



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Estimates**

(Public)

FRIDAY, 2 JUNE 2023

CANBERRA

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**FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE**

**Friday, 2 June 2023**

**Members in attendance:** Senators Birmingham, Brockman, Cadell, Chandler, Ciccone, Cox, Fawcett, Green, Van and White

## **FOREIGN AFFAIRS AND TRADE PORTFOLIO**

### **In Attendance**

Senator Farrell, Minister for Trade and Tourism

### **Department of Foreign Affairs and Trade**

#### **Associate Secretary**

Mr Tim Yeend, Associate Secretary, Trade and Investment Group

#### **Deputy Secretary**

Ms Elly Lawson, Deputy Secretary, Geostrategic Group

#### **Trade and Investment Group**

Mr Jonathan Kenna, First Assistant Secretary, Trade and Investment Law Division

Ms Helen Stylianou, First Assistant Secretary, Trade Resilience and Indo Pacific Economic Cooperation Division; and Ambassador for Asia-Pacific Economic Cooperation

Mr David Woods, First Assistant Secretary, International Economics and Green Economy Division

Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreements and Stakeholders Engagement Division

Ms Frances Lisson, Chief Negotiator, Australia-India Comprehensive Economic Cooperation Agreement

Mr James Baxter, First Assistant Secretary, Office of Global Trade Negotiations

Ms Allison Burrows, Chief Negotiator, Australia-EU Free Trade Agreement

#### **Chief Operating Officer Group**

Mr Paul Griffiths, First Assistant Secretary, Executive Division

Mr Brad Medland, Chief Finance Officer, Finance Division

#### **Geostrategic Group**

Dr Peter Sawczak, First Assistant Secretary, US and Indo-Pacific Division

Mr Gary Cowan, First Assistant Secretary, North and South Asia Division

Mr Lachlan Crews, Assistant Secretary, East Asia Economic Branch

#### **Southeast Asia and Global Partners Group**

Ms Lauren Bain, First Assistant Secretary, Southeast Asia Maritime Division

Ms Robyn Mudie, First Assistant Secretary, Southeast Asia Mainland and Regional Division

Mr Marc Innes-Brown, First Assistant Secretary, Southeast Asia Strategy and Development Division

Mr Chris Cannan, First Assistant Secretary, Europe and Latin America Division

Mr Ridwaan Jadwat, First Assistant Secretary, Middle East, Africa and Afghanistan Division

#### **Office of the Pacific**

Ms Elizabeth Peak, Deputy Head, Office of the Pacific; and First Assistant Secretary Pacific Strategy Division

Mr Jamie Isbister, First Assistant Secretary, Strategic Infrastructure Division

Ms Danielle Heinecke, First Assistant Secretary, Pacific Melanesia Division

Ms Carli Shillito, Acting First Assistant Secretary, Pacific Integration and Economic Division

Mr Mat Kimberley, First Assistant Secretary, Polynesia, Micronesia and Development Division

#### **International Security, Legal and Consular Group**

Ms Marie-Charlotte Mckenna, Acting Chief Legal Officer, Legal Division

#### **Export Finance Australia**

Mr John Hopkins, Managing Director and Chief Executive Officer

Ms Sonia Kammel, Chief Financial Officer

Ms Amanda Copping, Chief Customer Officer, Project and Structured Finance

Mr John Pacey, Chief Credit Officer

Ms Felicity Shaw, General Counsel

Mr Nic Frankham, Chief Corporate Affairs Officer

#### **Australian Centre for International Agricultural Research**

Dr Daniel Walker, Chief Scientist

Ms Michelle Nakamura, Director Outreach

#### **Australian Trade and Investment Commission**

Mr Xavier Simonet, Chief Executive Officer

Ms Philippa King, Deputy Chief Executive Officer, Policy and Programs

Mr Daniel Boyer, Deputy Chief Executive Officer, Trade and Investment

Ms Samantha Palmer, General Manager, Visitor Economy and Client Programs

Mr Sam Guthrie, General Manager, Government and Policy

Mr Jay Meek, General Manager, Trade

Mr Peter Horn, General Manager, Investment and Sectors

Ms Jessica Hamilton, General Manager, External Communications and Marketing

Ms Heather Cotching, Chief Economist

Dr Garth Taylor, Head, Tourism Research Australia

Ms Melissa Woodburn, Chief Operating Officer

Mr Martin Mane, General Manager, Digital and Group Services

Mr Ben Wyers, Chief People Officer

Mr David Tonkin, Chief Counsel

Mr David Grabau, Head of Resources and Energy

Mr Grant Ferres, Head, INVEST, Visitor Economy and Client Programs

#### **Simplified Trade System Taskforce**

Mr Randall Brugeaud, Head of Simplified Trade

Mr Paul Hubbard, Acting Deputy Head of Simplified Trade

Ms Julia Wells, Acting Deputy Head of Simplified Trade

Mr Daniel Curtis, Head of Strategic Policy and Regulatory Reform

Mr Ben Macklin, Acting Head of Digital, Data and Design

Ms Nicole Henry, Head of Business Engagement and Program Management

#### **Tourism Australia**

**Outcome 1: Grow demand and foster a competitive and sustainable Australian tourism industry through partnership marketing to targeted global consumers in key markets.**

#### **Managing Director**

Ms Phillipa Harrison, Managing Director

#### **Executive Leadership Team**

Mr Bede Fennell, Executive General Manager, Corporate Affairs

Mr Mark Craig, Executive General Manager, Corporate Services

#### **Chief Financial Officer**

Ms Christine Liu, Chief Financial Officer

#### **Committee met at 09:01**

**CHAIR (Senator Ciccone):** I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I start by acknowledging the traditional custodians of the land on which we meet today and paying my respects to elders past and present. I extend respect also to any Aboriginal and Torres Strait Islander people who may be here today or watching online. I talked earlier in the week about parliamentary privilege and the protection of witnesses. If any witness would like a copy of the opening statement that I gave to the department yesterday, feel free to contact the secretariat, who will be more than happy to provide you with a copy. The committee is due to report to the Senate on Tuesday 27 June of this year and has fixed 14 July this year this year as the date for the return of answers to questions taken on notice.

**Department of Foreign Affairs and Trade**

[09:02]

**CHAIR:** Today we have representatives from the Department of Foreign Affairs and Trade, with the trade side of the department here today. We have Senator the Hon. Don Farrell, Minister for Trade and Tourism, and the Associate Secretary of the Trade and Investment Group of the Department of Foreign Affairs and Trade, and the relevant officers. Good morning to you both. Do you, Minister, or you, Associate Secretary, have an opening statement?

**Senator Farrell:** Thank you for the welcome. I haven't formally got an opening statement, but I would draw the attention of the committee to a speech I delivered yesterday to the National Press Club. The speech does outline recent achievements and initiatives that deliver on the government's ambitious trade policy agenda, a central plank of which is trade diversification. The speech is online, but I'd be happy to circulate it if the committee so wished or even send YouTube copies if you're that keen.

**CHAIR:** As you know, we were here yesterday, but I heard it was a very excellent speech.

**Senator Farrell:** Thank you.

**CHAIR:** For the benefit of the committee, I'd like you to table that speech and whatever material you can provide us.

**Senator Farrell:** I will do that.

**CHAIR:** Thank you.

**Senator CADELL:** You haven't seen it on YouTube yet?

**CHAIR:** We can try YouTube as well.

**Senator GREEN:** Why don't we just play it!

**CHAIR:** Do you want to recount the highlights of the speech?

**Senator Farrell:** I'm sure that will occur during the course of the day.

**CHAIR:** I'm sure it will. We can tease it out. Associate Secretary, do you have an opening statement?

**Mr Yeend:** I don't have an opening statement. I'm happy to go straight into questions.

**CHAIR:** Thank you very much. I'll hand over the call now to Senator Cadell.

**Senator CADELL:** I'd like to start straight off with the EU FTA and where we are on that. Is it progressing? Can I just get an idea where it is and any challenges or any push-outs. Minister, starting with you, you're off to Brussels next week.

**Senator Farrell:** No; I'm off to Brussels tomorrow.

**Senator CADELL:** What are the goals out of this meeting? Are there specific KPIs? What's the agenda?

**Senator Farrell:** We're very fortunate to have our fantastic EU trade negotiator with us at the table, and she's in a much better position than me to talk about where the negotiations are up to. In general terms, what we've discovered over the last few years, of course, is that reliance on one single market is a problem for Australian food and wine producers and, for that matter, for miners and other groups in the community. Our strategy has been to try and diversify the options for Australian businesses to sell their products so that they're not simply reliant on one market. The EU free trade agreement fits into that category very specifically. It builds upon the UK free trade agreement, which came into operation a couple of days ago, and the India free trade agreement, which came into operation at the end of last year.

The significance of the EU, of course, is that it's a market of 450 million people, and it's a \$24 trillion economy. Those consumers are middle-class consumers with significant spending power, so getting our products into that market is going to be key. What are the challenges? One is getting access to their agricultural markets. They've been very much closed to us for the last 30 or 40 years, since the start of the so-called common market. We want access into those markets. What do the Europeans want? I'm sure your questions will lead to this in due course: they want some protection for what they describe as geographic indicators; they want a relaxation of the luxury car tax; and they want some other changes here and there. But the principal reason why we're sitting down and Allison is putting so much effort into finalising an agreement is to get another trade diversification partner.

**Senator CADELL:** Following on from that, Ms Burrows, clearly the offer is not yet good enough from either side, otherwise we would have signed up to that deal. Where are we at? What are the key things we'll be talking about next week?

**Ms Burrows:** The main things that we will be talking about next week in Brussels are that the minister will be leading a discussion with his counterpart, Executive Vice-President Valdis Dombrovskis, who's the trade commissioner, and with the agriculture commissioner, Janusz Wojciechowski. In those two meetings, he will be focusing on our core requests in the free trade agreement, particularly those relating to agricultural market access. The EU, for its part, will be raising some of its core requests, and the minister has already outlined two of the most important ones: geographical indications and the luxury car tax.

**Senator CADELL:** Other than not going out and buying a Mercedes this week because they may become cheaper next week, what—

**Senator Farrell:** Sorry; I missed that.

**Senator CADELL:** We won't go out and buy a luxury car like a Mercedes this week, because they may become cheaper next week. Minister, diversification is important. Do we need to do this deal at any cost, or only if it's good enough?

**Senator Farrell:** No, we don't have to do a deal at all. We can reject the overtures of the Europeans and not reach an agreement. The South Americans did that, only to find that when they did finally come back for an agreement it was less than the original one on offer, so there are some risks in rejecting a deal. Last week, I was in Detroit. We dealt with one pillar—it was pillar 2—of a new trade agreement with the United States. So it's not that we don't have other options.

When you look at the world, the UK is a market of 65 million people, a good market. We'll be selling plenty of our terrific food and wine in there, over and above what we already sell. The European Union is 450 million people. It's a big, relatively wealthy community, so it's an important one to get. But, no, we're not going to do it at any cost. If the Europeans play too hard, then we won't have an agreement. I made that point again yesterday in front of the European ambassador: we're not going to do a deal just for the sake of doing a deal, just so that we can say, 'Look, we've got an agreement with the Europeans.' We do want one. We want one. It's going to be good for Australian businesses if we can get a satisfactory deal. But all of these things have to be determined by our national interests.

The way I look at it is this: you have a piece of paper; on the left-hand side you say all of the things that are good about the agreement; on the right-hand side you say all the things that are bad about the agreement. Then you say: on balance, is this agreement good for Australia or not good for Australia? My view is that if, on balance, the conclusion were that it was good for Australia, then you'd proceed with it.

**Senator CADELL:** What is the size of the delegation that is going to the EU in June?

**Senator Farrell:** Me.

**Senator CADELL:** Is there another delegation going later in June?

**Mr Yeend:** No. At the moment, the minister is going with a delegation. I don't have the precise numbers, but clearly it will be with the chief negotiator and with me. I think the forward plan after the meetings that take place next week will be part of the discussion next week.

**Senator CADELL:** Ms Burrows, there were negotiations on the EU stuff last week, I believe. They were here.

**Ms Burrows:** That's right. We had a meeting of a small group of officials on both sides in Sydney last week to go through as many elements as possible of the outstanding issues on chapter text.

**Senator CADELL:** What chapters have been agreed?

**Ms Burrows:** We've agreed to almost all of the chapters. The ones outstanding relate to market access—the things that we can't finish until we agree on a market access package—and they also relate to some of the EU requests on energy and on trade and sustainable development. They are not finalised.

**Senator CADELL:** Market access, energy and trade?

**Ms Burrows:** Those are the main ones. There are some more technical issues left in a very small number of chapters.

**Senator CADELL:** Are the negotiations over at an officials level—are they to be done by ministers? Is that where we're at now?

**Ms Burrows:** The process where it's led by my European counterpart and me is effectively over, because we have closed on almost all of the chapter text. This market access stage of the negotiations will rely heavily on senior officials and on the minister.

**Senator CADELL:** Understood. Minister, going back to 'no deal if it's not the right deal'—and I think that is supported—are there any other market access negotiations or trade deals we're looking at the moment? I know America is an IPEF thing, not market access.

**Senator Farrell:** Yes. There's India: as you know, the former government negotiated an agreement with the Indians. The first phase of that came into effect late last year. That was of significant benefit to Australia because it gave us two consecutive reductions in tariffs and obviously a huge market. India does represent great opportunities. It has a population of 1.4 billion people and a growing middle class. It's expected by the end of the decade—

**Senator CADELL:** But India's done. Are there any new, any starting—

**Senator Farrell:** That is new. That's a fresh agreement. It's a new agreement. What we are also looking at is renegotiating the Australia and New Zealand-ASEAN agreement. Again, that's a renegotiation. We're open to discussions with other countries. Last week we had a meeting of what they call the CPTPP—all of the countries met in Detroit, including ourselves—where we're just trying to finalise the accession of the United Kingdom to that agreement and then, obviously, at some future date, look at adding additional countries into that agreement. But, let's face it, the big one's the European Union.

**Senator CADELL:** On the agricultural side, regional Australia, have we received an updated offer on market accessed for agriculture?

**Ms Burrows:** Yes, we have. We received it last week. Although we had had two previous market access offers on goods, this was the first which included all agricultural products.

**Senator CADELL:** I have no doubt from your negotiating skills that you are aware that we want a very big number in quotas or TRQ of full liberalisation that has proved difficult. What is their response to those requests?

**Ms Burrows:** The EU is very keenly aware that this deal for us has at its core new commercially meaningful market access into the EU, especially for agricultural products. We have said that at every meeting we have ever had with them.

**Senator CADELL:** The industry scuttlebutt rumour is that they are really concerned that they're hearing very lowball offers, hearing about 10 per cent or 20 per cent of what Canada got, these sorts of numbers. Are you able to talk about the quantum? Do you consider them real offers at the moment, what we're getting?

**Senator Farrell:** My inclination would be to suggest to Allison to not to go into too much detail while we're in the middle of those negotiations. As much as we'd like to be open and transparent, we are at a delicate stage of the negotiations. I think we can talk in general terms about what our ambitions are, and I've done that and Allison has done that. I just think if we go too much into the weeds, then we do do some damage to our negotiating position with the Europeans, and I am sure you wouldn't want that.

**Senator CADELL:** I wouldn't want that, but regional Australia would like to know. So we can't disclose the offer on beef, sheep meat or dairy?

**Senator Farrell:** I don't think it's appropriate at this stage to do that. It's an opening offer. There's still a lot more water to go under the bridge yet. I don't think that's where the Europeans will end. It's no secret that we have great ambitions to get a good deal here. So far, we're not at the stage where we could say we've got that.

**Senator CADELL:** Okay. Is there a differentiation in the market offer or have there even been discussions about differentiation between grass fed and grain fed beef?

**Ms Burrows:** In terms of that idea, which the EU raised in the EU New Zealand free trade agreement, about the idea that beef should be raised under normal New Zealand pastoral conditions, we have started talking about that. It is a very difficult element of the negotiations for us to accept. I suppose the agreement with New Zealand gave us a heads up about it, but both industry and we are worried about this element being added.

**Senator CADELL:** Have the EU disclosed why that is a thing for them? They're both highly sustainable. Have they indicated why they prefer the differentiation?

**Ms Burrows:** They indicate that it's based on sustainability. Our industry does not agree. The relevant industries have sent us analysis and papers about the way in which our practices are currently sustainable, and we have passed on those points to the EU.

**Senator CADELL:** Accepting the minister's point that we don't want to jeopardise things by having numbers and things going around loosely now, is there a proposal to undertake with industry—meat, sheep, dairy—prior to accepting an agreement or going forward?

**Ms Burrows:** We had meetings with key stakeholders this week, and we will continue to engage with them and meet with them as these negotiations unfold.

**Senator Farrell:** I'd be surprised if there were any industry groups that wouldn't say that we have been in pretty regular contact with them.

**Senator CADELL:** I agree with that, going back. I'm looking forward.

**Senator Farrell:** I have to compliment Allison because she's gone beyond the call of duty to make sure all of the interested parties are fully aware of what we're doing and where we're negotiating. One of the reasons that there's commentary in the media about these things is because we have been so open and transparent about it.

**Senator CADELL:** How hard are we pushing—I know we're saying 'hard'—on quotas, access to markets, getting real numbers and the conditionality of beef? Are we pushing hard? Is that a core—

**Ms Burrows:** Very hard, Senator.

**Senator CADELL:** I'll take that.

**Senator Farrell:** It couldn't be harder.

**Senator CADELL:** It may be a make-or-break one. Going on to GIs, you mentioned them, Minister, in what we were talking of there. I'm sure you enjoyed our Parliamentary Friends of Viticulture prosecco night. What is the status of negotiations on the indicators, particularly on prosecco, feta, parmesan and halloumi?

**Senator Farrell:** That's a good question. Again, this was discussed yesterday at the National Press Club. The point I've tried to make, to the European ambassador here, to Vice-President Dombrovskis, in Belgium and all of the countries that I've visited—that includes France, Belgium and Germany—and to every ambassador from Europe that I get to speak to is that in the aftermath of the cataclysm of World War II, we accepted very large numbers of European migrants. In the past, the people that tended to come to Australia as migrants either came from Ireland, like my family; Scotland; or England. Under Arthur Calwell, we opened the doors, and many, many Europeans came to Australia. They, obviously, brought their families, they brought their culture and, in many cases, they brought their food and their wine. When they came to Australia, they set up businesses, where they started manufacturing in the same time-honoured traditions that they had learnt from their old countries, be they Italy, Greece or any one of a number of European countries, and they have established terrific businesses in Australia with wonderful, high-quality products. For these people, these terms that you refer to—prosecco, halloumi, feta, parmesan—are not just an economic attachment. They're actually a social attachment.

**Senator CADELL:** And cultural.

**Senator Farrell:** It's a cultural attachment. It's a way that they continue to maintain the link with their motherland, even though they left 70 years ago and even though the people making these products might be their children or their grandchildren. In one case, I met with a person in the wine industry who simply burst into tears at the prospect of losing the name 'prosecco'. Senator Ciccone would probably burst into tears if he were a prosecco owner. So there's an emotional attachment to these products that goes well beyond the economic attachment.

I've tried to explain to the Europeans just how significant that is for these people. I have to say, they haven't changed their approach. They also see this as an important item I met with the French trade minister. He was kind enough to take me up to his vineyard region in the Alsace. His wife was Romanian. He was saying that when Romania came into the European Union they had to give up some terms for their wine just to bring Romania in, because Romania was where that particular variety of grape came from.

I suppose the point of that is that there's not that much sympathy in the Europeans for our position. But we are persisting with it. At no stage have we indicated to the Europeans that we want to consent to what they are seeking to do with GIs. That will be the position I take on Monday and Tuesday next week.

**Senator CADELL:** For clarity: all GIs are still on the table?

**Senator Farrell:** I don't think that's exactly right. There are some GIs where we simply don't produce.

**Senator CADELL:** All GIs Australia produces are on the table?

**Senator Farrell:** Yes.

**Senator CADELL:** That's fine. Has Australia or the EU, either side, offered any grandfathering of naming rights as a compromise?

**Senator Farrell:** Again, I think we're getting into the weeds of negotiations. There are examples of other countries where these issues have been grandfathered. Perhaps Allison can explain the arrangement with Canada better than I could. That's one avenue for resolving this issue. Would you like to explain that Canadian situation?

**Ms Burrows:** In terms of grandfathering, the idea is that existing producers can continue to produce and sell whatever the product is that they've been making. When we first started this negotiation, the Canada-EU trade agreement had just been concluded. We looked very carefully at it and the model that it suggested. It had a system that we thought that we could look at very closely. Just to go back to the Minister's point, though, we have not agreed to anything on GIs yet. So this is talking about what we might do; it's not what we have done.

The Canada agreement does three key things for us. First of all, it's grandfathering, so that the existing producers can keep making and selling their product. For Canada, the ones that they were very keen to protect were feta, fontina, asiago, munster and gorgonzola. With those ones they grandfathered them, and they agreed with the EU that new entrants could use 'feta-like', 'feta-style'. We've always had that in the back of our mind, but for our own products that are most important to us.

There was a separate agreement with Canada on parmesan, which is free use of 'parmesan', but protection of the EU GI 'Parmigiano Reggiano'. So Canadians could keep using 'parmesan' in any way they wanted. The third element, which was really important, was protection of plant varieties so that, for example, Kalamata olives is a plant variety; it's not an EU GI. That's been the framework that we have always said to the EU is the one that allowed us to think that an FTA with the EU might possibly work.

**Senator CADELL:** I don't want to put words in. I'm reading between the lines on that. So we went to them and said we thought that could work.

**Ms Burrows:** We went to them and said that in the scope of an overall FTA we were prepared to launch, having looked at what Canada had succeeded in negotiating on GIs, but we said we will never agree until the very end, and it will have to reflect Australian realities, not what Canada did with the EU.

**Senator CADELL:** Minister, you would say the prosecco wine grower from King Valley, I'm going to presume, would be happy with the grandfathering?

**Senator Farrell:** We haven't got to that sort of point in the discussions, to be honest. The position is that we continue to resist the removal of GIs, as Allison said. There are options as to how you might resolve those issues amicably. The Canadian example is one of those. We're not going to give up on these GIs at this point in the negotiations. It may be the very last issue we resolve.

