

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A01

Division/Agency: Food & Agriculture

Topic: Corish report recommendations - National Food Industry Strategy

Hansard Page: 4 (31/10/06)

Senator Sterle asked:

The response to the Corish recommendations 6(a), 6(c), and 6(d) states that food regulation arrangements are currently being reviewed through the food regulation intergovernmental agreement and that the results of the review will go to COAG. Can you tell us where this process is up to and when something will go to COAG.

Answer:

The review of the intergovernmental Food Regulation Agreement was undertaken in 2005-06 and the report was endorsed by the Australia New Zealand Food Regulation Ministerial Council in October 2006. The Ministerial Council agreed to forward the report to the Council of Australian Governments for consideration at their next meeting. It is anticipated that the report will be considered by the Council of Australian Governments in 2007.

Additionally, the Australian Government has commissioned an independent review to examine ways to streamline Australia's food regulations and make them more nationally consistent. Mr Mark Bethwaite, former Chief Executive Officer of Australian Business Ltd., is undertaking the review.

In conducting the review Mr Bethwaite will consult with senior industry and government officials and government and industry stakeholders experienced in Australia's food regulatory system. It is expected Mr Bethwaite will present his final report in May 2007.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A02

Division/Agency: Food and Agriculture

Topic: Australian HomeGrown

Hansard Page: 23 (31/10/2006)

Senator O'Brien asked:

I wonder whether you would, on notice, let us know exactly when the department became aware that the directors of the company had decided to appoint an administrator on 3 April. So: when did the department know that? When did the department know about the meetings of creditors, which were held on 10 April and 5 May? If the department was aware prior to estimates, let us have an explanation as to why that was not drawn to the attention of the committee in answer to my questions.

Answer:

On 4 April 2006, the Chairman of Australian HomeGrown (AHG) Limited advised the Australian Government Department of Agriculture, Fisheries and Forestry (the Department) that the AHG directors had resolved (on 3 April) to appoint a voluntary administrator.

On 10 April 2006, AHG Limited advised the Department that the first creditors meeting had occurred that morning.

On 10 May 2006, AHG Limited advised the Department that the creditors had met a second time on 5 May 2006 but that creditors decided to adjourn that meeting until 13 June. The company was placed into liquidation at the 13 June meeting.

As indicated in Senate Estimates on 24 May 2006, the Department had requested the industry members of AHG Limited to provide a detailed business plan that would specify a sound case for HomeGrown to become a viable, industry driven initiative.

The directors of AHG Limited appointed a voluntary administrator to assist them in this. Options considered by directors included whether a viable business case could be established for the existing company, AHG Limited, or another business model could better achieve the objectives. On 13 June 2006, directors decided to liquidate AHG Limited on the basis that a viable business case for that company had not been brought forward.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A03

Division/Agency: Food and Agriculture

Topic: Australian HomeGrown

Hansard Page: 23 (31/10/2006)

Senator O'Brien asked:

Can you get me the dates and amounts of payments, a chronology of payments, or do you have them there?

Mr Mortimer—I do not have a schedule. What I can say is that there was an initial contract—I think it was in January 2005—for \$500,000 and then there was another contract signed later in 2005 for \$265,000, but I do not have the date of the contract.

Senator O'Brien—So they would have been lump sum payments commensurate with the signing of the contracts, would they?

Mr Mortimer—I do not have that detail with me. They may have been staged payments set against milestones that the company was required to achieve. I would have to come back?

Answer:

The Department of Agriculture, Fisheries and Forestry (the Department) provided Australian HomeGrown with a total of \$765,000 over three separate funding agreements, subject to the meeting of various milestones, as follows:

- \$500,000 was provided in January 2005 under an initial funding agreement;
- \$75,000 was provided in June 2005 and \$90,000 in August 2005, under a second funding agreement; and
- \$34,500 was provided in January 2006, \$34,500 in February 2006 and \$31,000 in March 2006, under a third funding agreement.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A04

Division/Agency: Food and Agriculture

Topic: Australian HomeGrown

Hansard Page: 24 (31/10/2006)

Senator O'Brien asked:

What detailed assessments were made of this project before the government decided to support it and commit what was initially claimed to be up to \$4 million of taxpayers' money?

Answer:

The Government received submissions from industry seeking support for the HomeGrown initiative, and the Department provided advice to the Minister.

Consultations with industry demonstrated strong support for the promotion of Australian-grown produce and this had also been supported by market research conducted by industry representatives.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A05

Division/Agency: Food and Agriculture

Topic: Food Labelling Strategies Working Group membership

Hansard Page: 47 (31/10/06)

Senator O'Brien asked:

Senator O'Brien—Who is on it?

Mr Souness—There are three representatives of the primary producers from the horticulture sector. There are representatives of the food processing sector. There is also a representative from a major retailer, and there are senior officials from relevant Commonwealth departments as well.

Senator O'Brien—Are their names on the website or can you provide them to me on notice?

Mr Souness—I would have to provide those.

Answer:

The members of the Food Labelling Strategies Working Group were:

- the Hon Peter McGauran MP, Minister for Agriculture, Fisheries and Forestry (Chair);
- Mr Richard Bovill, Fair Dinkum Food Campaign;
- Mr Dick Wells, Chief Executive, Australian Food and Grocery Council;
- Mr Philip Corbet, Quality and Technology Group Manager, Simplot Australia;
- Mr Nigel Garrard, Managing Director, SPC Ardmona;
- Mr Charles Burke, Vice President, National Farmers' Federation;
- Mr John Roach, Chief Executive Officer, AusVeg;
- Mr Chris Mara, Government Affairs Adviser, Coles Myer;
- Mr David Gartrell, Chairman, Appledale Processors Co-op Ltd;

and officers from;

- the Department of Agriculture, Fisheries and Forestry;
- the Department of Industry, Tourism and Resources;
- the Department of the Treasury;
- the Australian Competition and Consumer Commission;
- the Department of Foreign Affairs and Trade; and
- the Department of The Prime Minister and Cabinet.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2006

Agriculture, Fisheries and Forestry

Question No: F&A06

Division/Agency: Food & Agriculture

Topic: Industry adjustment

Hansard Page: 75 (31/10/2006)

Senator O'BRIEN asked:

There are those who suggest that the import of product would take 40 per cent to 50 per cent of the Australian market. I assume that, if that were the case, there would be some consideration given to an adjustment package for Australian growers and processors and their workers.

Ms Hewitt—I suggest that that would not be a matter at all for Biosecurity Australia. If some adjustment pressures arose in the industry, that would be a matter that would be looked at and advised about from elsewhere in the department. But I think we are back to the point where we want to distinguish very clearly between the scientific assessment work—

Senator O'BRIEN—I understand that. Can you tell me where those questions should be asked?

Ms Hewitt—The Food and Agriculture Division would be the primary area in the department. Its meat and dairy branch is the part of the department that would monitor and assess whether there was a need to prepare advice for ministers or, indeed, it would be asked perhaps on occasion by government to produce advice around questions of industry adjustment.

Senator O'BRIEN—Perhaps you could take it on notice for them to answer.

Answer:

Economic impacts arising from import competition are not part of the Import Risk Analysis (IRA) process, as such analyses must be based on sound science.

The Department of Agriculture, Fisheries and Forestry monitors broad economic indicators on the performance of agriculture industries.

Where useful, examining adjustment pressures on an industry, whether arising from import pressures or other sources, considerations are likely to include: historical supply and demand issues for the industry; emerging domestic and international trends; structural change; drivers of change; substitutability of a good; alternative production systems; and social and economic impacts of economic change at the local, regional, national and international levels.