Territory to the Pilbara in Western Australia and includes State and Territorial waters to the outer limit of the Australian Fishing Zone).

The figure of 3160 tonnes has been compiled from the 2002-03 Western Australian, Northern Territory and Queensland Fisheries Joint Authority Annual Reports.

The incidental bycatch of shark would also occur in other northern Australian fisheries. However, a reliable estimate of the amount taken is not currently available.

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Question: F&F 03

Division/Agency: Fisheries and Forestry

Topic: New Customs positions

Hansard Page: 109

Senator O'Brien asked:

You are going to fly those officers from Darwin to Broome, Gove or Thursday Island?

Senator Ian Macdonald—Yes. Currently they are flown from Perth to Broome, in most cases, or from Brisbane to Thursday Island or wherever...

Senator O'BRIEN—What is your annual budget for airfares?

Mr McLoughlin—I do not have the details of airfares with me, but they are built into that budget of \$13.364 million.

Senator O'BRIEN—Can you get us the details of what your budget on airfares is, in relation to north Australian fishing circulation.

Answer:

The 2005-06 budget for airfares of officers of the Australian Fisheries Management Authority (AFMA) for the northern illegal fishing program is \$161,268 (excluding travel allowances). This figure does not include the 2005-06 airfare budgets for state fisheries officers engaged to perform functions under contract to AFMA.

Question: F&F 04

Division/Agency: Fisheries and Forestry

Topic: Meeting of Australian and Indonesian Officials in Jakarta

Hansard Page: 111

Senator O'Brien asked:

Are we able to get a list of the Australian representatives who attended?

Answer:

Department of Agriculture, Fisheries and Forestry (DAFF)

Daryl Quinlivan (Head of Delegation) – Executive Manager, Fisheries and Forestry

Britt Maxwell – Director, Northern International Fisheries

Lara Santana – Northern International Fisheries

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Australian Fisheries Management Authority (AFMA)

Richard McLoughlin – Managing Director, AFMA

Peter Venslovas – Senior Manager, Compliance and Licensing

Wade Whitelaw – Manager, Northern Prawn and Western Trawl Fisheries

Department of Foreign Affairs and Trade (DFAT)

James Larsen – Assistant Secretary and Legal Adviser, Legal Branch

Marc Innes-Brown – Director, Indonesia Section

Department of the Environment and Heritage (DEH)

Alex Wells - Assistant Director, Marine Protected Areas Management

Department of Immigration and Multicultural and Immigration Affairs (DIMIA)

George Rhind - DIMIA Post Jakarta

Australians Customs Services

Neil Sugget – Director, Enforcement Operations

Tom Marshall – Deputy Director-General, Coastwatch

Department of Defence

Christopher Read - Staff Officer, Maritime Operations, Strategic Operations, RAN

Campbell Darby – Commander, Northern Command, RAN

Australian Quarantine and Inspection Service (AQIS)

Robert Langlands – National Program Manager, Seaports

Australian Centre for International Agricultural Research (ACIAR)

Amber Davidson – Country Manager, ACIAR Indonesia

Barney Smith – Program Manager, Fisheries Research

Australian Institute of Marine Science (AIMS)

Frank Tirendi – Research Group Leader, Coastal Processes

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Stephen Blaber – Chief Research Scientist, CSIRO Marine Research

University of Wollongong

Martin Tsamenyi – Director, Centre for Maritime Policy

Northern Territory Department of Primary Industry, Fisheries and Mines

Bill Flaherty – Director (A/g), Fisheries

Western Australian Department of Fisheries

Neil Sarti - Senior Policy Officer, Strategic Planning & Policy

Trevor Broughton - Regional Director, WA Government Trade Office (Jakarta)

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Question: F&F 05

Division/Agency: Fisheries and Forestry

Topic: Bilateral fishing surveillance forum

Hansard Page: 111

Senator O'Brien asked:

In relation to the agreed bilateral fishing surveillance forum, has that been established and, if so, when is the first meeting proposed?

Answer:

It was anticipated that the first meeting be held in December 2005. Coastwatch now anticipates that the meeting will take place before June 2006.

Question: F&F 06

Division/Agency: Fisheries and Forestry

Topic: Bilateral fishing surveillance forum

Hansard Page: 111

Senator O'Brien asked:

Is this bilateral the subject of an exchange of letters or a signed document?

Answer:

At the Indonesia-Australia Marine and Fisheries Bilateral Meeting held between 24-26 August 2005, it was agreed to establish a bilateral fisheries forum between Australia and Indonesia to consider future cooperation on fisheries surveillance.

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Question: F&F 07

Division/Agency: Fisheries and Forestry

Topic: Marine Affairs and Fisheries working group meeting dates

Hansard Page: 111

Senator O'Brien asked:

I am sure that the minister is aware that the marine affairs and fisheries working group was set up under the Australia-Indonesia Ministerial Forum (AIMF) in June 2001 and the first meeting of the working group was in April 2002. How many meetings have there been of that working group since April 2002 and how many meetings as minister have you attended, Minister?

Answer:

The Working Group on Marine Affairs and Fisheries was established under the auspices of the AIMF at a bilateral Ministerial meeting in June 2001. Marine and fisheries issues had previously been progressed separately and Ministers agreed to establish the Working Group as a way to institutionalise current collaboration across the spectrum of marine issues.

The Working Group is comprised of officials from the Ministry of Marine Affairs and Fisheries and relevant Australian Government agencies. Ministers are not formally part of the Working Group, however they often meet at the time of the AIMF to discuss important issues and to agree on the report of the Working Group which is delivered to the AIMF.

Since the first meeting of the Working Group on 10 April 2002, three other meetings have taken place in 2003, 2004 and 2005.

Question: F&F 08

Division/Agency: Fisheries and Forestry

Topic: Marine Affairs and Fisheries working group meeting dates

Hansard Page: 111

Senator O'Brien asked:

Did Mr Truss go instead when the meetings are overseas?

Answer:

See response to F&F 07.

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Question: F&F 09

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: 112

Senator O'Brien asked:

In relation to the proposed awareness campaign in eastern Indonesia about illegal fishing, can you tell us where that is at? Who is organising it? Who is going to pay for it?

Answer:

The education campaign in eastern Indonesia will be coordinated and funded by the Department of Agriculture, Fisheries and Forestry in consultation with the Department of the Environment and Heritage, Department of Foreign Affairs and Trade, the Australian Customs Service and the Australian Fisheries Management Authority.

A detailed proposal for the implementation of the campaign is currently being considered and revised as appropriate.

The actual delivery arrangements are still under consideration, however the program is to start as soon as practicable.

Question: F&F 10

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 119

Senator O'Brien asked:

Some of the grants do not seem to have gone very well. Matilda's Bakery received a grant of \$967,000 and was supposed to create 46 new jobs within five years, but on 30 June this year the *Eden Magnet* reported that the Matilda Bakery had closed its doors in the previous days, throwing out the eight to 10 remaining staff. Do you know how many people it employed at its peak? Do you know how many people the Matilda Bakery—that got a grant of \$967,000—employed at its peak?

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Answer:

An Eden Region Adjustment Package (ERAP) grant of \$967,000 was awarded to The (Pie) Man from Snowy River Pty Ltd. (not Matilda's Bakery Cafe, which is a trading name) to build and fit out a new bakery in Eden. They completed the program and received the final grant payment on 4th February 2002. The company then had 1 year in which to achieve its employment goal of 46 Full Time Equivalent (FTE) staff. The 5 year goal was also 46 FTE positions.

The Department of Agriculture, Fisheries and Forestry was recently advised by the company that the 'peak' employment at the bakery in Eden was 45 FTE positions at the end of the winter of 2003.

Question: F&F 11

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 119

Senator O'Brien asked:

The *Eden Magnet* painted this picture of the grant recipient. It was in administration in June last year to forestall a Supreme Court bid by the Australian Taxation Office to have the company wound up. It subsequently traded under a deed of company arrangement in a bid to pay off creditors. It closed in June this year after 3½ years of operation and for the entire period of operation the owners say they made huge losses and had generated not a cent of profit. According to the *Eden Magnet*, the company owner says the bakery had a poor location and a failed five-year business strategy. Was this project a wise investment of \$1 million of taxpayers money?

Answer:

At the time when the decision to fund the bakery was made, the owners had no such concerns.

An independent financial assessment (by Ernst & Young) of the project pointed out that the location of the building was 'A desirable feature' and passing traffic had been predicted at 2.7million cars per annum.

The decision to approve funding for the bakery was considered in light of advice from a local advisory committee and an independent financial assessment. The Department of Agriculture, Fisheries and Forestry, based its funding recommendation on this information.

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It should be noted that in order to claim the full grant payment of \$967,000 the grantee also had to prove that they had spent at least \$967,000 of their own funds on the project, (50% grant : 50% grantees funds), consistent with the funding policy for the program.