**Senator CADELL:** We spoke about the consultation with beef and dairy going forward and historically. Have we had the same consultation with wine producers over this GI stuff going forward?

**Ms Burrows:** Absolutely. There's a wine agreement already, in which we protected, as you recall, names like champagne and burgundy and stopped using them.

**Senator CADELL:** Specifically on grandfathering?

**Ms Burrows:** We already have an agreement with GIs on wine. The trick of this is the EU came back, because prosecco became a GI after we finalised the wine agreement, to say 'now it's a GI'; whereas we continued to say that under the terms of the wine agreement it's a grape variety. But at the point where we started to get more and more pressure from the EU about this, the department of agriculture did a public objections process on the EU's request to protect the term prosecco as a GI. It doesn't indicate that we agreed.

**Senator CADELL:** Did that address grandfathering, or just overall?

**Ms Burrows:** They set out what the EU's request was on prosecco. We had 500 submissions back. It is also an issue in which we and the department of agriculture engaged very closely with industry.

**Senator CADELL:** Do we have the same engagement on feta, haloumi, parmesan?

**Ms Burrows:** We have close engagement with the dairy industry on that. There was a public objections process on all the food and spirits GIs which the EU had requested back in 2019, and we have engaged very carefully with them since. I would like to say, however, that the EU did not request that we protect haloumi as a GI, because when we started haloumi was not a GI in the EU.

**Senator CADELL:** Going back to the delegation, yourselves going over, are there any business or workforce delegates going with you?

**Senator Farrell:** Not with me.

**Mr Yeend:** This is just a series of meetings with the minister's counterpart and the agricultural commissioner. As Ms Burrows has said, we've been in detailed conversation with industry, and obviously that contact will continue both while we're in Brussels and when we come back from Brussels.

**Senator CADELL:** I want to talk about the definition of deforestation. The ag sector is concerned about whether they're captured by the EU deforestation legislation if the definition is wrong. Have we agreed on a definition of deforestation in any proposed agreement?

**Ms Burrows:** There are two things going on which are related but separate. One of them is the EU's deforestation regulation, which industry is concerned about. They relay their concerns principally through the department of climate change and the department of agriculture. However, the EU knows our record of protections of forest and reforestation and has said to me that we are not the target of that deforestation regulation. Nevertheless, exporters will have to look at that. That work will continue.

In the free trade agreement we have agreed to some commitments on sustainable forest management in line with existing government policy on these issues. So we've agreed to some provisions that recognise the importance of sustainable forest management, encourage sustainable trade in forest products and combat trade in products derived from illegally logged products.

**Senator CADELL:** But not deforestation from agriculture or clearing?

**Ms Burrows:** No, we're not making commitments on that. As I said, the FTA and the processes of the EU's deforestation regulation are somewhat separate.

**Senator CADELL:** To summarise, what we're doing is already good enough?

**Ms Burrows:** Yes, that's right. What we're doing is good enough, and what we've done in the FTA is completely in line with existing government policy.

**Senator CADELL:** Do we need subsequent clauses or any protection in there to make sure that Australia is not going to be covered or included in the EU deforestation laws? Or is there enough protection already?

**Ms Burrows:** In terms of a process going forward, we're making these commitments in line with existing government policy. Under the trade and sustainable development chapter there will be a variety of consultations and dialogue mechanisms which are set up for after the entry into force of the free trade agreement. Those will present very good opportunities for us to deal with issues as they arise. One of the benefits of an FTA is it gives us more of a voice in the EU system in terms of the issues that we care most about.

**Senator CADELL:** I think that in February you mentioned the word 'deforestation' will be in the agreement somewhere. Is that still the case?

**Ms Burrows:** I would have to go back and check the chapter. I don't believe so. But the focus of that provision is on sustainable forest management. But I will do a word search.

**Senator CADELL:** Words are important in these things. As well as deforestation, is there any forest degradation? Is that included as a term or a phrase?

**Ms Burrows:** Basically the provisions are about sustainable forest management. But I would be very happy to do a word search through the chapter.

**Senator CADELL:** If you do find forest degradation in there, on notice—

**Ms Burrows:** I'm happy to take it on notice.

**Senator CADELL:** And the definition as forest degradation standards.

**Ms Burrows:** There is no definition of forest degradation in the FTA as it stands.

**Senator CADELL:** Thank you very much. That was far quicker than I thought, Chair.

**CHAIR:** The department is very efficient.

**Senator Farrell:** That's because we're so helpful and so transparent!

**Senator CADELL:** Dispute settlement on the EU trade: there were comments in estimates in February regarding the EU proposal to make the Paris Agreement a trigger for restrictions of trade in the FTA. You said in February you were still considering it. Where are we now?

**Ms Burrows:** We are still considering that. Nothing is agreed until everything is agreed. We do have to see that in the context of our commitment and adherence to the Paris Agreement and other international environmental treaties that we have already signed.

**Senator CADELL:** Is that one of the hurdles that we're talking about at a ministerial level?

**Ms Burrows:** There are elements of the trade and sustainable development chapter which are not closed at this point. I'm sure that the EU side will raise them with the minister at some point. I wouldn't regard trade and sustainable development, however, as a hurdle to the negotiations, because it is a very good opportunity to

showcase our domestic systems on labour, environment and climate, and our promotion and implementation of international agreements.

**Senator CADELL:** The industry consultation I had has concerns, not necessarily specifically with that, but the precedent from farm to fork and EU sanctions being applied to different things. Is that being considered in this process?

**Ms Burrows:** In terms of the commitment which we have made in the provisionally closed chapters on the sustainable agrifood systems chapter—which is basically how the EU introduces the concepts from their farm to fork proposal into the agreement—we used it as an opportunity to demonstrate what we do in terms of food safety, food sustainability and traceability. Those commitments that we made are about co-operation and dialogue. So although dispute settlement applies across the agreement, we think there's an acceptable level of risk about applying dispute settlement to consultation and dialogue.

**Senator CADELL:** Moving on to the maximum residue levels: is there any reference in the SPS chapter to maximum residue limits and/or the establishment of a working group?

**Ms Burrows:** Maximum residue levels—essentially that's treated through the SPS agreement in the WTO, rather than some separate bilateral negotiation. Once again, I'm happy to take on notice and do a word search of that particular chapter. In terms of a working group, we do envisage having a future committee or subcommittee that looks at SPS issues. That would be important for both sides. The EU has technical market access requests of us and we have technical market requests that are important to us to put to the EU.

**Senator CADELL:** I accept that MRLs are a very good thing for safety—farm safety, food safety, these sort of things. One for you, minister: when this comes up, MRLs are not the number one talking point, I imagine, but can we guarantee we won't be putting them on environmental levels only for food safety?

**Senator Farrell:** Again, I don't want to tie our hands in negotiations at this stage. But can I assure you that we won't be doing anything contrary to our national interests. Our objective here is to get a good deal with the Europeans but to ensure that we don't hamstring our Australian food and wine producers. If you take wine, they've already been very badly affected by trade impediments with China. We don't want to make things any worse for any of our food or wine producers. Certainly that's the perspective I'll be taking into the negotiations next week.

**Senator FAWCETT:** This is not about the EU. I'd like to follow up on some questions I asked last year regarding the Middle East and trade agreements. I'm assuming that Mr Innes-Brown is probably the person.

**Mr Yeend:** There's been a personnel change there. We have Frances Lisson, who works on the trade related issues, and Ridwan Jadwat, who is the head of the Middle East geographic area of the department.

**Senator FAWCETT:** Fantastic. I had some questions in November last year about the trade diversification plan and the fact the Middle East wasn't specifically listed. I was asking at the time about the status of our work with the UAE on a close economic partnership. Can you give us an update on where we are with that?

**Ms Lisson:** As you say, we have been doing some work on the UAE CEPA, as it's called, the comprehensive economic partnership agreement proposal. We've been undertaking further scoping discussions and talking again with stakeholders. We've received more submissions from stakeholders on those potential negotiations, and we've been having a number of interactions, including with an envoy from the UAE to Australia who came to visit. We've been getting more material from the UAE on some of its trading practices. So that's all been feeding into our consideration on whether to go ahead.

**Senator FAWCETT:** How many sectors within Australia and how many stakeholders across those sectors have you been engaging with?

**Ms Lisson:** So far we've had about 36 formal submissions that have been put forward. That's come from across industry and civil society. It's covered agriculture, manufacturing and service sectors as well. They're listed on our DFAT website.

**Senator FAWCETT:** Do you have a time frame in which you are hoping to achieve any milestones with the UAE in particular or is this still just scoping the demand within Australia and parameters?

**Ms Lisson:** We have not set any specific dates but we are certainly wanting to move ahead. As I said, we are continuing to engage with the UAE.

**Senator FAWCETT:** Minister, do you have an aspiration for a time frame?

**Senator Farrell:** Obviously, our objective is trade diversification, and these are obvious opportunities. At the moment I think our focus has been on four things. Firstly, we are resolving the accession of the United Kingdom to the CPTPP, and that's close to being resolved. If things go to plan, we may be able to resolve the European free

trade agreement by the middle of July if there's goodwill on both sides. There's the IPEF agreement with the United States. We have dealt with the second pillar, the supply chains pillar, but there are still three remaining pillars to that agreement. We do hope that with a bit of ambition and luck we can resolve all of those by the end of the year and we can do a signing there. Then, of course, we have the important second stage of the India free trade agreement. All of them, I would suggest, are immediate priorities, but we're always on the lookout for opportunities for new agreements and, where we have the resources to do that, we'll be focused on them.

**Senator FAWCETT:** Sure, and I appreciate that—to use the term that was bandied around last time I asked about this—the dance card is pretty full, and I applaud your efforts to continue some of the good work that was kicked off under successive governments over a number of years.

**Senator Farrell:** I even had dinner with Dan Tehan a couple of nights ago, so—

**Senator FAWCETT:** Indeed. I'm assuming you frequently transit through the hub of Dubai on your way to the EU and other places.

**Senator Farrell:** Yes.

**Senator FAWCETT:** Have you ever taken the opportunity to have a meeting with counterparts in the UAE to further these discussions?

**Senator Farrell:** On two occasions I've met with our ambassador there and the trade staff there. I would say it is not too fine a point to say I have frequent meetings with the ambassador. In addition to that the UAE have a special envoy to try to push the free trade agreement, and I was lucky enough to have a very long meeting with her in Adelaide a few weeks ago.

**Senator FAWCETT:** Sure. My question though is on your trips—

**Senator Farrell:** I am coming to your question. I am trying to paint the picture of where we are going.

**Senator FAWCETT:** You are a wonderful artist, Minister! But I am just interested to know if you have taken the opportunity to—

**Senator Farrell:** No, I am just trying to paint the picture. We are heavily engaged with the Middle East. Would we like to move more quickly and get further down the track? The answer to that is yes. But to pick up your term the 'full dance card' there are a number of countries I would like to visit on my way to and from Europe. Sometimes it is easier said than done and you have to try to balance out all of these things. But we understand the issues. We understand the importance. We are engaged with the region but we have not nailed anything at this point.

**Senator FAWCETT:** I am not sure whether you use watercolours or oils but I am assuming that buried under all of that oil is a 'no you have not taken the opportunity in Dubai to meet with your UAE counterpart to discuss these issues'. That was the actual question.

**Senator Farrell:** Well, I have not met him in Dubai but I have had Zoom conversations with him. I frequently meet the ambassador and I have met the special envoy and all of those have been face-to-face. You do not necessarily have to be in Dubai or Abu Dhabi to have these conversations. It is better face to face, I agree with that. I am not disputing that. One of the things both I and the foreign minister have tried to do is have face-to-face meetings. For a couple of years during COVID that was not possible, and we understand that. Now that things are starting to open up it is the best way and I would like to do it. But it is not as though we are not having conversations. We are, and those conversations are open and direct. I do not think the special envoy would have been left in any doubt about Australia's position on these things, and I have certainly not had any feedback to say that they are in any way misunderstanding what our position is on this.

**Senator FAWCETT:** I guess my interest, in part, is the concept of value for money and opportunity cost. The opportunity cost to schedule a meeting while you have a four-hour layover in Dubai appears pretty small.

**Senator Farrell:** No. If that was at all possible to have been done it would have been done. It just has not been. The point I am trying to make is: we have had frequent, regular discussions with the region. I do not think they could say that at any point they have had any trouble getting in contact with me be it face-to-face or, in the case of the minister himself, for Zoom conversations.

**Senator FAWCETT:** Regarding the Gulf Cooperation Council, I am assuming that has not progressed much further than the last time we discussed?

**Ms Lisson:** No, we have not had any specific meetings with them.

**Senator FAWCETT:** My last point on the Middle East is Israel. The last time we spoke it was very much in the context of their election and the fact that they were somewhat preoccupied. But have there been any further developments in discussions with Israel around trade agreements?

**Ms Lisson:** As you know we have been talking with Israel for some time, and they have perhaps had other things they have been focusing on. We have not made any further progress in that area since we last spoke, but it is certainly something that is a potential.

**Mr Jadwat:** I would just add that I will be travelling to Israel to lead senior officials talks with the Israelis on 31 July. So no doubt those issues will come up during the course of those discussions.

**Senator FAWCETT:** Okay. Perhaps you could take on notice to provide an overview to the committee on the outcome when you come back. That would be very useful.

**Mr Jadwat:** Sure.

**Senator CADELL:** Can we now move on to China. Minister, I know we are thawing the relationship with China and it is getting better, but from the outside—to use metaphors as we like to do so much—it seems almost glacial and the polar ice caps are melting faster than this thaw. Where are we at? Why does it appear so slow?

**Senator Farrell:** That is unfair.

**Senator CADELL:** How? Is it not slow? We hear lots of words like ‘thaw’ and ‘rebuilding’ but not necessarily action.

**Senator Farrell:** No, I do not think that is a fair categorisation of what has gone on with China. If you looked back at the previous three years of—I mean, I wasn't going to get into this—

**Senator CADELL:** But you are!

**Senator Farrell:** But you have now forced me!

**CHAIR:** You have opened a can of worms now, Senator Cadell!

**Senator Farrell:** In the previous three years the former government could not even get a returned phone call from the Chinese to hear our protests about wine or coal or lobster, and all of the other products—

**CHAIR:** Red meat. Barley.

**Senator Farrell:** Red meat and barley. So as a government we were determined to try to stabilise the relationship. We have a paradoxical relationship with China. On the one hand they are our largest trading partner by far. We sell more products into China, two-way trade, than the US, Japan, Korea, the United Kingdom, France, Germany and India put together. That is how big our trade relationship with China is. On the other hand, during the course of your government—

**Senator CADELL:** I believe I was working up at the Port of Newcastle at the time, but anyway!

**Senator Farrell:** Well you would have seen it first hand! We lost \$20 billion of trade—almost 10 per cent of the trade that we lost over that period of time. It did not happen all at once and it did not happen for the same reasons. For instance, in the case of barley and wine there were tariffs. In the case of timber and meat there were biosecurity, COVID-related issues. What we have done since coming to government is try to stabilise that relationship. A first step was a meeting between our Prime Minister and the Chinese president which took place last year in Bali. So the thaw, if you want to use that term, began at that point. We then saw the foreign minister visit her then counterpart just before Christmas, opening the way for my visit—well, first was my Zoom meeting with the minister, and then subsequent meetings. We are making progress, but I would be the first to concede that we have not solved all of the problems. But the problems did not occur overnight and they did not all occur on the one day in respect of all the products. They occurred at different times for different reasons. What we have done—and this could have been, I think, a more controversial decision—we had processed almost to the very end the World Trade Organization dispute in respect of barley. Had that process gone ahead I think we would have got a favourable decision out of the World Trade Organization. But that would not have been the end of it. There are further steps that even with a favourable decision could have delayed that process for another couple of years. We took the decision that we would make the offer and that if the Chinese government was prepared to fast track a review of Australian tariffs then we would suspend our trade application.

**Senator CADELL:** That three-month review.

**Senator Farrell:** Three or perhaps four months. By and large—and I have been pleased with this—the reception to that decision has been quite favourable, and we are now probably halfway through that process. On every occasion I have spoken with the minister I have reiterated our desire that all of these trade impediments be removed. I did that as recently as last Friday in a face-to-face meeting with the minister in Detroit. We are

pushing as hard as we possibly can on this, and it has not been easy to repair—let me be frank about it—the damage that was done to a range of relationships by the former government. At no stage are we going to do anything that is contrary to our national interest or that affects our national security, but this a two-way relationship. If I could snap my fingers like that and solve every single trade dispute we have with every country I would do it, but it just does not work—

**Senator CADELL:** You'd be a pretty good trade minister if you could do that!

**CHAIR:** He is a good—a great—trade minister! What are you talking about!

**Senator Farrell:** What I am trying to say is we are making progress. What are we making progress with? We saw last week that the Opposition was disappointed that we had not got any results out of China. Then, blow me down, two days later the Chinese immediately—

**Senator CADELL:** Coincidental.

**Senator Farrell:** Coincidental? You might have jumped too soon there, Senator. On that very day they released \$600 million worth of timber trade. Coal is getting back in. Cotton is getting back in. Copper ores and concentrates are getting back in. For barley we are probably weeks away from a decision, which I hope will be a favourable decision. That sets a template for us to deal with the wine issue because that is also a WTO dispute and of course a very big one for Australia and particularly for my home state of South Australia. Then we are left with meat, hay and crayfish. With meat we are in fact getting our product into China. I went and visited a supermarket where half of the meat was Australian meat and the other half American meat. I recommended to the Chinese consumers that they were much better off eating Australian meat as it is higher quality and good value.

**CHAIR:** We saw that on *Insiders*, actually. Very good job.

**Senator Farrell:** Yeah, I struggled a bit on that one. They didn't think I was much of a salesman but there you go, I'll stick to my day job! The issue with meat is that there are some abattoirs that have not got approval to send back in. We are using our free trade agreement dispute provisions to try to ensure that we can get a tick for those Australian abattoirs. So in every area we are making some progress, but we just have not resolved everything.

**Senator CADELL:** It is almost like a Frank—

**CHAIR:** A what? Frankenstein?

**Senator CADELL:** A Frank Spencer—'every day, in every way you're getting better and better and better'!

**Senator Farrell:** Frank Spencer? Are you talking about Michael Crawford?

**Senator CADELL:** Yes, that's right. You mentioned barley. I thought that was a 3-month review. Is that blowing out in time?

**Senator Farrell:** No. They said that they thought they could do it within three months but it might take four.

**Senator CADELL:** Right.

**Senator Farrell:** That was the agreement. Obviously we are looking forward to the shorter date but it may be the slightly longer one. I have not looked at this that closely but I think we must be about halfway through it now. I got the distinct impression from meeting with the minister on Friday that things are moving in the right direction there.

**Senator CADELL:** What is the plan if things do not move in the right direction?

**Senator Farrell:** We will resume our WTO dispute, and that will not come as a surprise to them. We have been open about that from the start. The problem with that of course is we run into all of those further delays that are possible, so we would much prefer that this be resolved in the way we have offered.

**Senator CADELL:** And you said that will be a template for wine. So if wine goes the same way are we going to make the same offer to China?

**Senator Farrell:** We would hope that if we can resolve this barley dispute that way then we can resolve the wine dispute in the same way.

**Senator CADELL:** Is there a goal time line within the department or anywhere—if the minister is unable to click his fingers as indicated—for when we might, time by time, have all these issues resolved? Is there a time line for when might have the ten meat processing plants back online and lobster back in?

**Ms Lawson:** It is not possible to put a time line on when everything might be lifted.

**Senator CADELL:** Okay, not a problem. In February estimates you noted that in your online meeting with the commerce minister he raised his concerns about the foreign investment regime in Australia.

**Senator Farrell:** He raised?

**Senator CADELL:** Yes, he raised. Is that ongoing? Has he raised it again in further meetings?

**Senator Farrell:** He certainly raised it when I met him directly in China. He did not raise it last Friday but that was a much shorter meeting. What I have said to him is that of course there are some high-profile decisions where we have rejected Chinese investment, but overwhelmingly we have approved Chinese investment in Australia. I was able to point to some 270 projects, worth I think \$4.8 billion, that have been approved in Australia in the last 12 months, and that is in addition to something in excess of 2,000 real estate investments that Chinese companies and citizens have made into Australia worth well over a billion dollars. While he may say that he has got some concerns about the foreign investment environment towards Chinese companies in Australia, the fact is Chinese companies have and continue to invest very significantly and easily in Australia.

The important point that I made to him was that the rules that apply to Chinese investment into Australia are the same rules that apply to any other company. We don't have a special China provision. We make all of the decisions based on our national interests and our national security. It doesn't matter which investment and which country it's coming from. We apply the same set of standards.

**Senator CADELL:** Other than the FIRB rules, were there any other policies or regulations, specifically, that he raised as a concern?

**Mr Yeend:** They have some technical market access concerns around some SPS related issues that were raised. But not a significant number of issues were raised with us, in that regard, and we undertook to continue the dialogue on those.

**Senator Farrell:** I can give you an example of one of those that was specifically raised. The Chinese were obviously very heavily into the electric car market during the period of COVID. They had some difficulty getting product into Australia. We then raised some biosecurity issues with them, as a result of these vehicles being stuck in paddocks around the Chinese ports. But, in response to their concerns, we sent some agricultural officials up to China to see if we could resolve the issues.

**Senator CADELL:** I believe we've mentioned that you went to the French trade minister's vineyard when you were over there.

**Senator Farrell:** Yes, I did.

**Senator CADELL:** And I think you hosted the Chinese commerce minister at your vineyard. If we can't click fingers, surely a pop of a cork would have got him opening wine. How did that go?

**Senator Farrell:** It went well. He reiterated to me on Friday that he's keen to come to South Australia, which, of course, is the finest wine-growing area in the country. He'd previously indicated to me that he liked Australian red wine. But, no, the offer is there. He accepted the offer at my first face-to-face meeting, and he reiterated that last Friday. The question now is when it might happen, I think, and that's obviously a matter for him and his diary.

**Senator CADELL:** I notice you've got a 2017 Shiraz on your website too. It's 2018 now, so there we go. The Chinese ambassador's press conference in Australia, and this is the thing, included a reference to the establishment of a working group on China's application to join the Pacific partnership. Was this discussed with you in Beijing? Has this been discussed in other channels or was it just telegraphed by the press office?