The Department of Agriculture, Fisheries and Forestry acknowledges that some projects supported by this programme failed to achieve their long term objectives, but many others (refer to the table in response to question F&F 22) have succeeded, and delivered significant outcomes.

Question: F&F 12

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 120

Senator O'Brien asked:

Does the department know who owns the building?

Answer:

An Eden Region Adjustment Package (ERAP) grant was awarded to The (Pie) Man from Snowy River Pty Ltd. to build and fit out a bakery in Eden. The Department of Agriculture, Fisheries and Forestry understands that as at 15 November 2005, the Bakery building in Eden is still owned by the original grantee, The (Pie) Man from Snowy River Pty Ltd.

Question: F&F 13

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 120

Senator O'Brien asked:

I take it there has been no thought of recovering any of the funds sunk into this failed business.

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Answer:

One of the conditions of use of the Eden Region Adjustment Package (ERAP) grant was that the Grantee should use its best endeavours to achieve the ERAP objective outlined in the ERAP Guidelines, which was to supplement investment by businesses in the Eden region to create long-term employment in the region.

Once the grant applicant had completed the objective of the grant, which, in most cases was to purchase or construct an asset, and had provided sufficient evidence and receipts to be reimbursed the appropriate amount of grant funds for that asset, the grant agreement expired.

As one final safeguard to public monies, the Commonwealth agreement with all the ERAP grantees contains a generic clause that outlives the expiration of the grant agreement. The clause states, *'If at any time the Commonwealth forms the reasonable opinion that any part of the Grant has been used, spent or committed by the Grantee other than in accordance with this Deed, the Commonwealth may by notice to the Grantee require the Grantee to repay that part of the Grant...'*

It was not the Commonwealth's intention to enter into agreements with grantees that effectively gave the Commonwealth the right to monitor and intervene in the ongoing day-to-day running of a company into the future. A line had to be drawn as to when the Commonwealth's involvement in an agreement ended. In the case of the ERAP grants that involvement ended when the purchase or construction of the asset was completed and the final milestone payment made to the company.

The job creation figures given in the various funding applications were an indication of what the companies thought they could achieve at the end of one and five years, after commencement of their projects. Unless it can be proved that any company did not use its best endeavours to supplement investment and create long-term employment in the region or that any company used any part of the Grant other than in accordance with the grant agreement, then there is no reason to consider repayment of the grant.

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Question: F&F 14

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 120

Senator O'Brien asked:

He said: The bakery was a financial risk and could not have obtained a bank loan when the Commonwealth granted it \$1 million. If that is the case, can you on notice tell us why the department would grant almost \$1 million to a business to build premises at a location which was poor when it was obviously, according to Mr Nairn, a poor financial risk.

Answer:

The Department of Agriculture, Fisheries and Forestry (the Department) does not consider that the location of the building was of risk. However it does appear that the building's position has been subsequently being cited by the grantee as having affected the viability of the business.

The Department will not divulge confidential information about the finances of the company. The Department however will confirm that the grant was awarded conditional on the company obtaining finance, which was achieved. The company's application was also subject to scrutiny by an independent financial assessor.

Mr Adams has reported that, the bakery in Eden was not a "total loss" in the three and a half years it was operating. Apart from the 'peak' 45 FTE employment, the business has employed a total of around 300 people and brought about \$5 million into the town's economy.

Question: F&F 15

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 120

Senator O'Brien asked:

In the same program, Pelagic Fish Processors received \$405,000. That was going to create 13 jobs within five years. Do you know how that is going?

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Answer:

An Eden Region Adjustment Package (ERAP) grant of \$405,000 was awarded to Pelagic Fish Processors to partly construct and fit out a new fish processing factory in Eden. They completed the program and received the final grant payment in January 2001. The company then had 1 year in which to achieve its employment goal of 6 Full Time Equivalent (FTE) staff and 5 years to achieve 13 FTE positions.

On 27 May 2002 the Company advised the Department that the number of FTE Jobs at that time was 7. The Department has recently been advised, by the company, that employment at the factory in Eden is currently 14 FTE positions.

Question: F&F 16

Division/Agency: Fisheries and Forestry

Topic: Allocation in the Small Pelagic Fishery

Hansard Page: 121

Senator O'Brien asked:

Do you want to give us a considered answer on notice in relation to that matter? Do you want to talk to the Australian Fisheries Management Authority about solutions for pelagic—

Mr Quinlivan—We can give you information on the allocation decision and the process that is currently under way by AFMA, involving the New South Wales, Victorian, Tasmanian and South Australian governments.

Answer:

The Australian Fisheries Management Authority (AFMA) is undertaking an allocation process as:

- There are a range of stakeholders with significant interest in small pelagic species, including the recreational sector, conservation groups and other fisheries;
- It was widely agreed that the risks of not bringing this fishery under a management plan and the risks of not allocating fishing rights were considerable and that action was needed to raise the level of management of these species;
- An Independent Allocation Advisory Panel (IAAP) was appointed early in 2005 and consulted with industry on allocation issues and took written submissions. It delivered a draft allocation report for comment from industry on 29 July and again took written submissions. The IAAP delivered a final report to AFMA in October. AFMA intends to make a decision about allocation in the Small Pelagic Fishery at its meeting on 1-2 December.

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- Early allocation of Statutory Fishing Rights is something that is required in order to ensure that a fishery does not become over-capitalised and consequently overfished. The allocation process is based on the premise of minimising the impact on the economic position of individuals in the fishery.

Note that there is no involvement by the States in the allocation process for the Commonwealth-managed Small Pelagic Fishery. The Commonwealth does not have jurisdiction in State waters, inside three nautical miles, for the small pelagic species and there is a reasonable level of fishing through State licences in their waters.

Question: F&F 17

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 122

Senator O'Brien asked:

Thank you for that. Another of the ERAP projects was the Seahorse Inn at Boydtown, which received \$425,000 to create 43 jobs within five years. I am advised that although the inn did close for refurbishment, it has never reopened. I wonder if you could tell us what the department knows of the Seahorse Inn project at Boydtown and if indeed it is true that this project has received \$435,000 or part thereof, and whether in fact any refurbishment has taken place to date, and whether in fact any jobs at all have been created with that money.

Answer:

An Eden Region Adjustment Package (ERAP) grant of \$451,500 was awarded to Boydtown Pty Ltd to refurbish the historic hotel, the Seahorse Inn, at Boydtown. The refurbished hotel will include convention facilities which will be part of a larger tourist development. Boydtown completed the project and received the final grant payment in April 2004. The company then had 1 year in which to achieve its employment goal of 43 Full Time Equivalent (FTE) staff and 5 years to achieve 63 FTE positions.

It is understood that delays in finalising the fit out of the kitchen have delayed the opening of the hotel but the Department of Agriculture, Fisheries and Forestry was advised by the company, on 18 November 2005, that the hotel will be open by 31 December 2005 and will achieve its employment goal of 43 FTE positions.

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Question: F&F 18

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 122

Senator O'Brien asked:

How long have they been closed, do you know?

Answer:

The Department of Agriculture, Fisheries and Forestry (the Department) understands that the establishment has been closed for approximately two and a half years. As advised in F&F 17, the Department has been advised by the company that they expect to reopen the Seahorse Inn before the end of this year.

Question: F&F 19

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 122

Senator O'Brien asked:

The Eden Performance Centre received \$190,000 for the construction and commissioning of the charter vessel the *Spirit of Eden*. According to the web site of Spirit of Eden Charters, the vessel *Spirit of Eden* is moored at Bermagui or Ulladulla. It is a fair way away from Eden—2½ to five hours. How does that benefit the people of Eden?

Answer:

The Department of Agriculture, Fisheries and Forestry has been advised by the Eden Performance Centre that the boat was sold in approximately May 2003 to a concern in the Eden area and that it has subsequently been sold on and moved up the coast. As reported in F&F 13, it was not the Commonwealth's intention to enter into agreements with grantees that give the Commonwealth the right, after the project has been completed, to monitor and intervene in the ongoing day-to-day running of a company into the distant future.

Other than for the misuse of funds, the Commonwealth's role in monitoring these companies ended when the company completed their respective projects.

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Question: F&F 20

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 122

Senator O'Brien asked:

If someone got the grant, built the boat and then sold the boat, can they keep the money?

Answer:

One of the conditions of use of the Eden Region Adjustment Package (ERAP) grant was that the Grantee should use its best endeavours to achieve the ERAP objective outlined in the ERAP Guidelines, which was to supplement investment by businesses in the Eden region to create long-term employment in the region.

Once the grant applicant had completed the objective of the grant, which, in most cases was to purchase or construct an asset, and had provided sufficient evidence and receipts to be reimbursed the appropriate amount of grant funds for that asset, the grant agreement expired.