**Senator Farrell:** That particular proposal was not discussed at my face-to-face meeting, but the general proposition of Chinese accession to the CPTPP was discussed. We had a meeting of the 14 CPTPP—

**Senator CADELL:** The 'group', shall we call it?

**Senator Farrell:** Yes, let's call them the group. What say we call them the Pacific partnership?

**Senator CADELL:** Yes.

**Senator Farrell:** I used to like the term Trans-Pacific Partnership but Canada mucked that up. We met under the auspices of New Zealand, who are chairing the group at the moment. The issue there, I think, is that the United Kingdom has been the current applicant that's been under consideration. We've made substantial progress with the United Kingdom's accession to the partnership, but that has not yet quite been complete I think there's an ambition that when the group meet in New Zealand in July that we might finalise that agreement and that New Zealand will then become the party. That then triggers a whole lot of other processes that the countries have to do to approve that accession, including matters in Australia. The sense I got from the meeting, if I can be perfectly honest, is, 'Let's settle the UK issue down, and, when that's settled down, then we can move on to consideration of any other economies.'

The other thing, as you would know, Senator, is that everything under that agreement has to be consensus related. Australia can't do anything independently and does not want to do anything independently of our fellow trade partners in this space. That agreement, obviously, has very high standards, but, more particularly, it gives us

access to a number of markets where we don't currently have direct free trade agreements, and that's of great benefit to Australia. The short answer is yes, it was discussed, but we can't do anything independently of the other states, and I think the general mood is, 'Let's bed down the UK before we even think about who the next partner might be.'

**Senator CADELL:** Have you or the government formed any opinion on whether you'd join a working group in the future, or is that to be determined?

**Senator Farrell:** At this point in time we intend to bed down the UK, and we're not giving any consideration to what might happen next. The UK process did take a long time. It was very time consuming, even for our own officials. I myself got engaged in the process on at least three or four occasions. I'm pleased that it's been resolved. I'm pleased for the United Kingdom that it's been resolved. It's obviously going to be an important aspect of their trade diversification activities, but let's bed that one down, and then we can start worrying about who might come next.

**Senator CADELL:** Minister, have you had discussions with your Chinese counterparts or contacts or even with the Prime Minister about a potential prime ministerial visit to China and what that could assist and what that could help?

**Senator Farrell:** I'm too far down the chain to be involved in those high-level discussions.

**Senator CADELL:** Even with your Chinese counterparts, it hasn't been raised with you? You haven't raised it with them?

**Ms Lawson:** We answered some questions on this yesterday at estimates.

**Senator Farrell:** We did, but we can answer some more questions. There is no reason why we can't. It's public knowledge that the Prime Minister's been invited to come to China. It's now up to him to determine when it might be that he goes. The trade minister, to the best of my knowledge, didn't raise it with me that I can recall. Our discussions have been around him coming to Australia rather than anybody else going to China.

**Senator CADELL:** Would you form the same view as the foreign minister that all trade sanctions should be lifted before the Prime Minister attends?

**Senator Farrell:** I'm not sure that the trade—you said the foreign minister said that?

**Senator CADELL:** Yes.

**Ms Lawson:** Actually, the foreign minister has said that we want to see 'continued progress' in relation to the removal of trade impediments, it's in both countries' interests and it will contribute to a 'positive atmosphere' for a prime ministerial visit—not a precondition but a positive atmosphere.

**Senator CADELL:** So further progress was the thing. Do you think there should be further progress?

**Senator Farrell:** Maybe I'm being too optimistic here, but I think further progress is going to be made. We have stabilised the relationship. I've built, I think, a positive relationship with my counterparts. We can have open, honest and candid discussions about our differences but still maintain a friendly disposition. As I said before, if I could click my fingers and remove all the impediments, I would, but we're just going to have to work at it and it's going to take time. Think about this: what's our trade with the United Kingdom? It's perhaps \$10 billion. The trade we lost with China during this period was double our total trade with the United Kingdom.

**Senator CADELL:** I don't think we lost it all. A few ships went missing, off the radar, when they got to Singapore, with coal in them.

**Senator Farrell:** Well, you know more about that than I do.

**Senator CADELL:** It's true.

**CHAIR:** Senator Brockman, you have the call.

**Senator BROCKMAN:** Minister Farrell, can you give us an update on communications you've had from the Middle East or North African countries concerning your government's decision to close down the live export trade?

**Senator Farrell:** I personally haven't had any discussions, I don't think. I know that Minister Watt sent the head of his department to, I think, Qatar, some time ago, to have some discussions. But to the best of my knowledge—I'll check this and if I'm wrong I'll come back to you with the correct answer—I haven't had any direct approaches on that particular topic.

**Senator BROCKMAN:** Have you raised the matter with any Middle Eastern or North African nations?

**Senator Farrell:** No, I haven't.

**Senator BROCKMAN:** Has the department had any communication with Middle Eastern or North African nations, either from or to, about the general trade associated with live export and flow-on effects?

**Senator Farrell:** Yes, the one I mentioned before, where I'm pretty certain that the head of the agriculture department went to Kuwait to have some discussions.

**Senator BROCKMAN:** And he met with the wrong people, Minister, but we'll put that to one side.

**Senator Farrell:** I think you did say that before. I must check that out.

**Mr Yeend:** Senator, the department has had contact with Kuwait, Saudi Arabia and Oman on this issue. Mr Jadwat can provide more details.

**Senator BROCKMAN:** Please do.

**Mr Jadwat:** DFAT has been working closely with DAFF to ensure the trade and diplomatic implications of this policy decision are carefully considered and part of the ongoing consultation process in relation to the trade. There's been ongoing engagement between DAFF, DFAT and Austrade, including at senior levels. We had formal meetings with those departments last year and also through the course of this year, and our posts in countries affected by the trade have been meeting with their counterparts in country, including making representations following the 3 March announcement. As you mentioned earlier, Senator, DAFF Secretary Metcalfe and First Assistant Secretary Tinning travelled to Kuwait, Saudi Arabia and Oman—it was in January of this year—to discuss the phase-out and other food and agriculture interests. Our department is doing what we can to work with DAFF to make sure that governments in the region are consulted accordingly.

**Senator BROCKMAN:** Could I have details of each of the meetings where that particular issue, live trade and potential flow-on impacts to broader trade, was discussed. I'm happy for you to take that on notice. Senator Cadell asked on notice last time about a particular letter. The answer that came back was that this relates to sensitive bilateral matters. Does that letter criticise the government's policy or say that the government's policy will negatively impact overall trade?

**Mr Jadwat:** I'm not sure—which letter are you referring to? A letter by which minister?

**Senator BROCKMAN:** This is correspondence from—you tell me. You said you've received one letter. We asked, in the broad, what letters have been received. And you said you'd received one.

**Mr Jadwat:** I'd have to check on that and get back to you.

**Senator BROCKMAN:** So you don't know who that letter was from?

**Mr Jadwat:** I'd have to check which letter.

**Senator BROCKMAN:** There was only one, apparently.

**Mr Jadwat:** We can check and get back to you, Senator, on who, exactly, it was from. If it was a question on notice, we can do that very quickly.

**Senator BROCKMAN:** So you don't know, and none of your officials behind know, the content of that letter or what issues were raised in that letter?

**Mr Jadwat:** I'm not saying that. I'm just saying we'll follow up. I'll clarify with my team in relation to which letters have been sent. There may have been further correspondence since then, and I just want to clarify if there have been any letters sent to our department and not just to DAFF.

**Senator BROCKMAN:** Alright. Any correspondence or communication from businesses operating out of either the Middle East or North Africa to government departments or government ministers concerning the live export trade and the potential impact on broader trade as well. What's the communication with Saudi Arabia been about the reopening of the sheep trade to Saudi Arabia?

**Mr Jadwat:** I understand that just very recently there was a discussion with the Saudis. There was a delegation, I think, from Sheep Producers Australia accompanied by Meat & Livestock representatives that visited Saudi Arabia in May of this year, and our ambassador and the agriculture counsellor in Riyadh met with them. I understand that our embassy in Riyadh has also been part of the consultation process and also has discussed this issue of the trade with Saudi authorities. I can take that on notice in terms of specific dates of discussions that our mission has had with Saudi authorities in relation to the trade.

**Senator BROCKMAN:** I also understand that there has been some North African interest in potential trade opportunities. Has there been any formal communication or any communication at post with North African nations about new live export opportunities that you're aware of?

**Mr Jadwat:** Not that I'm aware of, but I can take that on notice.

**Senator BROCKMAN:** Alright. If you could, please, I'd appreciate it. Has the department briefed the minister on the potential economic implications of the loss of the live export trade?

**Mr Jadwat:** To Minister Farrell?

**Senator BROCKMAN:** Yes. Your minister.

**Mr Jadwat:** I'd have to take that on notice. I recently came into this role, but I have not seen any advice to suggest that we've provided a detailed briefing to our Minister, but I can take that on notice.

**Mr Yeend:** As you know, on this issue it's the agriculture minister who takes the lead, and we work very closely with the agriculture department.

**Senator BROCKMAN:** I fully accept that agriculture takes lead on closing down a very valuable industry, but there are massive trade implications here. Surely you would brief the minister on the trade implications.

**Mr Yeend:** We are in contact with the agriculture department on this issue.

**Senator BROCKMAN:** So you haven't briefed the minister on the trade implications of closing down a major trade from Western Australia?

**Mr Yeend:** We have stayed in very close contact with DAFF, and the minister is aware of the government's policy, and he, I'm sure, is also in contact with the agriculture minister, but this is an ongoing discussion for which the department of agriculture takes the lead.

**Senator BROCKMAN:** But you've already stated that you're talking about this in the Middle East. With respect, you know there are massive trade implications. I'm a little surprised that the department has not briefed the minister on the trade implications of this decision.

**Senator Farrell:** Fortunately, Senator Watt has been in very regular contact with me about the issue. In fact—

**Senator BROCKMAN:** So he's an expert in trade implications is he?

**Senator Farrell:** He's an expert in a whole lot of things.

**CHAIR:** Senator Brockman, please allow the minister to provide you with a response and stop interrupting.

**Senator Farrell:** He's got the carriage of the issue, but he keeps me very regularly informed. As a matter of fact, we sit next to each other in the Senate, and it's the subject of frequent conversations between us. Please understand this, and I know it's so hard for you to get your head around this, Senator, but we took this policy to the last election. Like it or not, this policy was approved—

**Senator BROCKMAN:** I haven't asked a question about the policy, with respect, Minister.

**Senator Farrell:** I know you haven't, but you've got to understand it, because you keep raising the issue.

**Senator BROCKMAN:** Maybe you should explain it to WA sheep farmers, Minister.

**CHAIR:** Order, Senator Brockman! Allow the minister to conclude his response.

**Senator Farrell:** I don't say those sorts of things about the way in which you treated winemakers in the last government, particularly those in the wine regions of Western Australia, so I rather resent that comment, to be perfectly honest. I understand the impacts of these decisions on Australian producers, but we took the policy to the election even though the Western Australian premier had indicated that he wasn't in support of it. The job of the agriculture minister is to resolve this in a way that doesn't damage Australian producers. I think if there's some goodwill on the part of all of the parties to this issue, then we can get through it. As you know, the policy isn't to be implemented in this term of government. We've got some time, and with discussions and goodwill, but an understanding that this was the position we took to the election—and I might add that we won a whole swag of seats in Western Australia, in case you haven't noticed, with this policy.

**Senator BROCKMAN:** Minister, what's the implication for the West Australian cattle industry from this decision?

**Senator Farrell:** None.

**Senator BROCKMAN:** Minister, are you aware that 40,000 cattle go out on dual-purpose boats from the port of Fremantle to the Middle East? That is a nonsensical—in fact, completely incorrect—answer, and if you'd received a briefing from your department you would know this.

**Senator Farrell:** We're not doing anything to affect live cattle exports from Australia.

**Senator BROCKMAN:** Mr Yeend, is your department aware that dual-purpose boats leave the port of Fremantle for the Middle East carrying sheep and cattle, and the cattle cost per cow is dependent on the sheep being on the boat as well?

**Mr Yeend:** As I've said before, we work very closely with the agriculture department on these issues. Their expertise is why they have carriage of this issue, and our role is to work with them in the implementation of the government's policies. As you heard from Mr Jadwat, that includes our contacts with governments in the Middle East who have expressed an interest in this issue and who we're happy to keep advised of developments.

**Senator BROCKMAN:** Mr Yeend, in terms of our trade relationship with the Middle East, are you aware that dual-purpose boats leave Fremantle carrying both sheep and cattle?

**Mr Yeend:** I'm aware of the extent of trade with the Middle East. As I said, I would have to get more information on the specific details of particular shipments.

**Senator BROCKMAN:** Again, the minister's statement was completely and wholly incorrect. At least 40 per cent, sometimes up to 70 per cent, of boats leaving Fremantle in a given year are dual purpose, the economics of which rely on both sheep and cattle. Closing down the sheep industry has a direct impact on our trade relationship in cattle, and, quite frankly, the minister and the department should be aware of that fact.

**CHAIR:** Do you have any questions, Senator Brockman?

**Senator BROCKMAN:** I'm happy to pass the call over.

**CHAIR:** Senator Birmingham.

**Senator BIRMINGHAM:** Can I just ascertain the precise status of the WTO's consideration of Australia's case on barley?

**Mr Yeend:** We have had a previous discussion about this this morning, but I have the head of our Trade and Investment Law Division, who can give you any answers that you may want. He can give you a general overview of the dispute, if that's helpful.

**Senator BIRMINGHAM:** I probably don't need a general overview of the dispute. I don't want the committee to lose too much time regurgitating anything. It's been reported that the panel was at the point of imminently making a determination. Is that correct?

**Mr Kenna:** Yes, we were very close to a panel report.

**Senator BIRMINGHAM:** What does very close look like, in these terms? Was there an anticipated date? Is there a point at which any drafts or indicative findings are shared?

**Mr Kenna:** Yes. There's both an interim report that's shared and then a proposed final report that is shared. Both parties had received the interim report. Both parties had received the proposed final report, which had not been circulated to the membership as a whole.

**Senator BIRMINGHAM:** I'm assuming WTO protocols mean you can't tell us what's in the draft final report?

**Mr Kenna:** That's correct.

**Senator BIRMINGHAM:** That's understandable. But China had received the final report prior to Australia agreeing to the suspension, as Australia had received the final report prior to Australia agreeing to the suspension of the case at this time.

**Mr Kenna:** Yes, that's correct.

**Senator BIRMINGHAM:** How long between receipt of that final report and WTO making a ruling would we usually expect in terms of its public release?

**Mr Kenna:** There's a short period, I think a matter of weeks, between the primary parties to the dispute receiving the final report and its circulation to the WTO membership.

**Senator BIRMINGHAM:** So certainly, in that sense, if Australia's case, which I think we all agree was a very strong case, was going to be upheld by the panel, then that suspension is very clearly in China's interests.

**Senator Farrell:** And our interests. What this agreement does, if it works out the way the Australian government hopes it does, is that we'll resolve this barley dispute much sooner than if we continued with the WTO dispute.

**Senator BIRMINGHAM:** That's where I want to go, Senator Farrell. China's interest is in not having a finding by the independent umpire publicly made against it and having to then respond to that, which would expose the fact that this was not the merits based decision it has been claimed to be, but in fact was the type of act of attempted economic coercion that it is seen by much of the world to be. For Australia to withdraw—is that what the option is if there is a deal—

**Senator Farrell:** No.

**Senator BIRMINGHAM:** I'm going forward. If the outcome is received that you want, in terms of China changing its position on Australian barley, what options are available to Australia if their request is for us to not seek conclusion of the WTO process? Do we formally withdraw our claim to the WTO? How do we end that process?

**Mr Yeend:** The first thing I say is that, while you're asking specific questions about China, the dispute settlement system itself encourages the mutually agreed solution to disputes. This is certainly not the only dispute of its kind where we have taken an approach to resolve the dispute. Mr Kenna can correct me if I'm wrong, but if in the resolution of a dispute like this one we do get an outcome that we're satisfied with, which is the complete removal of the duties in question, then—I'm not sure what the correct term is—but that is the end of the dispute. We would agree that the mutually agreed solution would be the end to the dispute.

**Senator BIRMINGHAM:** It's a bit of a memory test for me. I can recall in relation to our claim against our good friends in Canada that we ultimately reached a point of sufficient agreement in that process, having initiated the dispute, pursued it, gone through certain stages, but ultimately withdrawing to speed it up. What is the legal process for Australia, as the initiator of the dispute and the claim, to go to the WTO and say 'We're happy, we're satisfied, we know you've got a final report, but it need never see the light of day'?

**Mr Kenna:** We would conclude an agreement with China that sets out a mutually agreed solution. Once that's finalised, it would be notified to the WTO.

**Senator BIRMINGHAM:** So we provide some form of formal notification to the WTO that says we have achieved a mutually agreed solution.

**Mr Kenna:** That's right.

**Senator BIRMINGHAM:** And therefore this case is withdrawn, permanently suspended? What status does the case take at that point?

**Mr Kenna:** Discontinued, but effectively withdrawn.

**Senator BIRMINGHAM:** Mr Yeend, in a response before you alluded to what it is that we want, which is for China to remove the tariffs unfairly and illegally imposed on Australian barley, and therefore to presumably be meeting their CHAFTA terms. Is that correct?

**Mr Yeend:** It's correct that they would have to remove the duties in this instance. Yes, there are considerations around the free trade agreement, but being a dispute at the WTO, the dispute is being carried out under WTO rules and considers whether or not China has been adhering to those WTO rules.

**Senator BIRMINGHAM:** Indeed, that's true. The dispute there is in terms of China's decision to apply the duties and whether that's consistent with the WTO rules. For Australia to remove our claim at the WTO, is our expectation that China removes the duties and in doing so is therefore complying with WTO rules and the terms of CHAFTA?

**Mr Yeend:** The key consideration in a WTO dispute is WTO rules. But insofar as the free trade agreement is there to facilitate and promote the trade relationship, and as part of broader efforts to take steps, as you're aware, to improve trade relations more generally, the FTA is an important piece of that architecture. But the WTO dispute itself is finalised in terms of the WTO rules that apply and which China needs to meet in terms of its WTO obligations.

**Senator BIRMINGHAM:** Is there a scenario, therefore, where the WTO case is discontinued, but Australian barley producers are not in a position to enjoy the terms of trade with China as specified under the Chinese-Australia Free Trade Agreement?

**Mr Yeend:** We expect that should the outcome on barley that we are engaged in with China at the WTO proceed as we expect, the duties will be removed and trade in barley will be allowed to recommence.

**Mr Kenna:** I might just add that in the process of the review that China's Ministry of Commerce is conducting, the Ministry of Commerce has received submissions from China's domestic industry, both its malting industry and its feed barley industry. Those submissions are supportive of the resumption of trade. So, as the minister has said, we see the resumption of trade as clearly in the mutual interests of both Australia and China. And it's been clear from these submissions in the review process that there is an appetite for the resumption of trade by the relevant domestic industry in China.

**Senator BIRMINGHAM:** Yes, Mr Kenna; that's gone to the point that's been there all along—that it was counterproductive on both sides for this type of action to be taken by China. Certainly, I think parts of the Chinese brewing industry have always been frustrated by the denial of access to commercially priced Australian malting barley for their processes, given the high quality of that product.

But I just want to come back to what a satisfactory outcome is for the government in terms of the removal of duties as applied. Is there a scenario where those duties are removed but Australian barley enters China under terms that are somehow different from what is agreed under CHAFTA? Most people looking at this are assuming that we either have the current situation—which is the unfair duties, the government resumes, and therefore the WTO process—if China doesn't agree to remove those duties and we at least get a finding from the independent umpire and on we go, or an agreement is struck, and the hope of industry and others is that with that agreement the duties are removed and trade resumes under the preferential access terms of CHAFTA. Is there an alternative at all?

**Senator Farrell:** No.

**Senator BIRMINGHAM:** So, Minister, if China does not agree to enable trade in Australian barley to resume without the unfair duties and under the terms that China agreed through CHAFTA, then we give the greenlight for the WTO to finalise its processes and hand down its ruling? That's not what we hope. I appreciate we want the outcome for our barley producers, but we're clear in terms of that's the expectation we're looking for?

**Senator Farrell:** Yes.

**Senator BIRMINGHAM:** Excellent. Thank you, Minister. That is good and welcome.

**Senator Farrell:** Thank you.

**Senator BIRMINGHAM:** And we do wish you well in that regard. If this has already been detailed sufficiently, I can go back and check the *Hansard*. What is the status of our case on wine?

**Mr Kenna:** The status is that the substantive work has concluded, in that two written submissions have been filed by Australia, two written submissions have been filed by China and two hearings have been had. The next step is to receive the interim report of the panel. That would be followed by the final report in the second half of this year.

**Senator BIRMINGHAM:** Is there an indicative time line for that interim report, Mr Kenna?

**Mr Kenna:** We are expecting the interim report within the next couple of months.

**Senator BIRMINGHAM:** Within the next couple of months. So, on the barley case, China is working through its three-month review process, which comes to a conclusion in July and, on the wine case, the WTO could be providing its interim report to the parties around the same time.

**Mr Kenna:** Yes. I would firstly note that, as the minister has said, the suspension was for three months but there's an agreement that a fourth month will be available if needed. So that barley review will be concluded no later than that four-month period, namely August. And, yes, without being definitive, we would expect the interim report in the wine matter to be available before the conclusion of that review into barley.

**Senator BIRMINGHAM:** Is there any hope from Australia that China would initiate a similar process in relation to the unfair duties on our wine industry prior to conclusion of the process on barley, or is barley going to have to be concluded before we get to wine?

**Mr Kenna:** Senator, the minister has said that he expects China to adopt a similar process on wine if we achieve the desired result on barley.

**Senator BIRMINGHAM:** So wine will follow barley in a procedural sense. That also means that most likely both parties will have received at least the interim report or indicative findings of the WTO before China makes its decision as to whether or not to agree to embark upon a similar process for the wine industry.

**Mr Kenna:** Yes, I think that's accurate.

**Senator BIRMINGHAM:** Minister, I'm assuming that if we get into that process, the Australian government's expectations and the firmness of the position you just stated before in terms of barley would equally be the case in terms of how we would want to pursue things with the wine industry.