As one final safeguard to public monies, the Commonwealth agreement with all the ERAP grantees contains a generic clause that outlives the expiration of the grant agreement. The clause states, *'If at any time the Commonwealth forms the reasonable opinion that any part of the Grant has been used, spent or committed by the Grantee other than in accordance with this Deed, the Commonwealth may by notice to the Grantee require the Grantee to repay that part of the Grant....'*

Unless it can be proved that any company did not use its best endeavours to supplement investment and create long-term employment in the region or that any company used any part of the Grant other than in accordance with the grant agreement, then there is no reason to consider repayment of the grant.

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Question: F&F 21

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 122 - 123

Senator O'Brien asked:

You saved that half a million but it seems to be a couple of million gone west here. A company called Goldbat Pty Ltd received \$425,000 to refit a fishing vessel to operate whale-watching tours out of Eden, supposedly to create eight jobs. I do not have any detail other than the *Eden Magnet* article of 30 June which says two start-up businesses—the bakery which received \$967,000 and Goldbat Pty Ltd, which received \$425,000 to refit a fishing vessel for whale-watching charters—have failed to achieve the program's goals. Can you find out what has happened with the Goldbat project? Are the whale-watching tours still operating out of Eden?

Answer:

An Eden Region Adjustment Package (ERAP) grant of \$425,000 was awarded to Goldbat Pty Ltd to reconfigure the vessel, the 'Emellana C' into a 250 tonne purse seine tuna vessel with an on board freezer. The Goldbat project did not involve whale-watching activities. For information on the whale-watching activity refer to F&F 22.

Goldbat Pty Ltd completed the program and received the final grant payment in January 2003. The company then had one year in which to achieve its employment goal of 8 Full Time Equivalent (FTE) positions. The five year goal was also 8 FTE positions.

On 7 Jan 2003 the Company advised the Department of Agriculture, Fisheries and Forestry that the number of jobs at that time was 9.5 FTE positions.

The company went into external administration in March 2004 and as a result, the boat was sold around September 2004.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October/November 2005

Agriculture, Fisheries and Forestry

Question: F&F 22

Division/Agency: Fisheries and Forestry

Topic: Eden Region Adjustment Package

Hansard Page: 123

Senator O'Brien asked:

Senator O'BRIEN—I do not want five-year-old records. I want contemporaneous ones because some of these things have gone belly up in the last 12 to 18 months.

Senator Ian Macdonald—What we will do to save you relying on the *Eden Magnet* any further is try and give the committee a list of the projects and what happened to them; where they are and what is happening. We would be happy to do that.

Answer:

See **attached** table.

[F&F 22 attachment]

Applicant	Project Description	Grant	Would the Company have invested if grant had not been available	Final payment / grant Agreement ended	Predicted jobs after 1 / 5 years	Actual full time jobs at Nov. 2002	Jobs as at 16/17 Nov. 2005 and 'peak' jobs
Pelagic Fish Processors	A new fish processing factory in Eden	\$405,000	Would only have gone ahead with 25% of project.	Jan 2001	6 / 13	14	14 / 14
Willmott Forests	Forestry cadetship training program for Bombala area	\$200,000	Yes, would have gone ahead.	Oct 2001	10 / 10 cadets	17 cadets trained	21 / 21 cadets
Southland Fish Supplies	Expansion of fish processing business in Eden	\$311,500 * withdrawn	n/a	n/a	n/a	n/a	n/a
Eden Performance Centre (Note 1)	New vessel for recreational diving, fishing and whale watching out of Eden	\$190,000	Would have delayed and made a lesser investment.	Jan 2002	3 / 3	5	0 / 5
Quality Bait Supplies	Expansion of a commercial bait business in Eden	\$216,400 *	No, would not have gone ahead.	June 2002	7 / 13	10	11 / 15
Sapphire Coast Smoked Fish	Expansion of an Eden based fish smoking business	\$58,000 withdrawn	n/a	n/a	n/a	n/a	n/a
Ron Doyle Motors	Expansion of Eden car dealership and repair business	\$75,000	No, would not have gone ahead.	Jan 2002	6 / 6	7.5	8 / 10
G Warren and M Stubbs	Upgrading of the freezing capacity on the fishing vessel "Janet 1"	\$50,000	No, would not have gone ahead with project.	Mar 01	9 / 9	9	9 / 9
Eden Shellfish	Development of a 13.5ha mussel aquaculture lease in Twofold Bay	\$40,000	Yes, would have gone ahead	Feb 2001	3 / 6	2	5 / 7
Monaro Native Tree Nursery	Expansion of a Bombala based forestry nursery	\$24,432	Yes, would have gone ahead	Dec 2000	1 / 2	3	5 / 10
Robert Webb Surveying	Expansion of Eden surveying and valuation business	\$17,700	Would have delayed investment by 2 years	April 2001	1 / 1	5.5	7.5 / 7.5

Applicant	Project Description	Grant	Would the Company have invested if grant had not been available	Final payment / grant Agreement ended	Predicted jobs after 1 / 5 years	Actual full time jobs at Nov. 2002	Jobs as at 16/17 Nov. 2005 and 'peak' jobs
Coolangubra Farm (Note 2)	Expansion of horticultural production business	\$8,000	Business sold but new owner carrying on in same place.	May 2002	1 / 1	0	1 / 1
The (Pie) man from Snowy River (Note 3)	Construction of a major wholesale and retail bakery	\$967,000	Would have gone ahead but made a lesser investment	Feb 2002	46 / 46	25	0 / 45
Goldbat Pty Ltd (Note 4)	Upgrading of a commercial fishing vessel	\$425,000	Yes, would have gone ahead	Jan 2003	8 / 8	4	0 / 9.5
Boydton Pty Ltd (Note 5)	Refurbishment of a historic hotel as part of a larger tourist development	\$451,500	Yes, would have gone ahead	June 2004	43 / 63	0	0 / 0
Aussie Recreational Vehicles (ARV)	Build factory and show room	\$127,300	No, would not have gone ahead.	June 2003	2 / 20	0	6.5 / 8.5
				Totals	146 / 201	102	88 / 162.5

* Quality Bait Supplies and Southland Fish Supplies were originally granted \$68,400 and \$219,000 respectively. Their grants were increased to \$216,400 and \$311,500 respectively after successful appeals.

The opinions in column 4 and the figures in columns 6, 7 and 8, were supplied by the companies involved.

Note 1 Boat sold around May 2003, now operating out of Ulladulla

Note 2 Original grantees sold business around December 2004, but new owner is carrying on business at same site.

Note 3 Business closed on 24 June 2005

Note 4 Boat was sold around September 2004

Note 5 Boydton Pty Ltd expects to reopen Seahorse Inn in December 2005

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Agriculture, Fisheries and Forestry

Question: Additional F&F 01

Division/Agency: Fisheries and Forestry

Topic: Sustainable Fisheries

Hansard Page: Written question

Senator Siewert asked:

What action is the Department taking to comply with United Nations General Assembly resolution 59/25 on sustainable fisheries particularly as it applies to

'Take action urgently and consider on a case by case basis etc... to prohibition of destructive fishing practices, including bottom-trawling that adversely impact on vulnerable marine ecosystems?'

Answer:

Australia's actions to comply with United Nations General Assembly resolution 59/25 by

- (1) ensuring all Australian fishing vessels on the high seas comply with relevant domestic fisheries legislation as well as additional regulations specifically imposed on high seas vessels in line with the United Nations Fish Stocks Agreement; and
- (2) through establishing effective high seas governance frameworks through Regional Fisheries Management Organisations (RFMO's) to effectively govern destructive fishing practices on the high seas. This has been demonstrated in our negotiations with Chile and New Zealand to establish a RFMO within the South Pacific.

Question: Additional F&F 02

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Siewert asked:

How many federal fisheries officers will be based in Broome and northern WA?
Why is it better to locate them in Darwin?

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Agriculture, Fisheries and Forestry

Answer:

The Australian Fisheries Management Authority (AFMA) is establishing new offices in Darwin and Thursday Island dedicated to its foreign illegal fishing program. The offices will comprise a total of 26 fisheries officers - all of whom will be available to service AFMA foreign illegal fishing requirements in Western Australia.

Question: Additional F&F 03

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Siewert asked:

Are officers allowed to share information with their state counterparts?

Answer:

Fisheries officers are allowed to share certain information with state fisheries officers if the provision of that information is consistent with Commonwealth legislation.

Question: Additional F&F 04

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Siewert asked:

How many Indonesian fishing vessels have been observed and apprehended fishing in the Australian Fishing Zone this year?

How many of these Illegal fishing vessels were in possession of shark or shark fin?

What species of sharks were being taken?

What are the stock sustainability implications for the northern joint authority and northern Western Australian shark fisheries?

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Answer:

A total of 201 Indonesian foreign fishing vessels have been observed and apprehended in the Australian Fishing Zone to 30 October 2005. A further 249 were subject to forfeiture of catch and/or gear.

A total of 217 of these vessels were notified to the Australian Fisheries Management Authority (AFMA) as found to be in possession of shark or shark fin.

The species of shark taken is undetermined. Identification of shark by species is difficult and further complicated as most Illegal, Unregulated and Unreported (IUU) shark catch consists of the fin only. AFMA recently entered a research contract with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) titled "*Shark Identification from Shark Fins*". The research explores the feasibility of a tool to quickly and accurately identify species of fin using fin DNA, fin denticles, fin morphology or a combination of these diagnostic properties.

The impacts of IUU fishing on the northern Australian joint authority shark fisheries are presently unknown. However IUU fishing was regarded at the most recent meeting of the Northern Australia Fisheries Managers workshop to pose a significant risk to the sustainability of these shark stocks. The workshop identified a need for research on the impacts of IUU fishing on shark stocks, tropical snappers and the broader ecosystem. The northern Western Australia Shark Fishery is managed by the Western Australian State Government. While any illegal foreign fishing in these waters will place further pressure on the sustainability of those stocks, the exact implications are unknown.

Question: Additional F&F 05

Division/Agency: Fisheries and Forestry

Topic: Domestic Shark Fisheries

Hansard Page: Written question

Senator Siewert asked:

How many Australian vessels are engaged in shark-finning for export in northern Australian waters?

Answer:

All of the fisheries that target shark in northern Australian waters are managed by the States and the Northern Territory through Fisheries Joint Authority arrangements. Consequently, the Australian Fisheries Management Authority (AFMA) does not maintain a record of vessels engaged in shark finning for export in northern waters, nor does AFMA collect data on the export of shark from Australia.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 06

Division/Agency: Fisheries and Forestry

Topic: Domestic Shark Fisheries

Hansard Page: Written question

Senator Siewert asked:

How is compliance with anti-finning regulations monitored?

Answer:

The Australian Fisheries Management Authority conducts at sea and in-port inspections and fish receiver inspections of the Commonwealth fishing fleet to monitor shark finning and other requirements.

The States and the Northern Territory also have compliance programmes to monitor shark finning regulations for State/Northern Territory licensed fishers.

Question: Additional F&F 07

Division/Agency: Fisheries and Forestry

Topic: Domestic Shark Fisheries

Hansard Page: Written question

Senator Siewert asked:

How many domestic shark fishery inspections were conducted in the Northern Territory this year and by whom?

Answer:

The Northern Territory (NT) Government has responsibility for the day-to-day management of the NT Shark Fishery, which is the only fishery in NT that targets shark. The NT Government have advised the Department of Agriculture, Fisheries and Forestry that in 2004, 43 shark fishery inspections were conducted by NT Police Marine Fisheries Enforcement Section. During the period between January and September 2005, 21 inspections were conducted.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 08

Division/Agency: Fisheries and Forestry

Topic: Domestic Shark Fisheries

Hansard Page: Written question

Senator Siewert asked:

Was there evidence of illegal finning in the domestic fleet?

Answer:

The Australian Fisheries Management Authority has advised that there is evidence of illegal finning in the domestic fleet.

It should also be noted that a national study on crime in fisheries is being conducted by the Australian Institute of Criminology and the Australian Crime Commission. The study is nearing completion and will be provided to the heads of all Australian fisheries agencies. In addition, a copy of an associated literature review undertaken by the Australian Institute of Criminology will be provided the Australian Fisheries Management Forum.

Question: Additional F&F 09

Division/Agency: Fisheries and Forestry

Topic: Domestic Shark Fisheries

Hansard Page: Written question

Senator Siewert asked:

Is there a black-market in shark fin products operating in the Northern Territory?

Answer:

A trends and issues paper entitled Crime in the Australian Fishing Industry: Key Issues, released by the Australian Institute of Criminology in April 2005 indicates that Australia is both a source and destination market for illegal shark fin product. It did not specify where these markets were operating within Australia.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 10

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

In the light of recent announcements on increased funding to deter illegal fishing can you outline for the Committee how this money will be expended?

Answer:

The funding of \$179 million announced in January and October 2005, will provide for a series of measures including:

- Customs to operate an Immediate Transport Model for Illegal Foreign Fishers (IFFs), under which an aircraft is available within six hours of notification to transport IFFs as soon as possible from ports (Broome, Darwin, Gove and Horn Island) to an immigration detention facility;
- Customs to arrange contingency measures in the event that aircraft are not available at short notice with boat-based detention only to be considered as a last resort;
- Customs to acquire four small boats to facilitate the removal of IFFs from their vessels as soon as they are brought to port by an Australian Customs vessel or a Royal Australian Navy vessel;
- the Australian Fisheries Management Authority (AFMA) to complete and manage a short-term holding facility in Horn Island as a contingency in the event that aircraft are not available at short notice;
- AFMA to dispose of boats as required;
- up until June 2006, Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) to receive and manage detention of IFFs when transferred to immigration detention facilities in South Australia (Baxter) and Western Australia (Perth);
- DIMIA to operationalise Darwin Detention Facility; and
- from June 2006, DIMIA to receive and manage detention of IFFs when transferred to the Darwin Detention Facility.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 11

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Is it reasonable to conclude that the new measures are designed primarily to deal with illegal fishermen once they are apprehended rather than deterring the activity from taking place in the first instance?

Answer:

No. The funding provides for a series of measures to ensure that enforcement agencies can respond to vessel sightings and undertake apprehensions of illegal foreign fishers and deterring illegal incursions into Australia's northern waters.

Question: Additional F&F 12

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can you outline how the role of the Australian Fisheries Management Authority will change this year in terms of their role in the detention of illegal fishermen?

Answer:

The Government has agreed that the Australian Fisheries Management Authority (AFMA) cease its role in detaining suspected illegal foreign fishers, except in circumstances where fishers are held in the accommodation facility to be constructed on Horn Island.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 13

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

How will the transfer to immigration detention affect the ability of Fisheries Officers to conduct interviews?

Answer:

The transfer of suspected illegal foreign fishers to immigration detention will not affect the ability of fisheries officers to conduct interviews.

Question: Additional F&F 14

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can the Commonwealth Government provide an estimate of the average catch per year of illegal foreign fishing vessels in the Australian Fishing Zone?

Answer:

Northern waters

The Australian Fisheries Management Authority (AFMA) has no recent estimates on the average catch per year of illegal foreign fishing vessels in the Australian Fishing Zone (AFZ). AFMA is currently assessing a research proposal aimed at providing an estimate of shark taken illegally from northern waters of the AFZ.

Southern Ocean

The Government estimates illegal, unreported and unregulated catch of Patagonian toothfish in the Heard Island and McDonald Islands exclusive economic zone annually as part of its reporting requirements to the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).

Estimates cover 1 December to 30 November to align with the CCAMLR fishing season and represent whole weight catch:

- 2002-03 948 – 1,348 tonnes
- 2003-04 434 – 634 tonnes
- 2004-05 0 – 150 tonnes

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Question: Additional F&F 15

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

What guarantee can the Commonwealth Government provide, with its responsibility for illegal foreign fishing, that the rights, livelihoods and investments of the regionally based Australian fishers, who are licensed to take tropical shark species in the Australian Fishing Zone will be protected?

Answer:

Australian fishers may fish, in accordance with relevant laws available, tropical shark stock.

Question: Additional F&F 16

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

What is the Commonwealth Government position on Australian fisheries that are currently registered for export as sustainable under the *Environmental Protection and Biodiversity Conservation Act 1999* when resource sustainability is being threatened by illegal foreign fishing?

Answer:

Registration for export is assessed on a periodic basis in accordance with available information. No information on resources sustainability has been presented for review at this time.

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Question: Additional F&F 17

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can the Commonwealth Government explain why the number of automatic forfeitures continues to increase in the face of increasing illegal activity?

Answer:

The number of forfeitures of catch and gear has increased in 2005 from previous years in conjunction with an increase in apprehensions of vessels. The increase in the number of forfeitures of catch and gear and vessel apprehensions, are a result of increased Government resources directed to combating illegal foreign fishing.

Question: Additional F&F 18

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Instead of 200 arrests and 242 automatic forfeitures why was there not 442 arrests?

Answer:

Forfeitures of catch and gear are an efficient means of enforcement in situations where the apprehension of vessels is not considered to be the optimal response for operational reasons, such as in situations where there are higher priority targets.

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Question: Additional F&F 19

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can the Commonwealth Government explain its prosecution policy with respect to illegal foreign fishermen?

Does the policy require that all culpable fishermen are charged?

Answer:

The Australian Fisheries Management Authority (AFMA) regularly recommends that charges are laid against the masters of illegal foreign fishing vessels as well as recidivists. However, in the case of Patagonian Toothfish poaching, the Australian Government at times takes a stronger stance depending on the nature of the activity

Question: Additional F&F 20

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can the Commonwealth Government provide data on the total number of sea days by surface vessels for dedicated patrols to detect illegal fishing activity in the Australian Fishing Zone (during the last month / year / 3 years)?