**Senator Farrell:** That's correct.

**Senator BIRMINGHAM:** Minister, have you had any discussions with representatives of Lithuania in relation to their WTO case against China and its economic coercion? That would be the minister, ambassador.

**Senator Farrell:** Yes, I spoke to the ambassador yesterday.

**Senator BIRMINGHAM:** You spoke to the ambassador yesterday.

**Senator Farrell:** Yes. He came to the National Press Club to hear what Australia's trade policies were. He's taking a great interest, of course, in the fact that South Australia has its first premier of Lithuanian descent. He's very interested in how we're going with our issues with China, and I'm very interested in how he's going with his.

**Mr Yeend:** Senator, as you may be aware, there's a dispute that the EU has taken at the WTO and Australia is participating in that dispute as a third party. So we're very actively following that dispute and we're in contact with European and Lithuanian officials.

**Senator BIRMINGHAM:** I had checked and was aware we had entered into that dispute as a third party. I was going to just ask, can we put on the record here the rationale for doing so and, for those unaware, the consequences of doing so—what it means in terms of our participation in the process, having become a third party in the European Union's dispute on behalf of Lithuania with China.

**Mr Kenna:** Traditionally Australia has been an active participant as a third party in a range of WTO disputes. It provides us with an opportunity to make submissions in the dispute and to attend a third party hearing in which we can also contribute our views. These tend to be in areas where the provisions under dispute are of systemic or commercial importance to Australia.

**Senator BIRMINGHAM:** Thanks, Mr Kenna. And our active participation there is, again as a matter of principle, in terms of our support of the rules based system and then, where countries have given commitments and undertakings, of seeking to ensure that they are upheld as part of that rules based system and how the independent umpire works.

**Mr Kenna:** Yes. That's right.

**Senator BIRMINGHAM:** I have a couple of quick CPTPP questions. I think I heard much of what was asked before. How many requests for consideration of accession to CPTPP have been lodged or received, to Australia's knowledge?

**Mr Yeend:** I might ask Mr Kewalram to answer so he can give you the precise list of applicants.

**Mr Kewalram:** We have received the UK's application and then China, Taiwan, Ecuador, Costa Rica, Uruguay and Ukraine.

**Senator BIRMINGHAM:** Each of those countries you just listed have lodged applications?

**Mr Kewalram:** Each economy has expressed interest in accession.

**Senator BIRMINGHAM:** The UK is the only one that has proceeded through the process that Senator Farrell and officials talked through earlier. In terms of the status of application from the other economies, is there any difference in terms of the nature of application they've made or their status in terms of applications?

**Mr Kewalram:** The CPTPP parties, the existing parties, are looking to treat all applicants in the same way. There is not yet consensus on the exact process that will be followed. There's not yet consensus on who will be next. But the existing parties are trying to make sure that all aspirants who have formally notified their interest are treated in the same way.

**Senator BIRMINGHAM:** What nature does an application take? In what detail does an economy have to outline its merits in a case for consideration?

**Mr Kewalram:** That's exactly part of the current debate that is being had amongst the CPTPP parties. The formal trigger, as it were, is a formal expression, a letter to the commission chair. As the minister said, New Zealand is this year's commission chair. So there's a formal expression of interest. The existing parties have worked up a questionnaire to understand better the aspirant's economy, readiness and so on. Aspirants get that questionnaire and respond. Some have, some haven't. This is where we have to go next in terms of working out exactly what happens with that. As the minister has said, the current focus is on finalising the UK accession, as you mentioned. There's a fair bit of work to be done until signature and then following signature as well, which we hope will be in July.

**Senator BIRMINGHAM:** Can you provide on notice to the committee that questionnaire, please? If it's circulated through various systems and countries around the world, I assume that it's able to be a public document?

**Mr Kewalram:** I'll take that on notice.

**Mr Yeend:** We'll take that on notice.

**Senator BIRMINGHAM:** You've said that some countries or economies have responded to the questionnaire and some haven't. Can you indicate who has and who hasn't?

**Mr Yeend:** I think it might be best to take that on notice as well, just so we can ascertain the status of the questionnaire, which is something that is being discussed amongst the parties of the CPTPP. It's not necessarily within our grip to be able to provide the questionnaire, because everything with the CPTPP is always done on a consensus basis. But we're very happy to make those inquiries and provide you with a response.

**Senator BIRMINGHAM:** Thanks, Mr Yeend. So we have UK, process to be finalised and work to be done there, and a cluster of other economies who have made formal application. From the way you described it, the application itself essentially consists of a letter lodged with the country in the chair's seat at the time, saying we wish to join. Then the process to date is that existing parties have agreed to a questionnaire that everyone who has made that application has received. Some have returned that. Beyond that no further decision around next steps or process has been made as yet.

**Mr Kewalram:** That's correct. I wouldn't describe the letter as an application. I would describe it as an expression of interest that triggers something. I would describe the questionnaire as a conversation starter. It's not by itself anything that is going to decide who is going to be next or not. This is where, as the minister has said, there's a lot of work that's still being done with the UK, and therefore a number of these sorts of issues in terms of next steps are still literally to be determined.

**Senator BIRMINGHAM:** That's helpful. I look forward to your answer on notice. I would have thought that questionnaire itself should be able to be provided. I would be surprised if, across all the different systems involved, it wasn't ultimately a public document. I appreciate the responses of nations may be a different matter, so I'm not necessarily asking for those. But if they can be provided, great, at least to the status of economies and who has responded or not responded. That would be helpful if it can be provided, in terms of that status.

**Mr Yeend:** We'll certainly see what information can be provided. But I just re-emphasise how important the concept of consensus and agreement of all CPTPP parties is to any of these kinds of decisions, in terms of the processes under way to discuss and consider the things like requests or how we deal with future accessions.

**Senator BIRMINGHAM:** Thanks, Mr Yeend. I appreciate that and know full well about the consensus required for decisions. I wouldn't want a situation where we end up finding that we get the copy of the questionnaire that I've asked for or an update as to the status in terms of responding to it or otherwise from a system other than Australia. I trust that, whilst the process and ultimately the determination as to who is allowed to be admitted to CPTPP membership is one that obviously entails consensus, as always each party through these matters, as we know from example with the EU FTA, have sometimes different approaches to transparency on the way through. So I would hope that in this regard, when the Australian parliament asks for information, that transparency is applied if it's going to be somewhere else.

**Mr Yeend:** As I've indicated, we'll make inquiries and we're very happy to make information that we can available, just like we do across all of the negotiating areas that we're involved in where we have extensive stakeholder engagement. We're very happy to provide information to committees like this as well. We certainly will follow up on what you've asked.

#### **Proceedings suspended from 10:59 to 11:15**

**Senator CHANDLER:** I have a couple of questions regarding the Australia-India Comprehensive Economic Cooperation Agreement. I did note that there were some media reports following Prime Minister Modi's visit recently that were suggesting that Australia and India have agreed to an early agreement on the economic cooperation agreement. Is that true?

**Ms Lisson:** Yes. There was agreement for an early outcome to the negotiation.

**Senator CHANDLER:** What does an early outcome look like?

**Ms Lisson:** It means as soon as possible, I think. It doesn't have a specific date put to it, but certainly working to try to conclude as quickly as we can.

**Senator CHANDLER:** Do you have any sense of what that time line might look like? 'As soon as possible' could be today.

**Ms Lisson:** We haven't set any dates. We would like to do it this year, but we don't know.

**Senator CHANDLER:** If we hadn't come to this agreement to reach an agreement earlier rather than later, what would the timetable have otherwise been looking like? I'm trying to get a sense of how much we have actually brought it forward here.

**Ms Lisson:** It's important to note that India's doing a lot of FTA negotiations at the same time at the moment. We want to make sure we're up at the top of the queue there. It's hard to predict when they're going finish those other negotiations. Some were due to finish last year and they're still going, so it's a bit hard to pick exact timing, but it was to make sure that we were up in the top tranche of countries that they're negotiating with.

**Senator CHANDLER:** You say that you've reached agreement for an early agreement. From my end it looks more like we have determined that India will prioritise the resolution of the agreement.

**Ms Lisson:** I think those are what the words would mean, from India—that they are prioritising negotiations with Australia.

**Senator CHANDLER:** In agreeing to reach an early agreement, were any sensitive areas taken off the table?

**Ms Lisson:** No. In talks with India at the moment about the scope of the issues, we haven't taken things off the table.

**Senator CHANDLER:** It's not like there was any sort of quid pro quo or taking things off the table in order to streamline the process by which we resolved this?

**Ms Lisson:** No.

**Senator CHANDLER:** That's good to know. What has been agreed to date?

**Ms Lisson:** We have agreed—these were issues that were actually in the text of the ECTA agreement that came into force last year—that these CEPA negotiations will cover goods and services, market access, rules of origin, digital trade and government procurement. It's also open to include other issues to be agreed, and that's what we're discussing at the moment. But those first issues that I mentioned are ones that we're moving ahead on.

**Senator CHANDLER:** You say 'moving ahead'. So we haven't finalised our terms on any of those topic areas? That's still a process that's under way?

**Ms Lisson:** We're at the stage of looking at what we'd like to get and having those discussions with each other.

**Senator CHANDLER:** Once you get through that process with those four or five different things that you just listed, that's at the point where we start considering whether there are any other areas we want to cover? Or is that process concurrent?

**Ms Lisson:** No, we're certainly having quite extensive discussions on these additional areas. They're things like we would like to include sustainable development-type issues, things for small and medium enterprises, competition policy. There's a whole range of things that we'd like to include, and we've been having quite extensive discussions with India on those so that we can try to find some common ground.

**Senator CHANDLER:** I just don't want us to be in a situation where we've got in-principle agreement to get to a conclusion on the agreement process as quickly as possible; we have set general parameters on four or five different areas and we're working through those; but we don't want to get to the end of that process and then start figuring out what other areas we would like to be negotiating on, and then all of a sudden find, 'As much as we'd like to prioritise this agreement, we need to kick it down the road a bit more.' Do you see what I'm trying to say here?

**Ms Lisson:** Absolutely.

**Senator CHANDLER:** It's making sure that we're still hitting all those timely points.

**Ms Lisson:** That's why in parallel to negotiations we've been holding these exploratory talks on all those additional issues, and we've been making sure that they're moving in tandem, so that we don't come to a position where we're just starting one set of issues while we're concluding another, that they would be able to move in tandem.

**Senator CHANDLER:** Have there been any sticking points in the negotiations that you're concerned might be delaying the conclusion of the agreement?

**Ms Lisson:** We're still at the point of talking about requests and understanding what each other is looking for. There are bound to be areas where we're still trying to work out what each other wants and where we can collaborate and find common ground and where there are going to be difficulties. We're in that process at the moment. Clearly we would like an ambitious agreement, and that's something that we have constantly said and will be pursuing.

**Senator CHANDLER:** In summary, lots of work happening; there is a view that we would like this concluded by the end of the year; but still slightly too early to say, beyond that in-principle agreement to do it as soon as possible, exactly when that will be.

**Ms Lisson:** I think so, yes.

**Senator CHANDLER:** Are there any additional areas that India has indicated they would like to add into the agreement? You've outlined the ones we're keen on. What about them?

**Ms Lisson:** Yes, they've identified a number of areas of collaboration that they'd like to pursue with Australia.

**Senator CHANDLER:** Which are?

**Ms Lisson:** Areas like critical minerals, innovation; very forward-looking sort of issues. We're looking very favourably at those areas.

**Senator CHANDLER:** On notice would you be able to provide a full list of what those areas are?

**Ms Lisson:** I think—

**Senator CHANDLER:** You can take it on notice.

**Ms Lisson:** I'd perhaps need to check with India whether they're happy with us passing that over.

**Senator CHANDLER:** I understand.

**Senator CADELL:** I refer to supplementary budget estimates, my question on notice 100 regarding the Trade 2040 Taskforce. I think this should be quick. I have asked the same question batch at budget estimates, supplementary budgets and I'm asking the same questions now. Have the terms of reference for the Trade 2040 Taskforce been finalised?

**Mr Yeend:** I'll let Mr Kewalram go into more detail, but the terms of reference is still being discussed, and we are getting very close to having the way that the task force will function all sorted out. So it's not far away.

**Senator CADELL:** What he said?

**Mr Kewalram:** Yes.

**Senator CADELL:** Fair enough. We'll get a different answer next time, I think—maybe. So, clearly, the membership has not been defined—the structure or make up of who will sit on it?

**Mr Yeend:** No; I think that's still in process and no final decisions have been taken yet.

**Senator CADELL:** As per last time, I'll put the rest on notice because it's a work in progress on that one. I want to move to international investor concerns re gas policy and resource policy. Minister, are you aware of concerns raised by the Korea International Trade Association in April this year regarding the impact of Australia's gas policy on investing confidence?

**Senator Farrell:** I'm aware of a range of countries that have expressed concern, some more publicly than others and some sort of quite privately. But, yes, I have heard those concerns.

**Senator CADELL:** As the Australian government, are you concerned by these comments?

**Senator Farrell:** Obviously, we'd prefer not to have any criticism of any decision we make. But, unfortunately, in a democracy we tend to not be that lucky. We found ourselves in a very difficult situation when we came to government 12 months ago. Two things had happened under the former government. One was that there was a suggestion that there was a shortage of Australian gas to supply particularly the east coast of Australia—the electricity market on the east coast of Australia; and, secondly, that, because of a range of international factors, including the war in Ukraine, electricity prices were going to go to very high levels.

As a responsible government, we had to make some difficult decisions about how we might respond to those. Some of the issues which you may go to in due course, including the ADGSM and the caps on gas, were all difficult decisions to make—ones which a pro market government like the Albanese government would prefer not to have had to make. But our principal interest, of course, is the Australian consumer and trying to put downward pressure on their electricity costs but also securing supply.

I have now been to Japan, Korea and China and had some discussions with Singapore on these issues. The point that I try to make to all of these countries is that, even though there's been a change of government, Australia continues to be a safe and reliable place for their investment. The point I make to all of these countries is that we have not failed to deliver one kilojoule of contracted gas, for instance. We've been extremely reliable. In a time of tumult in the world supply chain, we have continued to deliver on all of our contractual obligations. But, more importantly, we'll continue to do that into the future. We will continue to be a safe, reliable supplier. Why that's so important, particularly as it relates to gas, is that the ambition of the Albanese government is to become a renewable superpower. In the past we were a fossil fuel superpower, supplying the world with some of the best and most efficient coal and gas and other products. Now we want to be a renewable superpower. But that isn't going to happen overnight. It's very easy to say we're going to have net zero by 2050. It rolls off the tongue very easily. But then you think about what you need to do in the transition to get to that point.

We're very fortunate in Australia that we've got either the largest or the second largest reserves of all of the critical minerals and rare earths that you're going to need to build electric batteries for the future, and also the renewable energy to produce the hydrogen or ammonia to fuel this transition. But the trick here is to ensure that there's continued investment in gas, for instance, by these countries which invest in Australia, risk their own money, until we get to the point we can make that transition. Every one of these countries that I mentioned before

has the same ambition to get to net zero. The trick here is making sure that we continue that investment. What I try and do, as the Australian minister responsible for trade, is to assure all of these countries that we're a safe place to invest, their investments are safe here, we're reliable and we continue to supply all of these products. But, just as they would do in the same set of circumstances, we've got to ensure that Australian consumers and Australian businesses come first. That's our job.

So we've got to marry those two imperatives: honour all of our international obligations, but ensure that Australian consumers continue to get downward pressure. You would have heard me talk about this pretty frequently in question time, Senator. There's nothing new here. That's our objective. Yes, countries have raised this with me. Some of them have gone public. But the message I give to them—I gave this message to the Japanese trade minister only last week face to face—is that we are a reliable supplier and we'll continue to be a reliable supplier, but our priority always will be looking after Australian consumers and Australian manufacturers.

**Senator CADELL:** On that point, the ease of going forward, the Korean Gas Corporation, KOGAS, I think said they felt unappreciated. I think the exact word was 'undervalued'—'underappreciated'.

**Senator Farrell:** I don't know why they would say that. I went up to Korea, I met very many of the senior officials and companies, and I gave them the same message. If they feel underappreciated, I'll give them a call and make sure they feel appreciated once again.

**Senator CADELL:** Have you discussed this with the South Korean trade minister, Lee Chang-yang?

**Senator Farrell:** It's interesting. Most of the discussions tend not to be about let's call them the old fuels. Most of them discussions are about the fuels of the future, whether it be electric vehicles or hydrogen or ammonia. Every country is looking forward rather than looking back. But as I say, they want to make sure they get through the transition to that final point. I was in Detroit last week and had the opportunity to go out to the Ford factory, where I drove a burnt orange coloured Mustang electric vehicle. And I was amazed by how much investment just the Ford motor company was making in Australia in respect of critical minerals. It doesn't matter whether I'm talking to the Americans, the Europeans, the Japanese, the Chinese, the Koreans or the Singaporeans: they've all got one interest in Australia, and that is access to our critical minerals. Sure, they have expressed some concerns about decisions about that. I can't deny that. But most of them are focused on the future and most of them want to talk to us about how we can work with them so they can decarbonise their economy in the time frame that we have set for ourselves.

**Senator CADELL:** I get that, coming from the port of Newcastle, a great exporter to Korea and Japan, the two biggest customers. There is that certainty going forward. I think we had the chief executive of INPEX as well talking about the concern going forward, and accusing Australia of quiet quitting the region's energy market. Has it been raised minister to minister?

**Senator Farrell:** I had had a meeting with the person who gave that speech only an hour before. I largely went through what I have just gone through with you and gave them an assurance that we will continue to be a reliable supplier. INPEX is a fantastic company. I presented the former chairman of INPEX, Mr Kitamura, with an Order of Australia for the co-operation between our two countries. He was very moved by that presentation. A very close friend of mine, Paul Henderson, was the person who initiated the discussions with INPEX to get the project going, and of course Prime Minister Julia Gillard was the one who turned the first switch to get the gas out of the ocean. So we've had a good relationship with INPEX.

But it's a democracy. Japan is a democracy. They can say whatever they like about us. But I think the decisions we've taken are in our national interest and also serve the long-term interests of Japan and all of those other countries that want to invest in our current fossil fuel investments and, more particularly, in the fuels of the future. You've got to have a social licence here to operate. If we find ourselves in a situation where we are exporting all of those things but can't supply energy to Australians, it just doesn't work. So those companies have to understand that we have obligations to our own citizens. Our own citizens have to come first, but we're not going to breach any of our international obligations. As I said, with INPEX I had explained that to them only an hour before the speech was given. I was surprised by the comments they made, given the assurances that I had given them only an hour before. I suspect the speech was already written. It may have already been given to the opposition so they could ask some questions in question time, so he had to proceed with it. But I gave assurances that we continue to be and we will be a reliable supplier of energy to our friends and neighbours in this region and across the world.

**Senator CADELL:** Mr Yeend, have there been any department to department or government to government concerns over economic security, loan security on trade, on energy?

**Mr Yeend:** I'll just support what the minister said. In addition to his own dialogue with ministers, we have been in dialogue with countries and companies that have had questions on some of these recent changes in

Australia. We've used those meetings to give the kind of reassurances the minister has just talked about, that we're a stable, reliable supporter of their energy security going into the future and we understand the importance of that security of supply going forward. In addition to what ministers have been saying, what we've been doing as well has, I think, reassured some of these key trading partners that have a better understanding of the government's policies and how they operate and how much priority the government gives to these energy security considerations that they have.

**Senator CADELL:** Has there been contact at an ambassadorial level with either the minister or the department here in Australia about these specific issues? Have you sought an appointment?

**Senator Farrell:** With the Koreans?

**Senator CADELL:** With the Koreans, yes.

**Senator Farrell:** Not off the top of my head. I've obviously been to Korea. I've met with the Minister. I met with the minister last week and had a very pleasant discussion with him in Detroit.

**Senator CADELL:** All these friendly and pleasant—

**Senator Farrell:** I'm a friendly sort of guy, Senator Cadell! I'll tell you what the good thing about some of these meetings is. Finally we're having face-to-face discussions so you can build up a bit of a relationship. When you build up a bit of relationship, you get a bit of trust. I feel that if the Koreans wanted to beat us up about some decision we made, he would come right out and tell me. He didn't do that last week. He had plenty of opportunity to do it. We were together for three days. I think they were in every meeting I attended except one. Because there's been a little bit of stability around the place in terms of trade ministers—long may it last—there's been an opportunity to have frank discussions. The Koreans did not raise that with me last week.

**Senator CADELL:** KOGAS's investment in Australia, their project, is a large number. Are you aware of the scale?

**Senator Farrell:** Which project?

**Senator CADELL:** The KOGAS gas project.

**Senator Farrell:** We welcome the investment. We want them to invest. We can't force them to invest. They're going to have to invest on Australian rules and regulations. But the rules and regulations will be fair and transparent. Tell me another country that these countries can go to that has the reliability, the certainty and the stability that Australia's got. There isn't one.

**Mr Yeend:** Senator, just to answer what you're asking about, we in the department have very regular contact with the embassies that have an interest in this issue here in Canberra. But also our embassies in countries like Japan and Korea are actively on the front foot in responding to questions and providing the kind of reassurances that you've been hearing from the minister as well.

**Senator CADELL:** The assistant Treasurer, the Hon Andrew Leigh, went to South Korea. Did DFAT provide any assistance to him on these issues talk about this? In May he went to South Korea—is that correct? Didn't? May have?

**Mr Cowan:** I'll have to take it on notice. I think that could be correct. The embassy in Seoul would have provided assistance to him there. If I could just add, you asked about department-to-department links or discussions we've had from our embassy with partners. We did send a technical delegation in the first half of May to Korea and Japan to walk both government stakeholders and companies through changes to the various legislative frameworks. Meetings did include a meeting with KOGAS.

**Senator CADELL:** Did they raise these concerns directly?

**Mr Cowan:** The delegation explained to KOGAS how the updated frameworks would work and provided technical detail on those things. That was a senior expert delegation.

**Senator CADELL:** Are any of these issues causing problems with the relationship with South Korea? Is it tenser than it was? Are we dethawing South Korea while we're thawing China?

**Mr Cowan:** You would have seen the Deputy Prime Minister was in Korea in the first part of the week. The relationship is a very close one. We're working together a lot and a lot more, indeed, in the Indo-Pacific. They've recently released an Indo-Pacific strategy that I think has a very similar approach to the region that we do. I think that was an excellent set of meetings and showed a lot of alignment between what we're doing and what Korea is doing. I think the relationship continues to strengthen.

**Senator CADELL:** I'm somewhat concerned that the assistant Treasurer may have visited South Korea, a significant trading partner, last month and we're not sure if he did. That's from DFAT. That's of some concern to me. There's no doubt that he did, on notice. 'He may have' was the answer.

**Mr Yeend:** I can confirm that he did visit.

**Senator Farrell:** He was there. I may throw this one to you, Senator Cadell. I actually suggested to the Koreans that they may like to make an application to join the CPTPP, which they have taken on board seriously. They haven't yet made an application. That's how close and friendly we are.

**Senator CADELL:** I might put some questions on notice regarding DFAT's assistance. In respect of the overall foreign affairs, but this is specifically trade, has greater thought been given to the fact that reliable energy sourcing is essential for regional stability? Has that come out outside of the trade portfolio in these areas? Are we linking across that?

**Senator Farrell:** That proposition is beyond dispute. One of the reasons we're so keen to be a renewable superpower is to provide that stability in the region. We think there's a link between trade and peace, and the more we can trade with our neighbours, the more we can provide them—we're the lucky country, having all of these critical minerals and rare earths to provide the renewable energy for the future. We are once again very, very lucky. I described it last week in the United States: we are heading for a golden age in terms of renewable energy. We want to be a reliable, stable, peaceful supplier of these energies to our neighbours, and we will be. As I said, there aren't too many other places for them to go.

**Senator CADELL:** But on that point, this renewables thing, every country is going on their own journey, I think it was the chief executive of Mitsui who came out and said that in Japan's journey to net zero, gas is an important player. In a previous life, I was talking to them about hydrogen going there, the mandated coburns and all these sort of things. Is our government policy restricting their path to net zero? Are potential problems with gas coming up in our discussions?

**Senator Farrell:** You've seen all the public comments that these countries have made. I'm not disputing that they have raised issues about some of the decisions that we have been required to take. I don't want to have to blame the former government for the situation we found ourselves in. Well, perhaps I should, and go through the 22 failed energy policies of the former government. I don't want to have list all them.

**Senator CADELL:** These countries had guaranteed supply even then.

**Senator Farrell:** And they have guaranteed supply now. There's not one kilojoule of gas that we have contracted with any of our trading partners that we have not supplied. It's our intention to continue to do that. Sure, Mitsui needs gas; there's no dispute. You can't one day turn off the gas and turn on the renewables. The real trick here is to ensure that investment remains in gas until the point that you can do that transition.

**Senator CADELL:** But isn't that the point, that these companies are saying that investment in gas is under threat because of these policies?

**Senator Farrell:** I don't think that there's anything that we have done so far or that we have announced that we plan to do that should give them any reason for concern about the continued reliability of this country in the gas space. But, ultimately, we've made commitments to a renewable future and we've got to do that. Mitsui, I think—

**Senator CADELL:** They're going down that path.

**Senator Farrell:** I think they may be the company that's managed to get the hydrogen from Melbourne to Osaka. Am I right in that respect?

**Senator CADELL:** I think so, but I'm not sure.

**Senator Farrell:** It's one of those Japanese companies. They're probably the most advanced now. You see those terrific camel shaped ships going out with all that INPEX gas in Darwin. It has to be liquefied to minus 150 degrees. The difficulty is that, to do the same with hydrogen, you've got to liquefy it at minus-250 degrees. They're one of the companies that's managed to, at least on a trial basis, make that shipment. There's still a lot of work to be done, but they are moving in that direction.

I in fact said to the Japanese, "You've got plenty of seawater. We're going to get our hydrogen from seawater. Why don't you process and make your own hydrogen?" They said, "We haven't got your renewable resources. If we want to produce green hydrogen, we can't do it, We haven't got the space." Just to give you an example, Senator, in order to replicate the amount of energy that we produce in Australia from fossil fuel sources with solar panels, you would have to cover the state of Tasmania five times.

**Senator CADELL:** Good roof for a stadium.

**CHAIR:** Don't go there, Senator Cadell.

**Senator CADELL:** They would even object to that, by the look of it.

**Senator Farrell:** Having had some experience with stadiums, they may oppose them to start with but eventually they come to the party when they realise how good it is to go and watch a football team play under cover.

I think they understand that we offer the best opportunity to make this transition. They might make comments from time to time about some of our policies. But, at the end of the day, we are that safe, reliable, secure supplier—and I don't think they can look elsewhere.

**Senator CADELL:** So, if we're saying we're safe, reliable and secure, they can be guaranteed that all their current gas contracts will be met?

**Senator Farrell:** We've made a commitment that, if we've got a contract, we will honour that contract. We're not going to get into a situation where we start breaking contracts, like your government did with Naval, for instance. Oh, you have forgotten that? They were a French submarine company that we had a contractual agreement with that then cost us \$6 billion to get out of. We're not into that sort of business.

**Senator CADELL:** No; \$396 billion to do something else.

**CHAIR:** As always, we have enjoyed having the department with us—particularly trade. It's always enjoyable to get pretty frank answers. Department of Foreign Affairs and Trade, with the representatives from the trade and investment group of that department, you are now free to go. Associate Secretary and officers, thank you very much for appearing.

#### **Export Finance Australia**

[11:56]

**CHAIR:** I now welcome Mr Hopkins, Managing Director and Chief Executive Officer of Export Finance Australia, and officers of the agency. Do you have an opening statement?

**Mr Hopkins:** I have a short one.

**CHAIR:** Please go ahead.

**Mr Hopkins:** Good afternoon. Export Finance Australia, the Australian government's export credit agency, provides commercial finance for Australian exporters and businesses in an export-related supply chain. We also finance Indo-Pacific infrastructure that delivers benefits to Australia. Like our counterpart agencies in other advanced economies, Export Finance Australia supports the trade and investment priorities of the Australian government.

At Export Finance Australia, we have several key mandates to support small and medium-sized businesses, strategically important sectors to the government like critical minerals and defence, as well as Pacific and Indo-Pacific infrastructure projects. We're a corporate Commonwealth entity with an independent board that is responsible for managing our affairs. We're a self-funded entity. We do not rely on appropriations. We have the capability to deploy a range of commercial financing products, including loans, bonds, guarantees, insurance across our commercial account and the national interest account where we can also make equity investments. Over the past 10 years, we have provided more than \$9 billion in finance, supporting almost 700 customers with exports to over 100 different countries. This has supported \$30 billion in exports and projects. It's a pleasure to be here with you today to answer your questions.

**CHAIR:** Thank you very much. Senator Cadell, you have the call.

**Senator CADELL:** I want to start out on question on notice No. 483 from supplementary budget hearings.

**Mr Hopkins:** I've got the question.

**Senator CADELL:** On the record here today, is that answer that the government did not consult with your agency before announcing its decisions on ISD clauses?

**Mr Hopkins:** That's correct.

**Senator CADELL:** At the in-person estimates hearing, I asked you the following question: does the government's decision not to include the ISDS provisions in FTAs and to renegotiate them into existing ones increase the risk profile of projects and EFA finance to them? Your answer was: "When we assess transactions that may or may not be an element that's considered. I think broadly that wouldn't be something we would consider." Is that still your position?

**Mr Hopkins:** It's still my position, yes.

**Senator CADELL:** Can you then explain to me the answer to the question on notice provided by EFA to the October budget estimates that stated that ISDS provisions are a risk factor for EFA considerations?

**Mr Hopkins:** In terms of the transactions I see coming before us, there are a number of issues that we would consider and from time to time. But, certainly in my experience, I do not see that as a material factor in the decisioning that we need to make. So it may well be a risk factor but it's certainly not one that I'm seeing in terms of the transactions that we're being asked to approve.

**Senator CADELL:** So that's a key aspect of this, just getting a clear and concise—

**Mr Hopkins:** I agree with you that it could be a risk factor in certain circumstances but, in the range of transactions that we are considering on a day-to-day basis, it's not something I'm seeing as a factor that's brought into consideration.

**Senator CADELL:** Were you surprised not to be consulted by government on that?

**Mr Hopkins:** Not necessarily. There are lots of things going on in government.

**Senator CADELL:** You say that it is not generally considered. Has it ever been considered?

**Mr Hopkins:** I've been in the organisation for nearly 12 years. In my time, I've never seen it raised to an issue of significance or concern in our organisation during that time in my various roles.

**Senator CADELL:** On notice, would you go back and check for the last three financial years if it has been an issue?

**Mr Hopkins:** Happy to do that.

**Senator CADELL:** Thank you. Since February, how many projects have you assessed and rejected on the grounds of not being able to meet the environmental or social benchmarks of EFA?

**Mr Hopkins:** I'm not aware of any. But, not to mislead you, Senator, we'll go back and check that and take it on notice. But certainly none that I'm aware of.

**Senator CADELL:** Thank you. In November estimates last year, the EFA indicated that three loans were provided for a total of just under \$1.5 billion. Of the \$2 billion Critical Minerals Facility, how much remains unallocated in the commercial account?

**Mr Hopkins:** We don't have a cap on our commercial account other than the normal prudential requirements that apply to a commercial lender. So it doesn't work the same way in terms of the allocation that's given to us. Because we're a self-funded entity, we can continue to loan money provided we do it in a prudential and a risk averse way. We can continue to support critical minerals companies on our commercial account outside our national interest account Critical Minerals Facility, and we have done that recently as well.

**Senator CADELL:** How many?

**Mr Hopkins:** We recently provided support to Pilbara Minerals, which is a significant transaction. There are a number of other transactions that are in our pipeline related to the number of areas the senator was referring to earlier, including not just critical minerals but also hydrogen, solar and wind.

**Senator CADELL:** Which projects are on the national interest books?

**Mr Hopkins:** In the critical minerals space?

**Senator CADELL:** Yes.

**Mr Hopkins:** There's Iluka's rare earths refinery, Renascor and EcoGraf. They are the three transactions.

**Senator CADELL:** Can I get that on notice, too, because I am not sure how to spell those.

**Mr Hopkins:** Sure.

**Senator CADELL:** In the same estimates back then you also indicated that you had had discussions with over 50 potential projects in critical minerals. What does that figure look like today? Is it going down or are more people coming in?

**Mr Hopkins:** I might ask my chief project and structured finance officer to answer that.

**Ms Copping:** We've had discussions with over 50 and those projects continue to progress—as Mr Hopkins mentioned, two projects being Pilbara Minerals and Liontown. We've provided financing on our commercial account in the last 12 months but there are others that are progressing through as those projects develop key aspects to be ready for consideration.

**Senator CADELL:** Is interest still coming in? Fifty seems a constant number. Are some being approved, some being knocked back and others coming in?

**Ms Copping:** We consider projects when they're ready, and the number of projects and interest continues to grow over time.

**Senator CADELL:** Since February, how many actual applications have been received?

**Ms Copping:** We don't have a formal application process. We continue to engage with customers on their projects and then, as they progress key elements of the project, including commercial arrangements, offtake and environmental and social reviews, they then advise that they're ready to be considered as part of the process.

**Senator CADELL:** So those two—Pilbara and Liontown—have been approved. Have there been any that you've walked away from recently?

**Ms Copping:** I'm happy to take that on notice.

**Senator CADELL:** I'm happy to hear that on notice. Have you had any instruction from the government to go back to the market to top up the amount of funds you have for critical minerals? Are we getting more money?

**Mr Hopkins:** The Critical Minerals Facility is effectively part of our National Interest Account. The National Interest Account itself is, again, untapped. So for us there is no real urgency. If we were to see a transaction that required National Interest Account support that was in the critical minerals space that exceeded the current capacity of the Critical Minerals Facility, we still have the ability to do that, with the government's direction, if we needed to do it. So the facility itself really is an indication to the market how much the government is willing to invest. But if something suddenly came in urgently to do, we have an ability to do that. However, there is always ongoing discussion about whether the Critical Minerals Facility is something that needs increasing from time to time. That's a matter ultimately for government to decide.

**Senator CADELL:** Going back a step to contextualise something for us, are the funds in the National Interest Account allocated funding to you, or do you have to go to market for it?

**Mr Hopkins:** No, there is no allocation. We self-fund. There is no allocated fund.

**Senator CADELL:** What's your WACC now? Is that going up, with interest rates going up?

**Mr Hopkins:** I'll ask my chief finance officer.

**Ms Kammel:** Given that we're self-funded, the WACC is really quite difficult for us to calculate. For us, self-funding, we would really look at our government bond rate. We probably benchmark around the government bond rate, given that we're AAA credit rated. At the moment the one-year is about 3.84. The third year is about 4.105 per cent. Then we add on a small additional amount to ensure EFA is not underpricing its transactions.

**Senator CADELL:** Are you trying to put a margin on this when the money goes out, or are you giving it—

**Mr Hopkins:** We're a commercial financier. There's always a margin.

**Senator CADELL:** As big as a bank's?

**Mr Hopkins:** No. A reasonable margin to represent the risks that we take.

**Senator CADELL:** How do you anticipate any changes to the Critical Minerals Facility from the Critical Minerals Agreement signed by the Prime Minister and the US President last year?

**Mr Hopkins:** Obviously that was just signed, and we are named in the compact that was discussed. It's quite important for us that we continue down the road that we're travelling in terms of supporting critical minerals. I know the government and industry and the department of climate and other agencies are tasked with taking that agreement forward.

Certainly for us the role we see is to continue our work in the clean energy sector supporting Australian businesses who are developing clean energy technologies, supporting our critical minerals companies, both in Australia and overseas, and also working very closely with our counterparts in the US, particularly US Exxon who, I'm pleased to say, we have a strong relationship with and who we're talking to about transactions we can both sponsor in this important space. It's about continuing dialogue and continuing down the path of financing, both trade and export related transactions, but also, importantly, infrastructure in the region that achieves similar outcomes.

**Senator CADELL:** In the last year have you received any requests for any fossil fuel related projects, gas or otherwise? We were talking about gas security.

**Mr Hopkins:** We have, yes.

**Senator CADELL:** How many have been approved, if any?

**Mr Hopkins:** We recently supported a Perdaman urea project, which relies on LNG as the feed stock to make urea. That transaction is very important from a food security point of view, but it does involve the use of LNG.

**Senator CADELL:** Are any still under consideration? Gas, coal, oil?

**Mr Hopkins:** There's a number. We've got \$7 billion of transactions in our pipeline, and a number of those may have some relation to LNG. Remember, we also support a lot of small businesses in the supply chain. So I couldn't give you a definitive answer other than yes, there probably are, particularly in the supply chain when we're supporting small businesses and supporting those larger resources projects.

**Senator CADELL:** Without breaching confidentiality, on notice could you tell me the number that are linked to that?

**Mr Hopkins:** In a certain period?

**Senator CADELL:** In the pipeline. You mentioned a \$9 billion pipeline.

**Mr Hopkins:** We could give you a rough idea.

**Senator CADELL:** Again, I am having trouble dealing with 'We don't have applications; we have interest, we have discussions.' If we don't have applications, how do we decide not to proceed rather than reject?

**Ms Copping:** When we look at a project, there are a number of things that go into consideration. One is, is it ready? For example, in the critical minerals space that you were referring to, have they got offtake arrangements in place? Have they got their environmental and social approvals in place? What is the overall financing structure looking like? All those elements feed into a decision as to whether we're able to provide financing or not.

**Mr Hopkins:** We also provide letters of support to companies. So rather than looking at it as a negative, in terms of a positive, for transactions that we see as a possibility, we will issue the company with a letter of support. That gives them confidence. Often they'll take that to the market and show it to financiers. Sometimes that catalyses other financiers coming into a transaction. If you think about it slightly differently, when we're looking at a transaction that we think we can do, a letter of support is something we'll often issue in terms of that company being able to demonstrate that it has financial backing for a particular project.

**Ms Copping:** The other thing is that because it's not a formal date like a grant process, it means customers get the opportunity to continue to develop their project or their company as that evolves, and then they come back to us again. As an example, maybe they don't have enough equity in a particular project or business. They might then go away and raise additional equity, bring it in, and then they can come back for consideration because they're ready for that consideration.

**Senator CADELL:** Understood. It's a very interesting space. You're talking about renewables, you're talking about decarbonisation, these sorts of things in that space. In parts of Australia, the Hunter Valley, where I'm from, turning an ex-coalmine, buying a mountain, pumped hydro, all these sorts of things—is that something that is in your space that you can do?

**Mr Hopkins:** Pumped hydro we couldn't, because we've got to look at the export—

**Senator CADELL:** They're doing onsite hydrogen as well as solar panels, pumped hydro to make hydrogen.

**Mr Hopkins:** If there's an export related angle to it, we can support it.

**Senator CADELL:** What specific input have you had into updating the Critical Minerals Strategy of government, if any? You said you work closely with them. Have you had input into the strategy?

**Mr Frankham:** We work closely with the Critical Minerals Office within the department of industry. We have been consulted on both the first and the second iteration of the strategy. But we are a commercial financier, as my colleagues have pointed out, so it's not our role to give policy advice.

**Senator CADELL:** You know this market. You're in there every day. What would they ask for or what would you be telling them?

**Mr Frankham:** As my colleague Amanda just said, I think it really comes down to the readiness of the projects. If I can expand on that a little, for instance Export Finance Australia doesn't provide finance pre-feasibility. So we are always working with various government partners to ensure that projects are at the right stage of advancement. That is the lens we bring.

**Senator CADELL:** So to borrow a page from the good minister's book, not that I want to talk about the performance of the previous government, but \$100 million given to the Port of Newcastle for the hydrogen hub and export to get to FID, that's when you would come on board to look at that project at that level, once the FID documents and feasibility are on stage?

**Ms Copping:** Typically yes.

**Senator CADELL:** Understood. Would you expect any changes in the Critical Minerals Strategy to affect your funding remit for that fund for critical minerals?

**Ms Copping:** We're not party to what the strategy will look like, but I can say that we continue to see a lot of appetite and interest for EFA to provide financing in that, interest from domestic Australian companies and also from offshore parties who are looking to be part of the process.

**Senator CADELL:** It is a hot area at the moment. In the minister's opening statement he spoke about the interest in the EU trade deal of work that our miners do. We don't export too much of what we mine to the EU, but critical minerals would be the space where everyone is gagging for Australia, is it?

**Mr Hopkins:** It is. I was talking to our Italian counterparts recently. They immediately focused on that as an important area for Italy in terms of Australia. So it probably endorses what the minister said earlier in terms of interest in Europe. So yes.

**Senator CADELL:** So you can go into your EUGI luxury car sales tax knowing that they want our critical minerals and be quite strong on it, can't you, Minister?

**Senator Farrell:** Based on your support, Senator, yes.

**Senator CADELL:** Thank you very much. That is all I have here.

**CHAIR:** Senator Van, I hand the call over to you.

**Senator VAN:** Mr Hopkins, where does defence financing fit within your organisation and your remit?

**Mr Hopkins:** Similar to the Critical Minerals Facility, we also have a Defence Export Facility. That is a facility that enables us to support the defence sector where otherwise the risks might be too great on our commercial account. That is not to say that our activities in the commercial space around supporting the defence sector is not important. In fact, we are working on a cooperation agreement with one of the major banks at the moment. In fact, we're working on agreements across all the major banks at the moment that will allow us to support certain sectors in a more effective way by using the larger customer base of the banks to get access to some of these companies. One bank in particular is quite focused on the defence sector.

**Senator VAN:** Is that Westpac?

**Mr Hopkins:** That is correct, yes. For us, that is an important tool that we will have going into the future. Again, I would look to repeat those types of arrangements with other financiers. So, yes, we have a Defence Export Facility that we can apply to those very high-risk types of transactions or transactions that are way too large for us to manage on our balance sheet. But we are also thinking from a commercial perspective how we might help Australian exporters tap into some of these larger defence projects that are obviously on the horizon.

**Senator VAN:** And that facility is \$3 billion? Is that correct?

**Mr Hopkins:** Yes, US\$3 billion.

**Senator VAN:** How much of it have you loaned out so far?

**Mr Frankham:** To 31 December 2022, we have so far financed \$A228.3 million under that facility.

**Senator VAN:** So less than 10 per cent?

**Mr Frankham:** That is correct.

**Senator VAN:** So, when an Australian defence company applies for finance direct to you or through one of these commercial partners and it is for a fairly major project and one that is in Australia's national interest as well as supporting other countries' interests, why would EFA not back those projects?

**Mr Hopkins:** The first port of call for any transaction is whether we can do it on our commercial account, whether it is commercial financing. If we don't think we can look at it through a commercial lens, we will then look to the Defence Export Facility on the national interest, and obviously there needs to be a national interest piece to it then. We look at defence transactions like any other transaction. If they make sense, if there is an export contract and it meets all the defence export controls and requirements, we will support the transaction.

**Senator VAN:** I know of one that you have knocked backed twice now. That's a \$US270 million deal backed by a foreign government to support another government, Ukraine, with its war efforts and EFA have just blankly refused to look at it. Why would you not back an Australian defence company to support the war effort in Ukraine?

**Mr Hopkins:** There may be other reasons why we haven't supported the particular transaction you are talking about. I think I know which transaction you are referring to. We look at a number of transactions across a number of different sectors all the time and not all of those transactions, unfortunately, are transactions that we are able to support. Again, we are commercial financiers and we have to ensure—

**Senator VAN:** But you have \$A228 billion sitting there to fund activities that support our Australian sovereign defence capability and companies to export to other countries. It boggles my mind. For the record, the deal that we're talking about is for an Australian defence company to produce 60,000 Grad 122 millimetre rockets to support the Ukraine war effort. It's a contract backed by the Romanian government, and it needs \$40 million to start it off. It would kickstart the GWEO program which this government has committed \$2 billion—is it, Minister—to support. Why is Export Finance Australia not even looking at this project, when that's your job?

**Mr Hopkins:** Again, you haven't named the project, so I'm working in a—

**Senator VAN:** I just named it: the company is DefendTex. This is a deal that came out of the trip that I undertook to Ukraine last year, working with their defence industries.