Answer:

Northern Waters

Assets that support the Civil Maritime Surveillance Program (CMSP) are multitasked to identify all activities of interest to the clients of the Program. There are no assets assigned exclusively in respect of suspected illegal fishing. The agreed rate of effort for Defence assets supporting the CMSP is 1800 patrol days per annum and the agreed rate of effort for Customs Bay Class vessels supporting the CMSP is 2400 sea days per annum

Southern Ocean

The Australian Government has allocated \$217.2 million over five years for year-round dedicated, armed patrols of the Southern Ocean. This dedicated capability is

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enhanced by regular on-the-water cooperation with France through joint patrols of our respective Southern Ocean Exclusive Economic Zones (EEZs).

Operational details of patrols are important tactical information and if made public could compromise future monitoring, surveillance and enforcement activity against illegal fishing vessels in the Australian Heard Island and McDonald Islands (HIMI) and Macquarie Island EEZs. At a broad level, the performance target for marine patrols in the Southern Ocean during 2005-06 is set at 200 sea days.

Question: Additional F&F 21

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Can the Commonwealth Government provide an estimate of the total number of illegal foreign fishing vessels operating in the Australian Fishing Zone and the average number of fishing days per boat (during the last month / year / 3 years)?

Answer:

Northern Waters

Most Foreign Fishing Vessels (FFVs) are of very similar construction and carry no identifying markings, and there is therefore no accurate way of discerning individual vessels from the air. As a result, in areas of concentrated aerial surveillance, the same vessel may be sighted and counted by multiple flights. Additionally, from the air it is difficult to discern with accuracy whether a vessel is fishing illegally or is legitimately transiting Australian waters.

Sightings report statistics must also be considered in the context of the patterns and hours flown by Coastwatch aircraft. Government agencies are unable therefore to estimate the number of illegal foreign fishing vessels operating in the Australian Fishing Zone (AFZ).

Southern Ocean

Information on suspected illegal vessel contacts inside the Heard Island and McDonald Islands (HIMI) and Macquarie Island Exclusive Economic Zones (EEZs), including the dates and nature of the source advising of these contacts, is classified. It is important that such tactical information is not made public as this type of disclosure could compromise the outcome of future monitoring, surveillance and enforcement activity against illegal fishing vessels in the HIMI and Macquarie Island EEZs.

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However, the general trend is that the Government's dedicated Southern Ocean patrols, combined with Australia's on-the-water cooperation with France and successful apprehensions of illegal vessels, is deterring illegal fishing in Australian waters. The Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), at its annual meeting in October/November 2005, noted a significant decrease in illegal fishing in the HIMI EEZ (which falls within the CCAMLR Area) as a result of Australia's strong patrol presence.

Question: Additional F&F 22

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

What is the ratio between the numbers of foreign fishing vessels sighted by surveillance platforms versus those that are effectively apprehended?

Answer:

Northern Waters

The Department of Agriculture, Fisheries and Forestry understands that Customs maintains figures on the number of reports of sightings of foreign fishing vessels, but for the reasons outlined in the answer to Additional F&F 21, is unable to correlate these reports to actual vessels. During 2004-05, 203 vessels were apprehended in Australia's Exclusive Economic Zone

Southern Ocean

Information on suspected illegal vessel contacts inside the Heard Island and McDonald Islands (HIMI) and Macquarie Island exclusive economic zones (EEZs), including the dates and nature of the source advising of these contacts, is classified. It is important that such tactical information is not made public as this type of disclosure could compromise the outcome of future monitoring, surveillance and enforcement activity against illegal fishing vessels in the HIMI and Macquarie Island EEZs.

In the period 1 January 2005 to 31 October 2005, the *Oceanic Viking* apprehended one foreign fishing vessel in the Southern Ocean. The *FV Taruman*, flagged to Cambodia, was apprehended in September 2005 for alleged illegal fishing in the Macquarie Island EEZ. There have been no apprehensions for illegal fishing in the HIMI EEZ since the *Maya V* in January 2004.

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Question: Additional F&F 23

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

What is the cost effectiveness of the current foreign fishing vessel compliance program versus alternative sources of delivery such as smaller dedicated patrol vessels?

Answer:

During the process of preparing tenders for the purchase of current Bay Class vessels, the Department of Agriculture, Fisheries and Forestry understands that Customs undertook extensive consultation with clients, including the Australian Fisheries Management Authority, the Australian Quarantine and Inspection Service and the Department of Immigration and Multicultural and Indigenous Affairs in relation to their requirements for offshore protection activities. These requirements were translated to tender deliverables in terms of range, fuel, maximum endurance, crewing, speed, and capacity to tow apprehended vessels and transport apprehended crew, to provide the most cost effective capability for the new vessels. Similar extensive consultations were undertaken during the current process for tendering for the Coastwatch aerial surveillance contracts, and for the Armidale Class Patrol Boats.

In order to supplement the current maritime surveillance and response capability of Customs and Defence, the Government has also provided funding to Customs to purchase four new tactical medium response vessels. When purchased and deployed, these vessels will take over responsibility for apprehended FFVs from Customs or Defence vessels as they near port, so that the larger vessels are able to return more quickly to their patrol and response activities.

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Question: Additional F&F 24

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

If the States / Territory were to commit resources to assist the Commonwealth in foreign fishing vessel compliance, will the Commonwealth provide normal Commonwealth support in the prosecution and repatriation of any foreign fishing vessel crews apprehended by State / Territory officers, whether apprehended in Commonwealth or State waters?

Answer:

The Australian Government will consider any proposal from the States and the Northern Territory seeking assistance for the prosecution and repatriation of foreign fishing vessel crews apprehended by State / Northern Territory officers.

Question: Additional F&F 25

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: NA

Senator Webber asked:

Will the Commonwealth continue to provide legislative authority under the *Fisheries Management Act 1991* to State / Territory officers so they can expeditiously deal with breaches committed by foreign fishing vessels in Commonwealth waters which are detected by State / Territory officers?

Answer:

The Australian Fisheries Management Authority (AFMA) will continue to appoint state / Northern Territory fisheries officers under the *Fisheries Management Act 1991*. The appointments provide powers for the officers to investigate breaches committed by foreign fishing vessels in Commonwealth waters which are detected.

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Agriculture, Fisheries and Forestry

Question: Additional F&F 26

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

To what degree has the Commonwealth Government cooperated with the States / Territory in relation to the resources that the States / Territory may be able to provide to assist in the provision of coastal surveillance?

Answer:

Relevant Commonwealth Government agencies have a range of linkages with State and Territory Government agencies and are able to draw on State and Territory resources to identify and respond to threats in Australia's maritime domains. Recent examples of this cooperative approach have been: the involvement of officers of the Northern Territory Department of Health and Community Services, and the Northern Territory Police in Operation CLEARWATER; and the valuable assistance provided by the Western Australian Police vessel *Walcott* and the Queensland Boating and Fisheries vessel *Wilson*, in combating illegal fishing in the Australian Exclusive Economic Zone.

Question: Additional F&F 27

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Has the Commonwealth Government explored the possibility of incorporating the management of illegal foreign fishing incursions solely within the Australian Customs Service and developing fisheries compliance expertise within that group as part of a broader approach to border security?

If so, would that expertise be regionally located to take advantage of existing knowledge and expertise?

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Answer:

The Agriculture, Fisheries and Forestry Portfolio is responsible for the oversight of the *Fisheries Management Act 1991* and the *Torres Strait Fisheries Act 1994*. These two Acts define foreign fishing offences, consistent with Australia's international obligations under the United Nations Convention of the Law of the Sea. Accordingly, the Portfolio, and in particular the Australian Fisheries Management Authority (AFMA), needs to maintain an active role in the management of illegal foreign fishing incursions.

Question: Additional F&F 28

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

If the States / Territory were to commit resources to assist the Commonwealth in foreign fishing vessel compliance, will the Commonwealth continue to support the provision of security clearances to State / Territory officers?

Answer:

The Australian Government will provide sponsorship for Commonwealth security clearances for state/Northern Territory officers whenever such clearances are necessary to fulfil the requirements of the Government's foreign compliance functions.

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Question: Additional F&F 29

Division/Agency: Fisheries and Forestry

Topic: Illegal fishing

Hansard Page: Written question

Senator Webber asked:

Will the Commonwealth continue to provide high grade foreign fishing vessel intelligence information on an ongoing confidential basis?

Answer:

The Commonwealth will continue to provide high-grade foreign fishing vessel intelligence information to client agencies on an ongoing confidential basis.

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Question: NRM 01

Division/Agency: Natural Resource Management

Topic: Regional Investment Plans

Hansard Page: 125

Senator Siewert asked:

Senator SIEWERT—On what criteria are you assessing them?

Mr Smith—I do not think I have the detail but we can certainly provide that. Each evaluation has its own terms of reference and each one is turned specifically to the needs of that evaluation.