**Mr Hopkins:** In terms of if it's a—

**Senator VAN:** Not of transparency.

**Mr Hopkins:** If that transaction wasn't a commercial transaction, and clearly it wasn't, the transaction would then move to possible consideration under the National Interest Account. That's under the Defence export facility. As part of that discussion, we would then engage with government and, more broadly, the Defence department. Those discussions would then result in whether the transaction may or may not be in the national interest. They're decisions that we have to rely on the experts in the Defence department to make. They're not decisions that we make; they're decisions for Defence and for government.

**Senator VAN:** Can you tell me, or take on notice: did you take that deal to Defence or to government?

**Mr Hopkins:** I'll take that on notice.

**Senator VAN:** This is one of the biggest, most interesting projects that an Australian owned and built defence company's going to undertake, and it will significantly support the war effort in Ukraine. I'm absolutely dismayed if you haven't taken that to Defence and/or the government hasn't picked it up and run with it. I know Defence are aware of it. It's one of these projects that should be enormously in Australia's national interest, and I think you should really have a good hard look at it and revisit that one if you haven't.

**CHAIR:** There being no other questions, thank you to Export Finance Australia for attending today.

#### **Australian Centre for International Agricultural Research**

[12:24]

**CHAIR:** Welcome to today's hearing. I understand Professor Campbell couldn't make it today. Dr Walker, do you have an opening statement you'd like to make?

**Dr Walker:** A very brief refresher on ACIAR for the committee.

**CHAIR:** Fantastic.

**Dr Walker:** At the Australian Centre for International Agricultural Research, and we clearly sit in the foreign affairs portfolio, we spend about two per cent of Australia's official development assistance. Our role is to commission research on agriculture and food systems, food security and the natural resource base, and human resource base on which they rely.

We work with partner countries across the Indo-Pacific; currently 31 countries. We have 10 country offices, with locally engaged staff, from Nairobi in the west to Suva in the east. Our research projects, typically, bring together researchers from Australian universities or other research agencies, such as CSIRO or state agencies, with researchers and stakeholders in partner countries to undertake research that can then provide a development dividend for those partner countries. We also manage Australia's contribution to multilateral research fora in agricultural research, such as the CJAI.

**CHAIR:** Thank you very much.

**Senator WHITE:** I have to confess that until a recent trip to Vietnam I was completely ignorant of your organisation. I'm the one responsible for bringing you in here, only because I felt the interaction with your office in Vietnam with Ms Nguyen and her team was significant and really brought to life, for me, the sort of work that you're doing.

The delegation was from the Rural and Regional Affairs and Transport committee. Two things we witnessed were—we had a significant interaction with a number of NGOs who talked about the projects that you are working with them on. It was extremely interesting to get their perspective on that, but I think the most telling interaction was a series of farmers who came down—I cannot remember from where, but it was from the mountains, four hours drive—to meet us in Hanoi's largest hypermarket to showcase the produce that they had grown there.

On their aisle was the logo of your organisation. At the other end, was an Australian flag with imported produce from Australia as well. They were so grateful for the project that they had participated in, because their lives had been changed. I wanted to put that on the record here, and that's the reason you're here. I wanted to say that to you, directly, on the transcript.

I think you probably hide what you do under a bushel. It is a small amount of their money that you have, but the achievements that I saw in Vietnam seem really significant. Lives were changed of the people that we interacted with. How do you formulate your objectives and decide on projects, in these really diverse countries, and how do you assess what projects you're going to take on and where?

**Dr Walker:** We operate within the ACIAR Act, which sets our mandate boundaries, and that's much unchanged since 1982 when the act was set up. Within that contest we have currently a 10-year strategy, and we're halfway through that. That sets out, refines and redefines or clarifies our role and how we deliver on that mandate and sets out six broad development objectives that are the core focus for this 10-year period of ACIAR's activity. They're fairly broadly specified because, within that, we work closely with partner countries to understand their priorities into the future and, very significantly, what comparative advantage or particular opportunities there are for Australia to provide expertise into those countries.

Across the 40-year time frame of ACIAR, many of those countries have changed, dramatically. Given your visit to Vietnam, it's worth saying we've just celebrated 30 years working in Vietnam. When we first started working there, human development indices in Vietnam were very low, lower than many sub-Saharan African countries, as you would know from your visit and from the visit to the hypermarket. It's a country that's changed very dramatically. So the contributions we can usefully make in Vietnam are very different today from what they were 30 years ago, both in terms of priorities locally and in terms of capacity. We increasingly see, particularly with countries in South-East Asia, more technical cooperation as opposed to countries which are in much earlier stages of development where we are ready to fill research needs. So there's very strong dialogue, and we have these 10 country officers who spend time working closely with partner countries. We consider a core role we have to be maintaining relationships for the long term so that we have that deep understanding of new priorities.

**Senator WHITE:** Do you think that the act is still fit for purpose? It's a long time to be unchanged. Do you think it is still fit for purpose for the operations that you're undertaking? Do you think it's broad enough to encompass the things that are required?

**Dr Walker:** It sets out our core role as providing research and development and also, very importantly, undertaking capacity development, both through the research and independently of the research, and leading into making sure the research delivers development outcomes. That really covers very effectively what we're here to do.

**Senator WHITE:** Obviously, particularly in our region, biosecurity strategy is a significant issue. It has been for a while, but I think it's got more prominence most recently with the threat coming closer to Australia. What sort of programs do you have on foot currently on biosecurity? Is there anything pre-emptive that you have been doing that you think is contributing to keeping our country safe?

**Dr Walker:** Biosecurity is a particular part of our portfolio. Our primary responsibility is research for the benefit of partner countries but also for Australia. Biosecurity is one area where there is a very natural benefit in country and to Australia as a whole. So we have significant biosecurity projects in horticulture, livestock, forestry and, in the past, fisheries through South-East Asia and into the Pacific, both looking at building biosecurity capacity and often understanding pests and diseases before they reach Australia's shores. Clearly, the biosecurity responsibility for Australia sits in other agencies within the department of agriculture, but there's an opportunity for partnership there that really provides some benefit to Australia as well as those benefits in partner countries.

**Senator WHITE:** It's probably a bit like trying to pick your favourite child, but which, in your view, are the programs and research that have been the most successful?

**Dr Walker:** That's an extremely—

**CHAIR:** You can take it on notice if you want!

**Dr Walker:** I will say that we have a strong commitment to impact evaluations. We have an impact evaluation program. We've just celebrated our 40th anniversary. In that context, we did a retrospective synthesis of 40 years of impact assessment and have come up with both an economic assessment of billions of dollars of benefit and an assessment understanding the factors that lead to impact. We currently have about 180 projects over 40 years of very significant portfolios. To be honest, I would find that exceedingly difficult. I could reel off lots of examples of very high multipliers in terms of industries created and uplift from poverty achieved, but to pick a particular one would be very challenging.

**Senator WHITE:** I think that's the thing that brought it home to me—it is the personal benefit to people on the ground of both the research and how it lifts them out of poverty and changes their lives in a significant way. I think in part it seemed to me—and I invite your comment—it's a lot to do with who you pick as the local staff on the ground to work with the scientists and be part of the programs. Am I correct in that assessment?

**Dr Walker:** Yes, absolutely. On the first comment, there's plenty of research and evidence to show that one of the most effective ways of lifting people out of poverty is agricultural research. It has an enormous dividend and multiplier. But successful development outcomes from agricultural research depend deeply on those partnerships and understanding the pathways to impact, which is about building long-term relationships in partner countries in government institutions, research agencies, NGOs and communities. It's a long-term game and very much about brokering those partnerships and sustaining those partnerships.

**Senator WHITE:** Do you have any statistics about how many agribusinesses, supply chains, individuals or agricultural collectives you've worked with and who have benefited from this since the organisation was established in 1982? You can take it on notice if you like.

**Dr Walker:** We'll take that on notice. I guess in terms of small holder producers being in their own way, some agribusinesses in many cases are subsistence farmers who aren't involved in agribusiness per se. I can give you some statistics. That assessment I was discussing finds a total net benefit of \$64 billion since we were established in 1982. That's the addition of all the cost-benefit analyses we've worked through. In terms of numbers of people reached and numbers of agribusinesses reached, I can take that on notice.

**Senator WHITE:** Thank you. I don't have any other questions.

**CHAIR:** Thank you to the Australian Centre for International Agricultural Research. You do some fine work there. Again, thank you to you and your staff. We will now suspend for lunch.

#### **Proceedings suspended from 12:35 to 13:31**

#### **Australian Trade and Investment Commission**

**CHAIR:** Good afternoon, everyone. I now welcome the Australian Trade and Investment Commission, and I'd also like to welcome the chief executive officer and officers of the agency. Do you have an opening statement you'd like to make?

**Mr Simonet:** I've got a short statement, if that's okay.

**CHAIR:** Fantastic, please go ahead.

**Mr Simonet:** Austrade is Australia's Commonwealth agency responsible for promoting international trade, investment and education, and for tourism policy. As Australia and the world are facing strategic challenges, Austrade's role has never been more critical. In this context, our priorities are closely aligned to government, namely diversification, net zero, economic security, First Nations, visitor economy and trade modernisation. As a practical delivery agency, and as a policy agency, we deliver on these priorities by connecting Australian companies to the world and international investors to Australia and helping them build pipelines of quality investments and exports by reducing the time, risk and cost of going international.

Austrade has a core focus of enabling Australian businesses to grow and diversify internationally through our 109 locations in 45 markets. By advising the government on tourism policy and leading the promotion of international education, in this capacity, Austrade continues to drive the implementation of the THRIVE 2030 visitor economy strategy by supporting simplified trade system reforms, including the simplification of cross-border regulations and government processes, and by supporting Australians overseas via our consular staff, who are always on hand. Most recently, this has involved our teams in Europe assisting with the humanitarian crisis spilling over the borders from Ukraine and, close to home, assisting Australians impacted by the New Zealand floods.

These focus areas support Australian businesses and contribute to Australia's economic prosperity and security. We know that exporters, on average, employ more people than non-exporting firms and exporters, on average, pay higher wages. Exporters also tend to have high capital investment profiles and are more innovative than their non-exporting equivalents. One in four jobs are jobs that come from trade in Australia. Similarly, investors contribute to one in 10 jobs in Australia.

I take this opportunity to thank all our Austrade teams here in Australia and internationally for their work and commitment.

**CHAIR:** Thank you very much. I'll now hand the call over to Senator Cadell.

**Senator CADELL:** Minister, I might start with you. I'm, as you point out, quite new here; it's been 12 months. I want to look at Budget Paper No. 2, somewhere around page 83—I don't have the page number—titled

'Austrade and Export Market Development Grants: reprioritisation'. These numbers going forward show, I think, an increase of \$3 million and then \$5 million in the next two years going forward but then a funding cliff: minus \$43.5 and minus \$25.5. Is that money going elsewhere? Can you tell me what's going on there?

**Senator Farrell:** We're focused on supporting companies over the next couple of years and then into the future. I guess, with all programs that the government runs, we want to make sure firstly that they're value for money and that the Australian people are getting good value for the programs that we run as a government, and secondly that they're fit for purpose. We're obviously continuing to very strongly, as you say, increase funding over the next couple of years. But, over that period of time, what we want to do is ask ourselves: is the way we've been doing this in the past the best way to do it into the future? That will be the process that we undertake with the department, with a view to working out what is the best way forward to ensure we get the best bang for buck for the Australian taxpayer. It's true to say that I've never seen terms of trade like this in my lifetime. Our trade just with China alone is at record levels. We're doing the right thing, but we can't rest on our laurels. We can't say that just because we've been doing things in a particular way in the past that's the way to work into the future. We want to be forward leaning here. We want to look at how this investment of Australian dollars is best made and come back over the next couple of years and say, look, we think this might be a better way to do it. That's especially important, as you know, for the reasons that we've been talking about for the last couple of days, namely our trade diversification strategy. We need to make sure that all of our grants programs are in sync with that and getting maximum value for our investment.

**Senator CADELL:** Over the forwards, though, on that graph, there is a net \$61 million cut over the next four years. How was that number determined?

**Senator Farrell:** By the ERC. They—

**Senator CADELL:** Did Austrade have input into this number?

**Senator Farrell:** They were very involved in all of the discussions that took place in respect to the budget considerations as a whole but also, obviously, the discussions that took place in respect to this change to the expenditure.

**Senator CADELL:** Funding certainty has come across in all these estimates as an important thing for ongoing plans and planning. Mr Simonet, what does this do for forward planning for you when \$61 million is cut over the next four years?

**Mr Simonet:** I'll hand over to my colleagues to answer the question about funding certainty. I can't comment on the advice we have given government. My role is to make sure that we optimise the resources that are allocated by the government, prioritise along with government priorities and deliver. That's the focus of the department.

**Ms King:** In terms of the allocation over the forward years for this program, Senator, we do have that certainty. We know that for the next financial year there's \$157.9 million and that's the same for the following year, and then for the last two years of the forwards the allocation for EMDG goes to \$110 million per annum. We also know that within that allocation—and I think you referenced this at the very start of your comments—there is an allocation to Austrade to manage the potential changes to the program that will come as a result of the allocation in the last two years of the forwards. As the minister said, we now need to look at what that program looks like and, in order to do that work and to consult appropriately across all interested stakeholders, we'll be doing that with the resources that we've been provided.

**Senator CADELL:** So there's not a contingency in place to know what we're doing with that. I would have thought, if we were changing a program, it would be better to do it when we've got plan rather than take the money off without a plan.

**Ms King:** As the minister said, the plan is to ensure that the program is aligned to government priorities. He mentioned diversification. This is a program that's got a key role in assisting Australian businesses to diversify into new markets and with new products into different markets. The mandate we have been given and the plan we have been given and were, as the minister said, consulted on was to ensure that we manage this program within that allocation so that the grants are as impactful as possible.

What we'll be doing is also drawing on the conclusions of the operational review, that was done earlier in the year or late last year and the results released earlier this year, to make sure that the program is aligned in such a way that it's as impactful as possible for Australian exporters.

**Senator CADELL:** Over the forwards?

**Ms King:** That wasn't part of the operational review, no. The operational review did say that we need to find a balance between the allocation and the number of applicants in the program. As you'll be aware, this is a program that has had a lot of churn and change over the last few years. So, from our point of view, we know now exactly what we have over the next four years and we can work carefully and methodically to that plan.

**Senator CADELL:** Mr Simonet, it wasn't part of the operational plan. You didn't recommend a cut to your agency?

**Mr Simonet:** Again, I can't comment on the advice we give to government. We've been part of this process but I can't comment on the advice we're giving government.

**Senator CADELL:** It's all current applicants, programs that are guaranteed, going forward?

**Ms King:** That's correct. Anyone that's in the first three rounds of the scheme, at the moment, either has a completed grant agreement with us or is in the process of completing one of those as a result of the most recent round that we opened. All of those commitments will be maintained.

**Senator CADELL:** Page 115 of Budget Paper No. 2 says:

The savings from this measure will be redirected to fund Government policy priorities in the Foreign Affairs and Trade portfolio.

What priorities are they if not helping Australian exporters?

**Ms King:** I think that's a question for—

**Senator Farrell:** I've been talking about this for the last day and a half. We want to no longer be reliant on a single market to sell our goods and services into and so we're diversifying. What does that mean? That means new free trade agreements that we're in the process of negotiating at the moment. Ones that we have recently done—in fact, I've just left the Italian embassy, where I met with all of the European ambassadors to, again, express to them our desire to resolve amicably the EU free trade agreement issues.

We've got an ambitious target here to build trade. We see trade as a way of creating more jobs and better paid jobs for Australia, but we've got to do it within a certain envelope and we've got to make sure that everything we do is going to get that result of more jobs, better pay and more sales for Australian products.

In the totality of it all, I have to say—I don't want to boast too much—Foreign Affairs and Trade are working very well together, in terms of re-engaging with our region, getting ourselves on the front foot, in front of all of the people who we need to be dealing with, in order to boost our trade. In the scheme of things, this is just one project where we're trying to improve our focus, to make sure that what we do with Australian taxpayers' money is absolutely the best investment, in terms of building that trade, getting those jobs and getting better sales for Australia.

**Senator CADELL:** Minister, doesn't this EMDG funding go directly to new markets and new opportunities? Isn't it diversification? How does taking \$61 million out of a diversification program help diversification?

**Senator Farrell:** For the next two years, the investment increases and we—

**Senator CADELL:** That's been cleared for the cuts, I was just told.

**Senator Farrell:** Maybe we should never change anything. Maybe we should just do things the way they've always been done.

**Senator CADELL:** You just said the terms of trade have never been better.

**Senator Farrell:** That's the good thing about the circumstances in which we now find ourselves. That's the time when you have a look and say, "Is this the best way to invest our dollars?" That's all we're saying—that we want to get the best bang for buck for the Australian taxpayers' money. If, in two years time, three years time or five years time, we've managed to redirect our priorities so that we do even better than we're doing at the moment, there'll be nobody more delighted than me or—I would say—you, Senator Cadell.

**Ms King:** I can provide some statistics about the EMDG program and where it currently goes.

**Senator CADELL:** I've got two more questions. So maybe after this question, if that's okay, Ms King.

**Ms King:** Of course.

**Senator CADELL:** Has that \$61 million been directly put to the trade investment group in DFAT or has it just gone into other programs?

**Senator Farrell:** I'd have to take that on notice, unless somebody at the table knows exactly where it's gone. But, as the note said, it's all part of this portfolio area.

**Senator CADELL:** Okay. We'll got to the stats now. How many applications were received for round 3 of the EMDG program?

**Ms Palmer:** I can take that question. We received 2,183 applications in round 3 of the EMDG program.

**Senator CADELL:** Can you give me the splits between tiers 1, 2 and 3?

**Ms Palmer:** Yes, I can. We had 664 applications in tier 1; 636 applications in tier 2; 852 applications in tier 3; and 31 applications for the representative body payment. That brings the total to 2,183.

**Senator CADELL:** Have you completed your assessments of round 3?

**Ms Palmer:** We're about 64 per cent of the way through.

**Senator CADELL:** Do you have an ongoing tally of successful and unsuccessful ratios as a percentage?

**Ms Palmer:** No, I don't have the ongoing tally in terms of application assessment outcomes, just the number that we've actually done. I can tell you the number that we have progressed into the queue for grant agreement. There are 1,285 sitting in the queue for grant agreement.

**Senator CADELL:** Is there a breakdown of the tiers that they are?

**Ms Palmer:** I don't have that part by breakdown.

**Senator CADELL:** What is the maximum available grant available per exporter per tier?

**Ms Palmer:** We're in the process of finalising the grant agreement amount. Because the numbers were slightly lower than in the past, I can tell you that the grant amounts will be a little bit larger than for the previous round. Let me just find that for you. I have so many statistics in readiness for your question, that laying my hand on the exact one that you're looking for right now is just eluding me.

**Senator CADELL:** Not a problem.

**Ms Palmer:** I'm happy to go on, because I will find it and come back to you.

**Senator CADELL:** It relates to the next two questions; so I'll wait.

**Ms Palmer:** If you don't mind me giving me a moment. Ms King, do you want to say something about diversification, while I find it.

**Ms King:** I was just going to add to the minister's points about diversification. We are looking carefully, of course, at the regions that successful EMDG applicants are exporting to. For EMDG, this current scheme, round 1, it's fair to say that a very large proportion of exporters are focusing on traditional markets. For example, 50 per cent of exporters that received an EMDG grant are looking at the Americas. That's predominantly the US and Europe, of course.

Aligned with the minister's point about ensuring that this is impactful in the direction of diversification, we're looking carefully, for example, at the statistics on South-East Asia and where EMDG exporters are looking at ASEAN markets, for example, and the percentage is much lower. So there is scope for us as we construct what the next phase of this program will look like in the last two years of the forward estimates to think carefully about diversification markets and the government's priority diversification markets—for example, South-East Asia and India being priorities in that regard.

**Ms Palmer:** Senator, for round 3, we estimate that the grant amounts that we will issue—noting that we haven't issued them yet, so they're estimates—are \$12,000 for tier 1, \$20,000 for tier 2, \$32,000 for tier 3, and \$45,000 for representative bodies.

**Senator CADELL:** Has there been any restriction on coming up with that? Even though it's around that tier or that going forward because there is a cut in funding coming up, are we being more careful with our dollars or we're just putting it all out there again?

**Ms Palmer:** This is the modelling for the appropriation that we have. This round is for one year. We also have the potential to extend it into the following year, which we're considering at the moment.

**Senator CADELL:** If all applicants receive the maximum grant, do we know what that would have come to in funding?

**Ms Palmer:** Yes, we do. If applicants receive the maximum grant for the second year, it's \$33 million for the second year. I think it's about \$56 million.

**Senator CADELL:** I'm envious of those statistics. Are they something that would be shareable if they were tabled—if we could have a copy of your notes?

**Ms Palmer:** We actually report the statistics to the applicants.

**Senator CADELL:** All of those?

**Ms Palmer:** These statistics are among the statistics that we report to our applicants and also to all our stakeholders. One of the things that we engaged with our stakeholders on through the reform to the program was giving them more information and being much more open about it. So we have been publishing statistics about each of the rounds as we go through that process. So they're available for anyone to see.

**Senator CADELL:** Anyone? On the website?

**Ms Palmer:** On the website, yes.

**Senator CADELL:** When will they be up?

**Ms Palmer:** We usually publish the statistics at key points in the assessment cycle. We're coming to the end of the milestone reporting. We'll be reporting the milestone reporting information once all the assessments are completed and we issue the grant agreements and when they're accepted we'll be publishing that. We don't have a regular publishing cycle around a time frame; it's more around the process.

**Senator CADELL:** You speak about issuing the agreements. When do we think all the grant funding agreements will be issued?

**Ms Palmer:** We expect to be starting to issue them either at the very end of June or very early in July. We're trying to get into a normal grant program cadence where people apply in the lead-up to the grant year starting and then the grant agreement comes either before or just at the beginning of that year, so that they have certainty about what the Commonwealth will pay them if they spend their allocation.

**Senator CADELL:** Minister, going forward, BDO Australia said in its budget assessment that it is "highly disappointed to see a once successful and vital export support scheme suffer further under a budget that purports to support small businesses." It also said about the cut of \$61 million that it is "likely to lead to the program being ceased when funds to existing grantees have been fully expended." Does EMDG have a future going forward after these cuts?