Answer:

Each of the ten national evaluations has its own terms of reference, which was approved by the Natural Heritage Ministerial Board during 2004-05. The terms of reference for each national evaluation are **attached** for the consideration of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Evaluations are:

1. Biodiversity outcomes of regional investment;
2. Significant invasive species (weeds) outcomes of regional investment;
3. Current governance arrangements to support regional investment;
4. Salinity outcomes of regional investment;
5. Sustainable agriculture outcomes of regional investment;
6. Coastal, estuarine and marine outcomes of regional investment;
7. The impact of the national natural resource management (NRM) facilitator network;
8. The effectiveness of bilateral agreements between the Australian Government and state/territory governments for the regional component of the extension or the Natural Heritage Trust;
9. the Australian Government Envirofund; and
10. National Investment Stream of the Natural Heritage Trust.

Each evaluation is overseen by a Steering Committee comprising Australian and State Government officials, regional body representatives and subject matter experts. Significant progress has been made towards the finalisation of eight of the evaluations. These eight evaluations are expected to be completed by December 2005. The Coastal, Estuarine and Marine outcomes of Regional Investment evaluation and the Impact of the National Natural Resource Management Facilitator Network evaluation, are expected to be completed by April and June 2006, respectively.

[NRM 01 attachment - not included. Available from the committee secretariat on request.]

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Question: NRM 02

Division/Agency: Natural Resource Management

Topic: National Market -based Instruments Pilot Program review

Hansard Page: 127

Senator Siewert asked:

Is that review publicly available?

Answer:

A copy of the National Market-based Instruments Pilot Program review is attached for the consideration of the Senate Rural and Regional Affairs and Transport Legislation Committee.

[NRM 02 attachment - not included. Available from the committee secretariat on request.]

Question: NRM 03

Division/Agency: Natural Resource Management

Topic: Rangelands

Hansard Page: 127

Senator Siewert asked:

Can you tell me how much money has been allocated across Australia to rangelands? ...I am particularly interested in Western Australia. But I would be interested to know the level of investment in rangelands across the board.

Answer:

For the Natural Resource Management regions classified as predominantly Rangelands across Australia the following Australian Government funds has been approved to 20 November 2005:

- Approximately \$113 million under the regional component of the Natural Heritage Trust from 2002-03 to 2007-08; and
- Approximately \$1 million under the National Action Plan for Salinity and Water Quality from 2000-01 to 2007-08.

Rangelands constitute 623 million hectares of the Australian mainland. The boundary for Australian Rangelands does not correspond to the natural resource management

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regional boundaries used for the delivering the National Action Plan for Salinity and Water Quality and the regional component of the Natural Heritage Trust.

Thirteen of the fifty-six Natural Resource Management regions have greater than 75 per cent of their area classified as Rangelands. These thirteen natural resource management regions represent 95 per cent of the total area of Rangelands across Australia. All projects in these thirteen regions that have been allocated funds through the National Action Plan for Salinity and Water Quality or through the regional component of the Natural Heritage Trust, have been included in this response.

In Western Australia, the Rangelands Natural Resource Management region has, to 20 November 2005, approved;

- Approximately \$15 million through the regional component of the Natural Heritage Trust; and
- \$511,040 to the Ord region under the National Action Plan for Salinity and Water Quality.

The Ord is a priority region under the National Action Plan for Salinity and Water Quality. It is a cross-border region between Western Australian Rangelands Natural Resource Management region and the Northern Territory Natural Resource Management region and is classified as 99.7 per cent Rangeland.

Question: NRM 04

Division/Agency: Natural Resource Management

Topic: Murray-Darling Basin Flows and Diversions

Hansard Page: 129

Senator Heffernan asked:

I would be grateful if you could supply the committee with some information on annual flows, peak flows, peak diversions (within the Murray-Darling Basin) - whatever you think would be useful.

Answer:

The run-off of water into streams in the Murray-Darling Basin averages 23,850 gegalitres¹ (GL) per year². Another 1,196 GL is on average transferred from the Snowy River Catchment into the Murray-Darling Basin annually³. Of the surface

References

¹ One gegalitre = one billion litres.

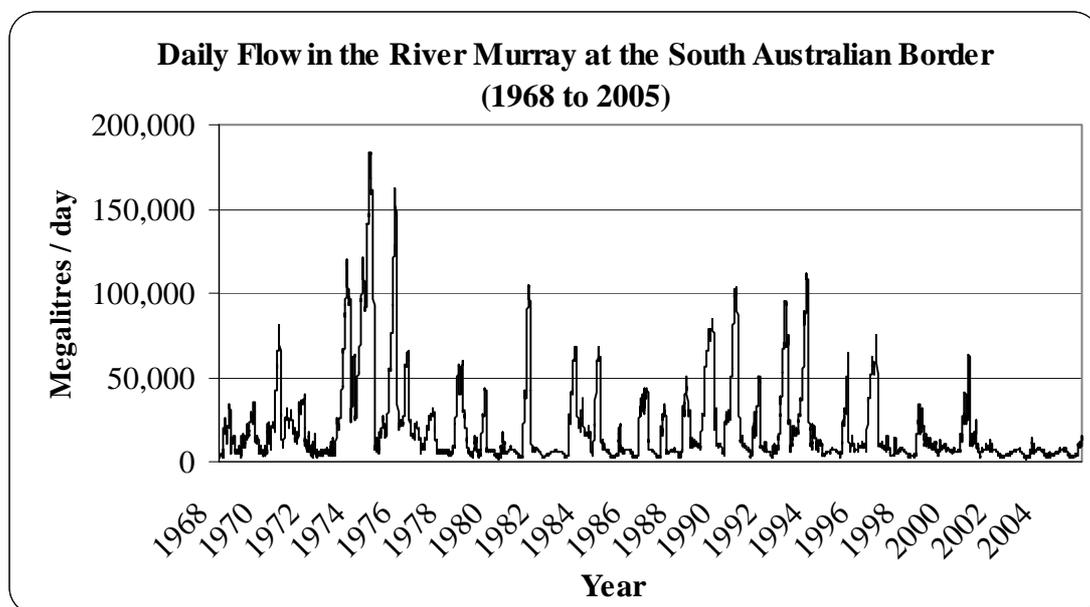
² National Land and Water Audit, 2000.

³ Average inter-basin transfers from modelled output from Snowy Hydro Limited and historical data from Wimmera-Mallee Water.

water available in streams, an average of 11,576 GL is diverted for consumptive purposes each year⁴.

Stream flows within the Murray-Darling Basin show a substantial amount of variation from year to year. For example, Figure 1 illustrates the daily flow of the River Murray at the South Australian border from 1968 to 2005⁵ (the period when gauging stations have been installed). It shows numerous peaks greater than 50,000 megalitres/day coinciding with flood events, interspersed with extended periods of low and moderate flow. Modelled natural flows over the same period (not shown) illustrate even more variability, demonstrating how the various dams and weirs have had the effect of smoothing out some of the natural fluctuations in flow.

Figure 1



Stream flows in the Darling River also show a substantial amount of variation from year to year. Figure 2 illustrates the daily flow of the Darling River at Bourke Town from 1968 to 2005⁶.

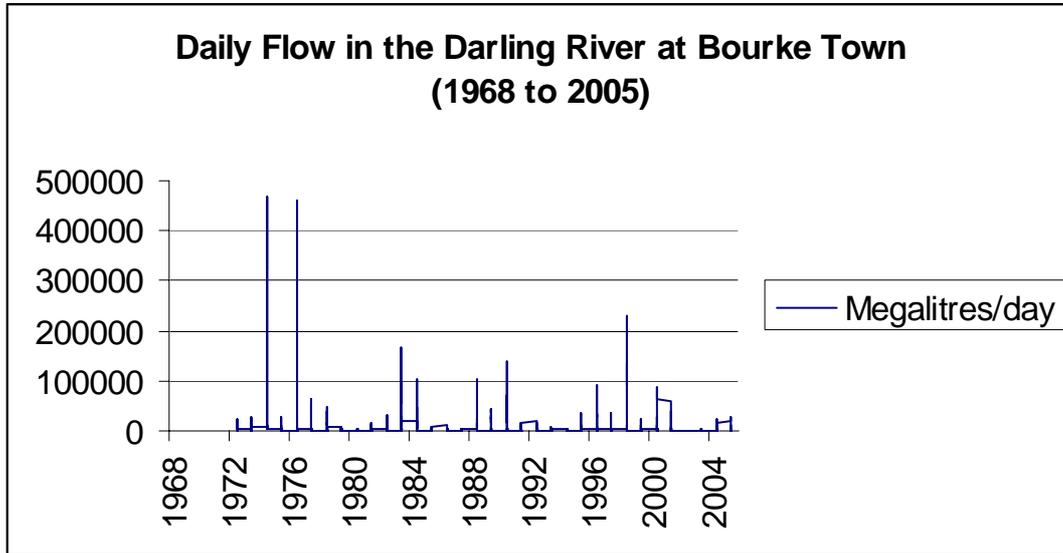
⁴ Murray-Darling Basin Water Resources Fact Sheet, Murray-Darling Basin Commission Website - average surface water use uses Cap figures from annual Water Audit Monitoring Reports beginning in 1997/98, and average surface water use over five years 1997/98 to 2001/02 where Cap figures not available.