**Senator Farrell:** I think I can only repeat what I said before. It's a free country and people are entitled to express a point of view and sometimes they express points of view in agreement with the government and sometimes they don't. But my job, as a new minister coming in, is to look at all of the programs and all of the expenditure in my departmental areas and make sure Australians are getting value for money—and that's what I'm going to do.

**Senator CADELL:** Minister, you just said that the terms of trade have never been better. We've got all these exporters and you won't guarantee the future of the program that largely got people there?

**Senator Farrell:** Don't put words into my mouth.

**Senator CADELL:** You can say, "I guarantee it."

**Senator Farrell:** What I've said is that my job as an incoming minister is to look at all of the programs that are being run in my department areas and make sure that they're fit for purpose, that they give best value for money and that they do the job that we want them to do—and that's what I'll continue to do.

**Ms Palmer:** Senator, if you don't mind me jumping in there. I found the table that breaks down round 3 by tier.

**Senator Farrell:** I can say that Ms Palmer is always very, very reliable. One of the things I used to enjoy when I was in your job, Ross, was asking her questions and always getting the answers.

**Ms Palmer:** That's very kind, Minister. Tier 1 is \$7.7 million. So, if every tier 1 applicant is successful, the allocation in total will be \$7.7 million. For tier 2 it's \$12 million, if every applicant is successful for that first year. For tier 3 it is \$25.8 million and for representative bodies it's \$1.1 million. That brings the total to \$46.6 million. The total amount for year 2 of round 3, if we extend, is \$33 million, but I do not have that by tier.

**Senator CADELL:** That's fine; thank you very much. That's all on EMDG. Am I right to go on, Chair, while I've still got Austrade?

**CHAIR:** I understand that Senator Cox is on line and she has about five minutes. If it is okay with you, I might hand over the call to Senator Cox.

**Senator COX:** I have some questions for the department in relation to the promotion of an event today with Saudi Aramco. Why is Australian taxpayers' money being used to assist the world's richest company in its continued fossil fuel expansion, and how does that align with the government's climate goals?

**Mr Simonet:** I suppose you're talking about the event in Perth with Aramco.

**Senator COX:** Yes, I am.

**Mr Simonet:** I'm going to ask my colleague Jay Meek to answer this question. But what I would say is that Austrade plays an important role in helping Australia to achieve its net zero ambitions. That's one of the priorities of the government. To achieve this, we engage with companies across the globe to identify opportunities for Australian exporters, particularly in technology, to promote their net zero and ESG expertise.

In this context, we are contributing to an event in Perth today which is run and funded by Aramco. The majority of Australian companies registered for the event offer energy efficiency, green economy and other ESG-related products and services. Their services and solutions will help Aramco as well as other energy companies on their energy transition path.

**Mr Meek:** Aramco was visiting Australia, and the event that's happening in the Duxton Hotel in Perth is one of a number of engagements we are having there. As our CEO mentioned, we have obviously looked at this from the lens of how we help Australian exporters participate into those supply chains. That's where we've gone out to that broader community of oil and gas suppliers, and obviously there's been a particular focus on the decarbonisation element in the way that we do that.

**Senator COX:** My question was very specific. We have one of the world's largest-ever corporate greenhouse gas emitters, who have understated their emissions by 50 per cent, coming to Perth, in my home state—where I'm sitting right now—to talk with the government, represented by Austrade, about continuing to wreck our climate. I was talking specifically about how this fits into our legislative climate goals and our targets and our safeguard mechanism—and we're going to go into business with one of the largest emitters in the world. How can the Australian government justify that?

**Mr Simonet:** As I was saying, the role of Austrade is to help Australian exporters, particularly in technology, contribute to net zero and to ESG expertise. The majority of the Australian companies that are registered for today's event offer solutions in energy efficiency, a green economy and other ESG-related products and services and contribute more broadly—and I'm not talking here just about Aramco—to decarbonisation.

**Senator COX:** With an 85 per cent renewable target, I don't see how that's possible if we're going to get in bed with one of the largest emitters in the world. How much is the department spending to promote Saudi Aramco here in Perth as part of this little shindig that you're holding?

**Mr Meek:** The only contribution was promoting the event on our website and talking to a number of suppliers that are Western Australian based.

**Senator COX:** So there is promotional material that's gone out by the department?

**Mr Meek:** There's an advertisement of our event schedule within the Austrade website.

**Senator COX:** Is Saudi Aramco currently engaged in talks with Austrade or any of the other Australian government departments—this is probably for the minister—in relation to the Middle Arm petrochemical development in the Northern Territory?

**Senator Farrell:** Senator, I'm not aware of that, but I shall make some inquiries and come back to you.

**Senator COX:** That would be great. Thank you, Minister Farrell. Organisations like Human Rights Watch have deep concerns in relation to the serious human rights abuses committed by the Saudi Arabian government, including executions, torture, the targeting and punishment of critics and essentially the mistreatment of women. Why does the Albanese government allow a company that is 98.5 per cent owned by the Saudi government to bid for projects in Australia or to receive taxpayer-funded assistance? What are they going to do to stop that, Minister?

**Senator Farrell:** Thank you, Senator, for your question. We have an approach to overseas investment that doesn't work on the basis of individual companies. We have an open and transparent investment system in Australia. We welcome overseas investment. There is a set of guidelines that apply uniformly to every country. If companies seek to invest in Australia, they have to satisfy those requirements. Each company is subject to the same test. It's transparent and you know the rules. If you satisfy the test, your investment is welcome. If you don't, the investment is rejected.

**Senator COX:** So are you saying, Minister, that you think that the Saudi government passes the pub test in relation to its human rights breaches and the reference to the ESG regulatory frameworks or advice work that is done in other countries—that the Australian government still wants to do business with the Saudi government based on all of this and the lies that they've told in understating their carbon footprint? Based on all of this information, would you rule out having them involved in any of the Australian based projects that we have here—particularly in the transition to net zero?

**Senator Farrell:** My understanding of this particular event is that it's focused on the move to net zero. That is one of the priorities of this government, as you know—with our commitments to decarbonise by 2030 and then by 2050.

**Senator COX:** Minister, the Saudi government have committed to 2077. So, again, aligning our government with a government that has already said that their expansion of the fossil fuels industry until 2077 should also be taken into consideration. How can we continue to host a program, an event, with a government that we know is not committed to that net zero target—not even of Australia. That's hypocrisy.

**Senator Farrell:** As the witnesses at the table have already said, this particular event that you're concerned about was designed to give opportunities for exporters and investors linked to a net zero emissions future. That is something which the Australian government supports. We want to move to a net zero emissions future. It's the intention of this government to become a renewable superpower, and we're happy to be involved in events that enable companies to progress that path towards net zero.

**Senator COX:** We know, Minister, that opening up anymore new gas and coal projects and the 116 that you already have in the pipeline is not a pathway to net zero. Continuing to have these conversations and hosting events with the Saudi government which bring our exporters into a pipeline of continuing that, is not the way that we're going to achieve that.

It is disappointing to see that, even though we have had a change of government, you are continuing the coalition's line, unfortunately. I thought the commitment to climate was much firmer from this government, but it's pretty clear it's not. As long as they've got cash to splash around, this government is going to be compelled to continue the human rights breaches and the climate extortion happening across the world, being aided by the Australian government. It's very disappointing to hear that from you.

**CHAIR:** I'll hand the call back to Senator Cadell.

**Senator CADELL:** I want to go on to Austrade's funding. On page 75 of the Austrade *Entity resources and planned performance* statement, it says that total resourcing for Austrade for 2023-24 is just over \$607 million. Do you agree that this is lower by about just under \$130 million than the previous year, which was \$733 million?

**Mr Simonet:** I'll start and hand over to Ms Woodburn in a couple of minutes. Austrade's funding for next year is higher than what it was before COVID started. Then COVID happened and we were given enormous amounts of money to be able to provide emergency response to companies and industries that Austrade is connected to, whether they're tourism or exporters or other companies, in the context of COVID. So the budget for next year reflects the fact that some of those programs are ending now that we're in a post-COVID world. But I would clarify that our funding is still higher than what it was before COVID started.

**Senator CADELL:** In real terms or in absolute dollar terms?

**Mr Simonet:** In absolute terms.

**Ms Woodburn:** Yes.

**Senator CADELL:** There have been significant price rises in the cost of living and cost of doing business over the past four or five years. As what you've got appears to be 18 per cent lower than you had last year, what things will you be cutting, where will you be finding those savings, what won't you be doing?

**Mr Simonet:** As I mentioned before, some of the programs that were related to the COVID response crisis are ending.

**Senator CADELL:** Which ones are those?

**Mr Simonet:** Like IFAM, ABEI and some grant programs as well. The budget is a reflection of those programs ending. Our core functions remain the same. It is my role as the head of the agency to allocate our resources properly to be able to deliver based on government priorities.

**Senator CADELL:** Can I ask you to table a list of all those things that we're cutting or that are ending?

**Mr Simonet:** Do you want to comment on that?

**Ms Woodburn:** I can talk to that, Senator. We do have a reduction in the Austrade operating budget next financial year. In 2023-24, our operating budget available is \$250 million, and that can be compared to the \$261 million. There are obviously some decimal points there but they are the round numbers. So there is a decrease there in terms of the departmental—

**Senator CADELL:** Is that in real dollars or absolute dollars?

**Ms Woodburn:** That's absolute dollars. As you have well pointed out, we're in a high-inflation environment. Over the past few years, we have obviously used non-ongoing employees. We are looking at reducing those, and

that's in line with our programs that are reducing as well. That is the operating funding in relation to those programs.

**Senator CADELL:** I will move to page 71 of the portfolio statement. With these cuts, Mr Simonet, can you, in your words, continue to deliver quality trade and investment services to businesses with this funding?

**Mr Simonet:** Our job in Austrade is to make sure that we align with government priorities and use the funding that we are allocated by government onshore and offshore to the sectors and geography that the government want to focus on and deliver with clear targets. That's what we are trying to do, and I think we're achieving really good outcomes. Another important aspect I want to mention is that we have very clear KPIs in terms of the outcomes we want to deliver for business and with business and support them.

**Senator CADELL:** You mentioned onshore and offshore. Are there any domestic locations affected by the cuts or the lower funding? Are there any existing operations domestically that will be affected by this?

**Ms Woodburn:** We are looking at reducing those numbers. As I said, the non-ongoing—

**Senator CADELL:** Yes, the 122.

**Ms Woodburn:** The staffing number ASL, as you have well pointed out in the budget papers, reduces by 122 positions. They are located across Australia predominantly.

**Senator CADELL:** Does that impact on the TradeStart network more so than others?

**Mr Boyer:** No, it doesn't.

**Senator CADELL:** Are there any international locations that will be cut or are planned to be in the next 12 to 18 months?

**Mr Simonet:** We always review our network internationally to make sure that our network is aligned with government priorities but also that our network delivers outcomes. We are going to continue relooking at our network and adjust resources in our network depending on the government priorities but also depending on where we see outcomes and how we can support businesses. So there's no black-and-white answer to the question.

**Senator CADELL:** I'll rephrase the question. Have you made a decision, not yet implemented, that a current international outpost that is operating will close within the next 12 months?

**Mr Simonet:** We have not made a decision. But, as I was saying before, we review our network on an ongoing basis and make our decisions in alignment with DFAT on where we need to allocate our resources to deliver on government priority outcomes for business and for government.

**Senator CADELL:** And onshore and offshore, it is the same thing—not getting out of any leases and not selling property yet or BAU?

**Ms Woodburn:** Not at this stage. Obviously, property changes happen as a result of normal operations, but there are no plans to decrease those as a result of any of these funding cuts.

**Senator CADELL:** And no property purchases put on hold—we're not not proceeding with things?

**Ms Woodburn:** No.

**Senator CADELL:** Page 72 of the portfolio budget statement states:

Austrade's strategy is to increase activities in markets where we can have the biggest impact and meet the Australian Government's economic and trade diversification objectives.

Is that any harder to achieve? You talk about reprioritisation with a lowering of the core funding.

**Mr Simonet:** As I said before, our job at Austrade, based on the funding that is allocated to us, is to make sure that we deliver the best outcome for Australian businesses and international investors in the context of trade investment, international education and tourism. This is what we're going to continue doing.

**Senator CADELL:** We have had EMDG cuts across the forwards and we have had cuts here, none of which are identified in what we are doing—we're going to be flexible; we're going to fit in with government priorities. We have had significant funding taken across various areas. When are we going to make these decisions?

**Ms Woodburn:** I would like to clarify something with regard to the funding position, because I think it is important—and to give you the numbers, as we see them at the moment. Austrade's operating budget—not including the EMDG grants and other grants that we have administered—in 2021-22 was \$264.3 million. This decreased by \$2.5 million in the current financial year. And then next year it decreases only by \$11 million, in terms of real changes, because of the programs that are coming on and coming off. It is a cessation of programs rather than a reduction in core funding.

**Senator CADELL:** I thought you said core funding was \$250 million from \$261 million.

**Ms Woodburn:** Sorry; \$262 million.

**Senator CADELL:** Going to the staff, when we say the ASL losses are 122, how many people is that? How many names—full time, part time—how many individuals does it affect?

**Ms Woodburn:** That is 122 ASL, and that's the difference between the estimated outcomes in FY 2022-23 and the budget for FY 2023-24. Of that, 81 of that number is reductions of those terminating or ceasing measures. The remainder of that is that we're actually above our ASL cap at the moment.

**Senator CADELL:** Do you think, over that time, we may do the remaining 19 per cent by natural attrition, or are there going to have to be some—

**Ms Woodburn:** Yes, we're hopeful that we can achieve the majority of the reductions required through the use of non-ongoing officers. Since 30 June 2020 and 30 June 2022, two-thirds of the employees that we have engaged have been non-ongoing officers. Those contracts, as you can imagine, will cease, and then we're hoping that we can get the rest of the reduction predominantly through natural attrition, and where necessary we will look at targeted voluntary redundancies as required.

**Senator CADELL:** Forgetting the 81 per cent of terminating or ceasing measures, which are programs coming to an end, are the people on non-ongoing contracts in the right areas? Is there a particular area that we want to cut these positions from, or is it just across the board?

**Ms Woodburn:** As one of the measures that we're taking, we are looking at where those non-ongoing employees are, and then we are also doing reallocations and redeployment within the organisation to make sure that we have the right people in the right places doing the right roles.

**Senator CADELL:** So it could be onshore, it could be Australian based, it could be overseas—it could be anywhere, depending what we come at?

**Ms Woodburn:** Yes. To clarify, it is predominantly onshore, though. As a result of the COVID measures, a lot of the measures that happened during the COVID period, it was predominantly onshore officers that came on. So, over time, we've gotten an imbalance in what we would usually have in our onshore and offshore operations, and we're looking to rebalance that.

**Senator CADELL:** What's the breakdown of your staff locations onshore in Australia? Is it predominantly Canberra?

**Ms Woodburn:** We have officers across Australia. Our biggest presence would be in Canberra, but we have a large presence in Brisbane and Melbourne as well. I think Mr Wyers has more.

**Mr Simonet:** Before Ben starts, I want to clarify that next year we'll have more funding than what we had before COVID started. We got enormous resources during the COVID period to support industries and companies that were impacted by COVID. These measures are terminating because in a post-COVID world we're refocusing on other things, but our funding as an agency is higher than what it was in 2019.

**Mr Wyers:** Your question was where we had employees across Australia, I think.

**Senator CADELL:** Yes.

**Mr Wyers:** As at 30 April 2023, this is a headcount: we have 197 in New South Wales, 112 in Queensland, 39 in South Australia, three in Tasmania, 126 in Victoria, 15 in WA, 296 in the ACT and three in the Northern Territory. That's a total of 791.

**Senator CADELL:** And as yet you haven't worked out the ASL across each branch or anything like that—that's to come in the future? Yes. Thank you on that area. I will move on to the STS implementation, if I may. I think both sides of government are interested in this one and want to support it. It seems to be and dragging on. Can you give us an overall picture to start with, and then we'll go from there?

**Mr Brugeaud:** The STS reforms are progressing to plan. As we provided in previous evidence, the task force has delivered baseline of current cross-border trade regulations, processes, systems as well as the data sharing that underpins that. We have supported the delivery of a range of business focused programs: a trade information service delivered by Austrade, the biosecurity self-service booking portal through department of agriculture, real-time operational status information on the integrated cargo system from the Australian Border Force, and some updated customs procedures for abandoned and illicit goods, which were previously inconsistent. A number of other measures are underway in terms of traceability, which is so important to our agricultural program of work; digital services to take farmers to market; a digital verification platform, which is being used for electronic exchange of certificates of origin with Singapore, as a test country; and improving cross-border alignment in terms of aligning fit and proper person checks, of which there are 12, between the department of agriculture, Border Force and the ATO.

**Senator CADELL:** Twelve person checks across the three?

**Mr Brugeaud:** Indeed. We have also been supported through government resourcing at budget to continue our work in preparing advice for MYEFO 2023-24. And the elements that we are providing advice on relate to a set of regulatory reforms in the short, medium and long term. The fit and proper person checks that I mentioned are creating greater alignment and more streamlined processes for trading businesses. There's advice to government on a trade single window through a second-pass business case, which will include the alignment of the Trade Information Service.

**Senator CADELL:** And that business case will go to MYEFO?

**Mr Brugeaud:** Yes. There's a data-sharing framework, including public consultation, and, in addition, a range of other integrated advice to government, which is bringing together previously disconnected strands of work that relate to cross-border trade and, most importantly, significant industry engagement, because this program is most definitely focused on taking an end-to-end view of cross-border trade.

**Senator CADELL:** Some stakeholders—anecdotally; I haven't got evidence—are feeling some frustration that it's going on. Excluding the \$23.8 million in this budget, what is the amount to date that's been allocated to this program?

**Mr Brugeaud:** The overall allocation for all STS related reforms since the 2020-21 budget is \$414.4 million. That includes the most recent decisions at budget—

**Senator CADELL:** That includes the \$23.8 million?

**Mr Brugeaud:** which include that \$23.8 million. Of that, about 14 per cent, so \$58.7 million, is being directly allocated to the STS task force.

**Senator CADELL:** How much in dollars?

**Mr Brugeaud:** It's \$58.7 million, and 14 per cent of the overall allocated budget to the STS-related reforms.

**Senator CADELL:** Is there any allocated but not yet spent?

**Mr Brugeaud:** Yes. We have—

**Senator CADELL:** How much?

**Mr Brugeaud:** I would need to provide more detail if required.

**Senator CADELL:** That's fine.

**Mr Brugeaud:** Funding which is allocated, for example, to provide advice in the MYEFO context would clearly not have been expended as yet.

**Senator CADELL:** In response to a question in February, you said that the objective of the task force is to help exporters and importers by 'making access to information easier, making the rules simpler, modernising our outdated IT systems and increasing digitisation to make the flow of goods easier, cheaper and quicker'. What reforms to date have made the information for exporters easier, quicker and cheaper?

**Mr Brugeaud:** In fact, well positioned with Austrade, in that the Trade Information Service has been providing great benefits to exporters in providing more integrated advice as well as advice on opportunities that exist in target markets. But I might leave that to Mr Simonet and his team to respond to.

**Mr Simonet:** If you don't mind, Senator, I'll ask one of my colleagues, Mr Mane, to talk a bit about this trade information service.

**Mr Mane:** The Trade Information Service's digital tools include a step-by-step guide on how to export; a tool to help exporters build an export plan tailored to their product and target market; a market search tool to help exporters find the best export market; a laws and regulations finder tool; a tariff finder tool to help exporters find preferential and most favoured nation tariff rates; interactive tools to help businesses in priority sectors assess their export readiness; an authenticated channel for export opportunities identified by Austrade advisors; and a range of practical guides, tutorials and templates tailored to priority sectors that help Australian businesses navigate the complexities of exporting.

**Senator CADELL:** I started writing, but you beat me after two things—I couldn't get anything else! Can I potentially get a copy of that afterwards, thanks very much.

**Mr Mane:** Sure.

**Senator CADELL:** Of the \$23.8 million we've got, how much will go to the Trade Information Service, or is that a different allocation?

**Mr Brugeaud:** The breakdown: the Trade Information Service has \$2.1 million in 2023-24.

**Senator CADELL:** What's the plan for the whole \$23.8 million? How is that arrived at?

**Mr Brugeaud:** The breakdown is \$13.6 million passed through Austrade, with the STS taskforce receiving \$11.5 million. The Trade Information Service, as just mentioned, is \$2.1 million. Department of Home Affairs, \$8 million. Department of Agriculture, Fisheries and Forestry, \$1.7 million. The Australian Taxation Office, \$600,000.

**Senator CADELL:** Is the co-design a simplified trade system with business a key element of what we're working on? Are we working with enough industries and so on? The feedback I'm getting anecdotally is that it's not going anywhere. They're not feeling the benefits yet. What are we doing there?

**Mr Brugeaud:** The involvement of industry has been consistent throughout the entire duration that the taskforce has been in place. We have engaged with nearly a thousand business representatives over the course of the last two years. We have engaged with industry bodies. We've had more than 34 meetings with various peak bodies. We are engaging directly through a range of existing government fora, such as the Border Force's National Committee on Trade Facilitation, the Customs Advisory Board and so on. The engagement with industry has been very consistent.

We've had feedback from industry as well, in that they are very keen to see the delivery of business-facing outcomes rapidly. We are most definitely committed to providing advice to government as to how that could best be delivered. Given the history in other reforms which have occurred over the last decades within government, we've found a very consistent pattern, that, if industry is engaged and involved in these processes, it delivers much better outcomes. So the advice that we'll provide to government at MYEFO will provide very business focused advice as to where the best investments can be made. But globally every country that we have been dealing with to draw on their experience has indicated that this is a long journey. It's not something where you can simply implement bandaids. We are implementing some short-term fixes, which are offering relief in the short term, but to do this properly it is more than simply creating new technology that delivers the existing regulations and processes on a new platform.

**Senator CADELL:** On that point—I think it's two, but more than one; I don't think it's more than that—private sector entities that have experience in implementing trade systems have come to us saying that they approached to try and co-design and work with you on this, and they were rebuffed. Do you know of anything like these approaches?