References

⁵ Data provided by the Murray-Darling Basin Commission. This represents the period when daily records of river flows have been reliably recorded.

⁶ Data provided by Department of Natural Resources (NSW) Daily River Report on the internet at www.waterinfo.nsw.gov.au/drr/index.html.

Figure 2



Diversions of water in the Murray-Darling Basin may vary substantially between years depending on the prevailing climatic conditions and associated inflows. Figure 3 illustrates Basin diversions between 1983/84 and 2003/04⁷. It shows that diversions have varied by as much as 4,800 GL between years (1996/97 vs. 2002/03) and that there have been relatively low levels of diversions in the last two years, coinciding with the recent drought.

Diversions of water from the Murray-Darling Basin in Queensland between 1983/84 and 2003/04⁸ are illustrated in Figure 4. This shows that while there is some variability from year to year, there is a general trend of increasing extractions. In 2003/04, diversions in Queensland peaked at 815 GL⁹, representing about 9% of all Basin diversions for that year.

References

⁷ Water Audit Monitoring Report 2003/04, Report of the Murray-Darling Basin Commission on the Cap on Diversions, June 2005.
⁸ Water Audit Monitoring Report 2003/04.
⁹ Water Audit Monitoring Report 2003/04.

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Figure 3

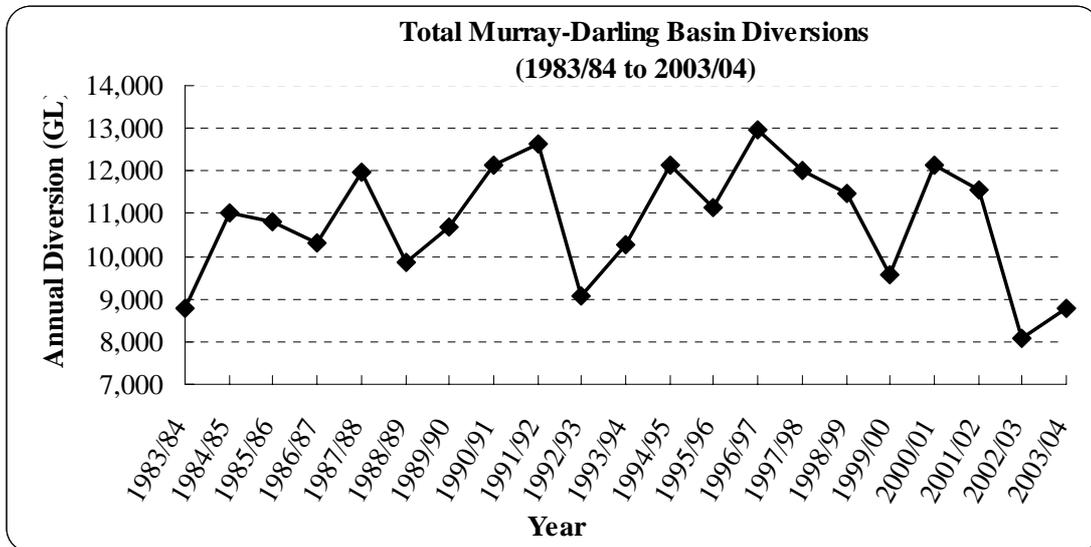
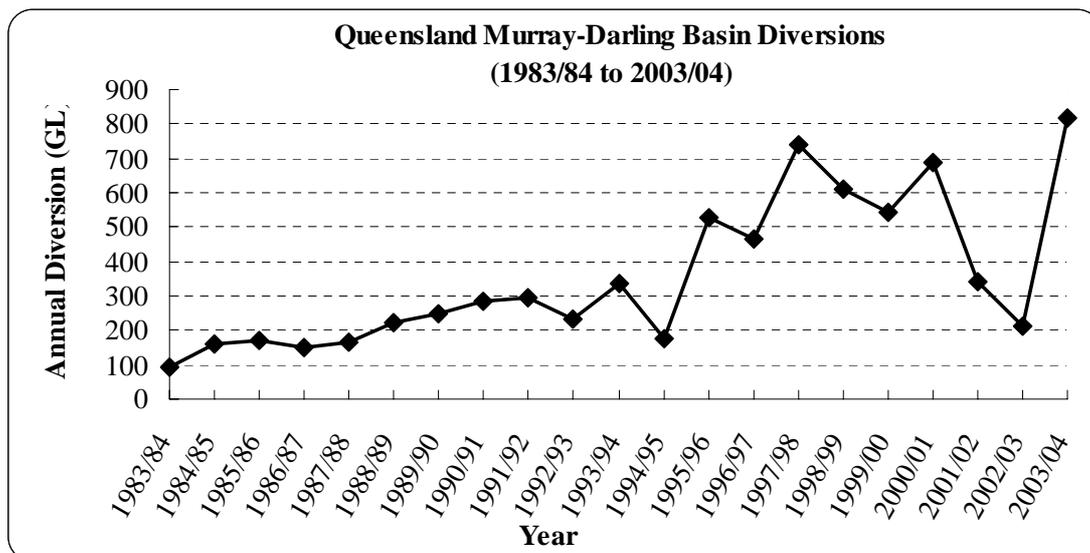


Figure 4



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Question: Additional MS 01

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

How much money has the portfolio spent on domestic airfares for each of the last three financial years?

Answer:

The estimated expenditure on domestic airfares for each of the past three years for the portfolio was:

	2002-2003	2003-2004	2004-2005
Domestic Airfares	\$7,070,179	\$7,957,678	\$8,459,190

The response for the portfolio includes the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia since it was established as a Prescribed Authority in December 2004 and those agencies that had sufficient records and/or the resources to enable them to provide a response to the question.

Question: Additional MS 02

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

How much money has the portfolio spent on overseas airfares for each of the last three financial years?

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Answer:

The estimated expenditure on overseas airfares for each of the past three years for the portfolio was:

	2002-2003	2003-2004	2004-2005
Overseas Airfares	\$2,384,088	\$3,231,678	\$3,182,238

The response for the portfolio includes the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia since it was established as a Prescribed Authority in December 2004 and those agencies that had sufficient records and/or the resources to enable them to provide a response to the question.

Question: Additional MS 03

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

How much money has the portfolio spent on economy class domestic airfares for each of the last three financial years?

Answer:

The estimated expenditure on economy class domestic airfares for each of the past three years for the portfolio was:

	2002-2003	2003-2004	2004-2005
Economy Class Domestic Airfares	\$5,550,029	\$6,177,926	\$6,652,355

The response for the portfolio includes the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia since it was established as a Prescribed Authority in December 2004 and those agencies that had sufficient records and/or the resources to enable them to provide a response to the question.

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Question: Additional MS 04

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

How much money has the portfolio spent on business class domestic airfares for each of the last three financial years?

Answer:

The estimated expenditure on business class domestic airfares for each of the past three years for the portfolio was:

	2002-2003	2003-2004	2004-2005
Business Class Domestic Airfares	\$1,520,150	\$1,779,753	\$1,806,836

The response for the portfolio includes the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia since it was established as a Prescribed Authority in December 2004 and those agencies that had sufficient records and/or the resources to enable them to provide a response to the question.

Question: Additional MS 05

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

How much has the portfolio spent on first class domestic airfares for each of the last three financial years?

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Answer:

Expenditure on first class domestic airfares for each of the past three years for the portfolio was:

	2002-2003	2003-2004	2004-2005
First Class Domestic Airfares	\$0	\$0	\$0

The response for the portfolio includes the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia since it was established as a Prescribed Authority in December 2004 and those agencies that had sufficient records and/or the resources to enable them to provide a response to the question.

Question: Additional MS 06

Division/Agency: Management Services

Topic: Travel

Hansard Page: Written question

Senator Fielding asked:

What would be the estimated financial year dollar saving if all public servants in the portfolio travelled economy class for flights of less than one and a half hours duration?

Answer:

The information required to complete this assessment is not readily available from the records maintained by the Department of Agriculture, Fisheries and Forestry, Biosecurity Australia and some agencies. The savings could not be estimated without a significant diversion of resources.

Question: Additional MS 07

Division/Agency: Management Services

Topic: IT outsourcing arrangements

Hansard Page: Written question

Senator Conroy asked:

Please provide details of total departmental/organizational spending on Information and Communications Technology products and services during the last 12 months. Please break down this spending by ICT function (eg communications, security, private network, websites).

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Answer:

The Department of Agriculture, Fisheries and Forestry (including Biosecurity Australia since being established in December 2004) and its portfolio agencies spent \$23,094,082 on outsourced Information and Communications Technology products and services during 2004-05.

For the Department (including Biosecurity Australia) the breakdown of this expenditure was:

Computing services	\$21,370,000
Secure Gateway services	<u>\$630,000</u>
	<u>\$22,000,000</u>

The Department does not directly outsource its information technology security or voice communications functions. However, included in the outsourced computing services expenditure are elements of systems and network security and data communications services which are integral to delivering computing services and maintaining a secure environment. Those specific items of expenditure are not readily dissected.

For the remaining portfolio agencies the breakdown of this expenditure was:

Computing services	\$682,200
Website and Gateway services	\$268,380
Communications	\$130,157
Security	<u>\$13,345</u>
	<u>\$1,094,082</u>

Question: Additional MS 08

Division/Agency: Management Services

Topic: IT outsourcing arrangements

Hansard Page: Written question

Senator Conroy asked:

Was this spending in line with budget forecasts for this 12 month period?

- a. If not, please provide details of:
 - i. The extent that ICT spending exceeded budget forecasts for this 12 month period;
 - ii. Details of on specific ICT contracts which resulted in department/organisation spending in excess of budget forecasts for this 12 month period;

The reasons ICT spending exceeded budget forecasts for this 12 month period.

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Answer:

The expenditure as provided in the answer to the Senator's previous question (reference MS07) on outsourced Information and Communications Technology contracts during the 2004-05 fiscal year) was consistent with budget forecasts for that period.

Question: Additional MS 09

Division/Agency: Management Services

Topic: IT outsourcing arrangements

Hansard Page: Written question

Senator Conroy asked:

Please provide details of any ICT projects that have been commissioned by the Department/organisation during the past 12 months that have failed to meet designated project time frames (ie have failed to satisfy agreed milestones by agreed dates).

- a. For such projects that were not completed on schedule, please provide details of:
 - i. The extent of any delay;
 - ii. The reasons these projects were not completed on time;
 - iii. Any contractual remedies sought by the Department/organisation as a result of these delays (eg penalty payments).

Answer:

The Department of Agriculture, Fisheries and Forestry (including Biosecurity Australia since being established in December 2004) and its portfolio agencies did not commission any Information and Communications Technology projects under its IT outsourcing arrangement during the 2004-05 fiscal year that failed to meet agreed project timeframes.

Question: Additional MS 10

Division/Agency: Management Services

Topic: IT outsourcing arrangements

Hansard Page: Written question

Senator Conroy asked:

Please provide details of any ICT projects delivered in the past 12 months that have materially failed to satisfy project specifications.

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Answer:

The Department of Agriculture, Fisheries and Forestry (including Biosecurity Australia since being established in December 2004) and its portfolio agencies did not enter into any Information and Communications Technology projects under its IT outsourcing arrangement during the 2004-05 fiscal year that materially failed to satisfy project specifications.

Question: Additional MS 11

Division/Agency: Management Services

Topic: IT outsourcing arrangements

Hansard Page: Written question

Senator Conroy asked:

Please provide details of any ICT projects that were abandoned by the Department/organisation within the last 12 months before the delivery of all project specifications outlined at the time the project was commissioned.

- a. For such abandoned projects, please provide details of:
 - i Any contractual remedies sought by the Department as a result of the abandonment of these projects.
 - ii Any costs of re-tendering the ICT project.

Answer:

For the 2004-05 fiscal year, the Department of Agriculture, Fisheries and Forestry (including Biosecurity Australia since being established in December 2004) and its portfolio agencies did not abandon any Information and Communication Technology projects under its outsourcing arrangement before the delivery of all specifications outlined at the time the projects were commissioned.

Question: Additional MS 12

Division/Agency: Management Services

Topic: Contract negotiations

Hansard Page: Written question

Senator Murray asked:

What guidance is provided to staff with responsibilities for contract negotiations specifically about the requirements of the Senate Order? If relevant guidance is not provided, please explain why this is the case.

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Answer:

In January 2005, the Department of Agriculture, Fisheries and Forestry established a centralised Procurement Advisory Unit (PAU) to provide advice and assistance to the Department's and Biosecurity Australia's staff involved in contract negotiations. The primary responsibility of the Unit is to provide guidance on procurement to enable staff to comply with the new Commonwealth Procurement Guidelines and the reporting requirements, including those regarding the Senate Order. The PAU also manages the compilation of the Senate Order report for the internet and the Minister's letter of compliance to the Senate.

Question: Additional MS 13

Division/Agency: Management Services

Topic: Training

Hansard Page: Written question

Senator Murray asked:

What training and awareness sessions are provided, either in-house or through other training providers (eg. DOFA, APS Commission or private firms) in respect of the Order? Please provide a list of the dates, the identity of the training providers and the content of the training that staff attended in 2005. If training and awareness sessions are not provided, please explain why this is the case.

Answer:

No formal training and awareness sessions relating to the Senate Order have been provided directly to staff by the Department of Agriculture, Fisheries and Forestry (DAFF) and Biosecurity Australia. Until now, staff have been encouraged to attend procurement seminars, forums and conferences conducted by the Department of Finance and Administration (DOFA). They have also been provided with an intranet based procurement tutorial developed by DAFF which includes links to the specific guidance material which is available on DOFA's website about complying with the Senate Order.

However, as recommended in the recent ANAO audit report (No. 11 2005-2006), the Department will include greater detail on the requirements of the Senate Order when developing future procurement training.

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Question: Additional MS 14

Division/Agency: Management Services

Topic: Commonwealth Procurement Guidelines

Hansard Page: Written question

Senator Murray asked:

Has the department/agency revised its procurement guidelines to incorporate the new Commonwealth Procurement Guidelines that took effect from 1 January 2005, particularly with respect to the confidentiality elements contained in those guidelines? If so, when did this occur and can a copy be provided? If not, what is the cause of the delay and when will the revision occur?

Answer:

The Department of Agriculture, Fisheries and Forestry amended its Chief Executive Instructions (CEIs) in December 2004 and has progressively amended its standard procurement templates and instructions to incorporate the revised Commonwealth Procurement Guidelines (CPGs). The CEI titled *Procurement* provides links to the Department of Finance and Administration's (DOFA's) Procurement internet website. In June 2005, the Department's and Biosecurity Australia's staff were provided with an intranet based procurement tutorial which also includes links to DOFA's website. That website contains all the specific guidance material on complying with the CPGs, the Senate Order and on determining the confidentiality of contract material.

Attached is a copy of the *Department of Agriculture, Fisheries and Forestry, Chief Executive Instruction No.4 Procurement*. The reference within the CEI to confidentiality matters and link to the DOFA's guidance material are at page 5 - Section 3.3 (second dot point).

The DOFA website address link contained in the above reference is:
www.finance.gov.au/ctc/confidentiality_of_contractors.html

Further detailed guidance on meeting the Senate Order is contained on DOFA's website at reference:
www.finance.gov.au/ctc/toolkits/listing_contract_details_on_the_Internet/listing_of_contract_details_on.html

[Add MS 14 attachment – not included. Available from the committee secretariat on request.]

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Question: Additional MS 15

Division/Agency: Management Services

Topic: ANAO Audits

Hansard Page: Written question

Senator Murray asked:

ANAO audits for the last three years have revealed a consistently low level of compliance across most agencies with DOFA confidentiality criteria (February 2003) for determining whether commercial information should be protected as confidential. The ANAO's latest report on the Order (No.11 2005-2006, September 2005) states that departments and agencies need to give higher priority with this important requirement of the Senate Order.

- What specific measures have been or will be taken to address this problem, give it higher priority and raise compliance levels?
- What guidance and training are provided to staff about the confidentiality criteria and the four tests employed to determine whether information should be protected?
- What internal auditing or checking is performed to test compliance in this area? If none is performed, why not and is the agency considering the adoption of internal controls and checks?

Answer:

- The requirements in relation to the confidentiality provisions have been incorporated into the Department of Agriculture, Fisheries and Forestry's *Chief Executive Instruction No. 4 Procurement*.
- The requirements of the Senate Order in relation to confidentiality provisions will be incorporated into the Department's procurement training program and specific guidance will also be placed on the Department's intranet.
- The Department's internal audit program for 2005-06 includes an audit of compliance with the *Chief Executive Instruction No. 4 Procurement*, which incorporates the requirements of the Senate Order. The audit is currently in progress.

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Question: Additional MS 16

Division/Agency: Management Services

Topic: Senate Order

Hansard Page: Written question

Senator Murray asked:

What problems, if any, has the agency and/or relevant staff experienced in complying with the Senate Order? What is the nature and cause of any problems? What measures have been, or could be, adopted to address these concerns?

Answer:

The Department of Agriculture, Fisheries and Forestry and Biosecurity Australia are not aware of any problems having arisen in complying with the Senate Order. Toward ensuring the completeness and accuracy of internet listings, improvements have recently been made to the Department's systems to ensure that the Contracts' Register and Commitments' Register in the Financial Management Information System (FMIS) can be reconciled. Without these improvements, there was potential for a single contract to be reported in multiple parts. The reconciliation of these two information sources now ensures that multiple purchase orders are reported against a single contract.