**Mr Brugeaud:** I could imagine that industry groups who are very keen to provide input in a range of ways—

**Senator CADELL:** No. This was not an industry group. These were businesses that are in this area.

**Mr Brugeaud:** I know, for example, that we have been approached, as you would expect, by many technology companies who are very interested in helping us deliver outcomes. There are important steps that we need to work through, though, before we're able to commit to partner XYZ or platform ABC. We do need to get to the point where we've provided that comprehensive advice to government, but I can understand that industry is very keen to see these outcomes. These are desperately needed, and I think, over the last two years, what we've demonstrated is integrated reforms—not just simply looking at what the biosecurity reforms or the border security reforms or the revenue reforms are that can be implemented but more at how we support a trader that needs to export to another country do their job more efficiently.

**Senator CADELL:** Going on from that, there are all those things we were talking about when we talked about what the STS has achieved so far. We talked about TIS, which is a separate funding allocation and a separate thing. What are the key things to date that you would say the STS has delivered to industry?

**Mr Brugeaud:** The STS is actually coordinating those outcomes in terms of delivery to industry. Some of the items that I stepped through may not have been supported, or at least visible to government in terms of the value that they would offer to industry. The Integrated Cargo System real-time status information service was implemented as a consequence of the advice that we'd provided to government that said that, based on the things that you could spend money on, here is one of the things that we think would offer significant value to industry, because that's what industry has told us. There are many thousands of problems that we could potentially solve. The STS task force has been very effective in helping government navigate those many thousands of investments that they could make and advising on the dozen or so that should be made, at least in the short term.

**Senator CADELL:** I get it. I will go back to this: we've said there's \$58.7 million spent so far. It's a lot of money for advice for one thing, and that's the frustration. This needs to be in by a certain time. We want this to be one-touch. We want these things going forward. On that, what is the role of the industry advisory council working group?

**Mr Brugeaud:** We have an industry advisory council. The previous question on notice provided details of the membership. The industry advisory council working group provides a more operational view of the impacts of the reforms that we're contemplating. They are also able to help us shape the advice to government, in terms of the areas that would have the biggest impact on them. We had our first meeting of the industry advisory council working group on 18 May in Sydney, and that was more an introductory meeting, so we are yet to see how that forum takes effect, but the intention is that we will have much more detailed discussions with industry advisory council working group members than we're able to have with the IAC members, who are providing more strategic advice.

**Senator CADELL:** Who's on the working group?

**Mr Brugeaud:** On our industry advisory council working group, we have representatives from Australia Post, CMA, ANL, Australian Logistics Council, Craig Mostyn Group, Qantas, Walker Seafoods, IKEA, CBH, Linfox, Tassal Group, OBE Organics, Mondiale VGL, Ports Australia and Volvo.

**Senator CADELL:** Are there terms of reference for that committee?

**Mr Brugeaud:** There are no public terms of reference for that committee, no.

**Senator CADELL:** Are there terms of reference that you could provide to the committee on notice?

**Mr Brugeaud:** I'll test, when it comes to what we're able to provide, but we'll provide whatever we can.

**Senator CADELL:** Obviously, they're a working group; is there a KPI that you can tell us? What's the work output you want from that group specifically?

**Mr Brugeaud:** So, it is, as I'd mentioned, more detailed advice and support for the STS advice that we're providing to government at the end of this year, as well as support, potentially, in terms of proofs of concepts, trials and connecting into their networks for short-term reforms.

**Senator CADELL:** What was the appointment process? Was that Austrade, or the minister, or was that you?

**Mr Brugeaud:** It was a combination of our minister's office, our industry advisory council chair, Mr Paul Little, and the broader network that we have drawn upon as part of our industry consultation.

**Senator CADELL:** So all over.

**Mr Brugeaud:** And I will point out that there have been a range of other invitations sent for IAC working group members. We expect this to be quite a dynamic group, depending on the work that needs to be done at any point in time. So, by way of example, I presented at the freight forwarders and customs brokers annual conference last week, and they are very keen to participate directly. They are about to receive an invitation, and we've sent invitations to a range of other representative groups who can assist in the program.

**Senator CADELL:** There's no upside—there's no limit? It's just an open working group at the moment?

**Mr Brugeaud:** It needs to be manageable. We need to have it such that we have the right mix, and I expect that this will be a slightly more dynamic group than what we might expect to see in the industry advisory council.

**Senator CADELL:** The harsh criticism—and I put this to you here so you can dismiss it—is that there have been a lot of visits and a lot of consultation and it's almost becoming a professional speaking circuit, the STS. On that point, I think you're having an STS summit in Melbourne shortly?

**Mr Brugeaud:** Yes, on 26 June.

**Senator CADELL:** What is the role of the summit for implementing things—for practical reforms?

**Mr Brugeaud:** We have short-term funding, which government has provided to allow us to provide advice on initiatives that may be able to be delivered in the short term. But predominantly we are working toward providing quality advice for government at the end of this year. That will be the point at which government is able to have all of the information it needs, in terms of costs, benefits and variations of scope that they might choose to implement. That point will be where the forward planning for implementation will occur.

Now, I will come back to the point in terms of global experience. Every country we have engaged with, in terms of understanding the lead-up work, has had two to three years of preparatory work in order to be able to embark upon the program that we are presenting to government. We are ensuring that—given a decade of no progress in integrated reforms—we correct that and that government has the advice they need to be able to make good decisions in MYEFO.

**Senator CADELL:** What is the budget for the summit?

**Mr Brugeaud:** The budget for the summit is \$260,000, not yet expended.

**Senator CADELL:** And how much expended?

**Mr Brugeaud:** Zero has been expended to this point. We have a breakdown of \$101,000 for venue hire—

**Senator CADELL:** That's okay. And another—even the paranoid have real enemies!—on something that was put to me: are you seeking registrations for the summit? That's correct?

**Mr Brugeaud:** That's correct.

**Senator CADELL:** Does everyone who registers get to go, or are some people going to be filtered out?

**Mr Brugeaud:** There is no filtering occurring at this point. The only filtering would be when we reach the capacity limit of the venue, and that is set at 500, and I can confidently say that we are not approaching that as yet.

**Senator CADELL:** So the message is: if you want to go, get your orders in now. Thank you, Mr Brugeaud.

**CHAIR:** There being no other further questions, thank you very much for appearing before estimates today.

### **Tourism Australia**

[14:41]

**CHAIR:** I now welcome the Managing Director of Tourism Australia, which is our last agency for the day. Thank you for appearing before us today. Would you like to make an opening statement?

**Senator Farrell:** Chair—

**CHAIR:** Sorry, Minister.

**Senator Farrell:** Senator Cadell asked a question earlier and I have an answer to it. As I predicted, Sam has come up with the correct answer. The number of EMDG round 3 ineligible grants was 21.

**Senator CADELL:** Thank you very much.

**CHAIR:** Ms Harrison, would you like to make an open statement?

**Ms Harrison:** I have a very short one.

**CHAIR:** Fantastic. That rings bells. Thank you very much!

**Senator CADELL:** I think we're picking up what you're putting down.

**Ms Harrison:** Thank you for giving me the opportunity to make this address. Our last meeting was only a few months ago, so I have a very short update, but I did want to talk to you about Tourism Australia's global campaign Come and Say G'day, which we launched last October across all of our key markets. I'm happy to report that it is performing well. Our research shows that, of those who have viewed the campaign, 59 per cent of those people are more likely to holiday in Australia. That's really the impact that we're looking for it to have at this stage. The 190 partnerships which are part of the campaign are continuing to roll out, and results are showing that our key distribution partners are also exceeding the targets that we have set for them.

Later this month, Come and Say G'day is going to launch in China, which was our largest market for visitation and spend pre-pandemic. We have always maintained a presence in China, which allowed us to move quickly, when China did reopen, with a tactical campaign, which was called Don't Go Small. Go Australia, to capture pent-up demand for visiting friends and relatives. Now that that wave has been through, aviation capacity is continuing to build. We think it's the right time to launch our global campaign, which we will do at the end of this month.

In terms of the overall international tourism recovery, we're pleased to say that arrival figures for March were 73 per cent compared to March 2019. That is up from 65 per cent in February. So recovery is trending in the right direction, and, more importantly, underneath those numbers we're now seeing more people arriving for the purpose of holiday than for the purpose of visiting friends and relatives. That is certainly what the tourism industry has been waiting for.

**CHAIR:** I'm assuming you're more than happy to table that for the benefit of the committee?

**Ms Harrison:** Yes.

**CHAIR:** Excellent. Senator Cadell, you have the call.

**Senator CADELL:** You mentioned China. I'll start off there. Is the approved destination status of Australia hurting us on Chinese tourism?

**Ms Harrison:** We aren't yet on the ADS list, but we are seeing numbers from China starting to grow. It's worth noting that, pre-pandemic, ADS was only a portion of the visa holders who came to Australia and in fact more and more were the independent travellers, and so we are seeing those people starting to come back.

**Senator CADELL:** Minister, given Iran and Nepal are on China's ADS list, have you had any conversations with your Chinese counterparts?

**Senator Farrell:** Yes.

**Senator CADELL:** How's it going?

**Senator Farrell:** I've asked them to review the decision. I was under the impression that a review was imminent, but, given that you've raised it, I will go back to my Chinese colleagues. I don't know if Ms Harrison knows when that decision is likely to be reviewed. Do we have that?

**Ms Harrison:** They undertake regular review processes, but they're not—

**Senator Farrell:** Just to put that in perspective—

**Senator CADELL:** Just after the Bali review, I'm sure!

**Senator Farrell:** No, well before that. My understanding of what happened was that, at the time of their last review, we had continued to require Chinese tourists to do either a PCR test or a RAT before they hopped on a plane and to have had a negative test. Any country that made that requirement was not on the preferred list—and I think that's despite the fact that, at the time, China actually required us to do the test. I could be wrong about that.

**Senator CADELL:** 'Do as we say, not as we do.'

**Senator Farrell:** Yes. But we have subsequently dropped that requirement. The impression I get is that we're just waiting for them to do their next review and, all being well, we should be back on that list.

**Senator CADELL:** Ms Harrison, you gave the numbers of 73 per cent in March and 65 per cent in February for all tourism and visitors. Is China tracking above or below that, do we know?

**Ms Harrison:** Below. But it's worth noting that China really was only free to travel for the last couple of months, so we would expect them to be behind. They were sitting at about 22 per cent, but I will confirm that. It was 22 per cent, yes.

**Senator CADELL:** So, there is a lot of upside there still to be had?

**Ms Harrison:** Yes.

**Senator CADELL:** One of Tourism Australia's seven strategic priorities for 2023-24 is to promote working holiday-makers' travel to Australia. What is the current cost of an Australian working holiday-maker visa?

**Ms Harrison:** Yes, you're right. Working holiday-makers are really important for us as a target audience, for a couple of reasons. One is that they are high-yielding travellers. They come here and they spend a lot of money; they travel into our regions and do all the sorts of things that we want working holiday-makers to do. But they also do work, and work in the tourism industry, so we think that they're a very attractive target audience and we will continue to focus on them. The cost of a visa at the moment, in my understanding, is \$510.

**Senator CADELL:** How does that compare to Canada and the USA?

**Ms Harrison:** I will have to get that number for you. I don't think we have that down. I'll take it on notice. We do do competitive analysis often.

**Senator CADELL:** I was going to say I'd hope we are doing that.

**Ms Harrison:** We do. I just don't have that with me. I'll take that on notice.

**Senator CADELL:** Questions on the fly: is there an EU general one as well, of those, or don't they have a similar product?

**Ms Harrison:** I don't think so.

**Senator CADELL:** Can we have a look at that, too.

**Ms Harrison:** We have done a whole body of work around where people are going, where working holidays are going, so we do have a lot of data on that. I can provide that for you.

**Senator CADELL:** In the budget there was an increase in the cost of the visa; it's going up, I think, about \$120 or \$130 going forward—is that correct? Is the working holiday visa going to \$640?

**Ms Harrison:** I'm not privy to that information.

**Senator CADELL:** Minister?

**CHAIR:** Would it be the right portfolio here?

**Senator CADELL:** Yes, it's travel—visa.

**CHAIR:** Visas?

**Senator CADELL:** Tourism.

**CHAIR:** Okay.

**Senator Farrell:** I'm sorry, Senator. Do you just want to repeat—

**Senator CADELL:** Yes, tourism—

**Ms Harrison:** Is that a question for Home Affairs?

**Senator CADELL:** Is the cost for working travel visas going up to \$640?

**Senator Farrell:** I couldn't tell you off the top of my head.

**Mr Fennell:** It's my understanding on visa costs that a lot of the costs are still to be confirmed. That's still coming through, so that's probably a better question for Home Affairs in due course.

**Senator CADELL:** From a tourism point of view, is it the time to be putting up 20 per cent visas to come to Australia when we're still at best 27 per cent down on where we want to be?

**Ms Harrison:** We're seeing working holiday-makers coming back to Australia, and the reason that they love coming to Australia is that they can earn good money here. Then when they earn that good money here, they spend it. I'm sure that they weigh all of that up when they're making their decision around where to come. But we remain very competitive and a highly desirable destination for working holiday-makers.

**Senator CADELL:** One of the key constraints, I think you said before, is capacity, of airlines coming back here and things like that.

**Ms Harrison:** That's right.

**Senator CADELL:** How is that going generally? How are they reporting back to you?

**Ms Harrison:** It's continuing to build. It's currently sitting across the board at about 86 per cent, and we are seeing that start to build. Some of the lagging countries are obviously China because they're starting to rebuild their capacity, but that is coming on faster than we initially anticipated as well.

**Senator CADELL:** In February you said, 'We anticipate some time in 2024 we'll be back to pre-pandemic levels.' That was encouraging—

**Ms Harrison:** Of?

**Senator CADELL:** Of travel. Do we still think we're on that pathway?

**Ms Harrison:** There's a lot of forecasting, and the numbers vary between 2024 and 2025 that we will get to 2019 levels and, hopefully, never talk about 2019 again.

**CHAIR:** I think we will, but, hopefully, not in that context.

**Senator CADELL:** A lot of the travel agents and stuff came to us about the passenger movement charge. At a time when we're trying to increase movements, we're putting these extra costs on. Is industry or anyone else coming to you and saying that this is an impost?

**Ms Harrison:** The average cost of a holiday to Australia is just under \$5,000. In terms of those people who come to Australia, when we look at the purpose of travel, the No.1 reason that they choose Australia—their drivers—are safety and security, nature and wildlife, and good food and wine. Value for money comes at No. 4. So, in terms of the market that we target, which is the high-yielding travellers, I'm not going to make comment on whether or not the passenger movement charge is going to impact that. I'm just saying that high-yielding travellers really do want to come to Australia. They spend a lot of money to come here. So we haven't modelled what that change would look like; it's not really our area to do that.

**Senator CADELL:** I'm not wanting your comment, but I'm wanting your advice. Has industry come to you with some concerns on this?

**Ms Harrison:** Industry associations have had a bit to say about it. They're very sensitive about things like that.

**Senator CADELL:** We're not dismissing the industry here, are we?

**Ms Harrison:** No, I would never do that.

**Senator CADELL:** You said you haven't done any modelling. That was going to be my next question. We haven't modelled to see if we think, even ranked at No. 4, it will have any impact on getting to the pre-COVID levels this year?

**Ms Harrison:** What's ranked No. 4 is value for money. Value for money is not just how much something costs; it's how much people value what they've paid for something. That's what we focus on. We focus on making sure that people have the best experience. And, in fact, we do overindex on that. When we do our research, the

way people rank value for money before they have visited Australia is much lower than what they consider value for money after they've visited us. So we actually always overindex on that particular area. The people who come to Australia are high-yielding travellers, and they really do seek us out.

**Senator CADELL:** On the numbers I have, \$1.2 billion in revenue was collected through the passenger movement charge each year prior to the pandemic. Is that about the sort of income you're thinking of? That's a lot of money.

**Ms Harrison:** I'm not across the numbers.

**Senator Farrell:** Just so you're aware, this relates to the agriculture portfolio.

**Senator CADELL:** Is that going into announced biosecurity measures in agriculture?

**Senator Farrell:** It will eventually, yes.

**Senator CADELL:** Are we going to do it before we take it for a punt? What are we doing with the extra fiver?

**Senator Farrell:** The passenger movement charge is a biosecurity measure. It's not administered by this department; it's administered by the agriculture department. They make the advice and the decisions about how it's applied.

**Senator CADELL:** Did your department or minister's office have involvement in raising this issue and whether it does affect tourism?

**Senator Farrell:** There would always be discussions about it. You'd expect that to be the case. But I simply make the observation that questions in relation to it, in terms of its application and so forth, would be better addressed to the agriculture department.

**Senator CADELL:** Okay. I am happy to do that. I will go on to more travel stuff.

**Senator CHANDLER:** Is this tourism?

**Senator CADELL:** There's more tourism, yes. In a recent article about the return of Chinese travellers, Minister, you were quoted as saying:

... we need aviation capacity to build back up to convert this demand into an Australian holiday ...

Minister, in regard to your visit to China, you met Air China and China Southern. Where are they at in getting their capacity up, and are they coming here more soon?

**Senator Farrell:** I hope so. The two impediments, of course, to increased travel—and this particularly applies to China—are the cost, which is now more expensive than it was pre pandemic, and the number of flights. Strangely enough, I raised the issue of increased number of Chinese flights to Australia and the Chinese minister raised the issue of increased number of Australian flights to China. So both of us recognise that there's a problem there. We've seen that the figures are still very, very low. Why is that? Well, a lot of the travel used to be related to education—students coming backwards and forwards. That's not yet back to pre-pandemic levels. And, of course, the tensions—let's call them that—between us and China that existed in the previous two or three years also had an impact. I'm hopeful that the stabilisation plans that we've talked about over the last couple of days will result in a significant increase in that travel. Some countries are coming back, and Ms Harrison might be able to talk about this a bit more. With countries like Vietnam and India, I have a feeling they're either back to or pretty close to pre—

**Ms Harrison:** India is over and above.

**Senator Farrell:** Yes, India is now over and above pre-pandemic levels. When I was in Vietnam a couple of weeks ago, I met with a company called VietJet, a new airline coming into Australia, with very nice Dreamliner planes. They've now got flights coming into Sydney and Melbourne and soon Brisbane, and their next port of call, they promised me, will be Adelaide. So Vietnam is another one that's coming back. Where you can get the flights and where you can get the reasonable prices, the tourists are coming back. We've just got to work a bit harder on the China market.

**Senator CADELL:** Going on what the minister said—getting these airlines to come back in, along with ones that weren't here before—and seeing Bonza, a domestic one, kick up here, are the slots still there to fit all the Chinese airlines? I know airports are a big part of this. Are the slots still there?

**Ms Harrison:** I can't comment on behalf of the slots of the airports, but what I can tell you is that those airports are all speaking to the carriers in China and talking to them in very real commercial terms about coming back. In fact, I'm going back up there in a couple of weeks.

**Senator CADELL:** Sorry, our airports are talking?

**Ms Harrison:** Our airports. They're the drivers of the incentives and the commercial deals. In fact, states also have a war chest to help the airports and to make those commercial deals. I'm going up to China with all of the state CEOs in a couple of weeks. We're meeting with the airlines. We're meeting with China Eastern. We've got a big day planned with China Southern as well. We're going to talk in very commercial terms on an individual basis. So there is movement happening in this. In fact, we are seeing capacity come back faster. It's at 42 per cent at the moment. By September—

**Senator CADELL:** I thought it was 22, wasn't it?

**Ms Harrison:** No, that 22 is Chinese arrivals. It will be 51 per cent by September, and we do anticipate that it will build.

**Senator CADELL:** Is there an industry thing keeping an eye on the number of slots at airports so we don't fill up and have all the good routes and times taken?

**Ms Harrison:** Slot management is a commercial matter for the airlines.

**Senator CADELL:** But doesn't it matter to us too on this?

**Ms Harrison:** Sure. But it's the airports that make the decision on slots.

**Senator CADELL:** But we don't monitor it? You don't monitor it?

**Ms Harrison:** I don't monitor slots specifically, no.

**Senator Farrell:** My guess is that there would still be plenty of available slots. I see Senator Green nodding with me there.

**Senator GREEN:** They don't empty international airport demands—lots of slots!

**Senator Farrell:** I don't think we're back to anything close to where we were pre-pandemic, and, if they're looking for places to go, I'm sure Cairns international airport would love to receive them, as would Adelaide airport.

**Senator GREEN:** We've had a makeover.

**Senator CADELL:** Really?

**Senator GREEN:** We have.

**Senator Farrell:** Yes, really. There may be issues in respect of some particular airports, because some have come back faster than others, but my guess is—and I think I'm right about this—there's an unlimited number of vacancies for Chinese—

**Ms Harrison:** There's a free skies agreement.

**Senator Farrell:** There's a free skies agreement with China, which means that they are guaranteed spots.

**Senator CADELL:** When you go for your day with China Southern Airlines was it?

**Ms Harrison:** China Eastern.

**Senator CADELL:** Are you taking any representatives of airports?

**Ms Harrison:** Yes, to China Southern, that's right, yes.

**Senator CADELL:** How many airports are going up with you?

**Ms Harrison:** We're still working on that, but all of the states and territories are represented from a state tourism point of view.

**Senator CADELL:** Minister, when you went there, did any airlines or airports go with you to China to talk about this?

**Senator Farrell:** No, I didn't take anybody with me other than my officials.

**Senator CADELL:** You travel a lot alone; you get lonely out there around the world?

**Senator Farrell:** No, I'm happy in my own skin. I amuse myself!

**Senator CADELL:** Let's stop there.

**Senator Farrell:** Let's not go into that!

**Senator CADELL:** We don't see the slots about airlines—Australian based airlines. Qantas is obviously very popular. Do we get information about their capacity, compared to pre-COVID? Do we know?

**Ms Harrison:** Yes.

**Senator CADELL:** How are they, and Virgin or whoever, going?

**Ms Harrison:** I can dig that information up for you and bring it. But, yes, they're currently rebuilding. It takes a long time to get an A380 out of the—

**Senator CADELL:** Two hundred thousand man-hours, I've heard—

**Ms Harrison:** Yes, it takes a lot to get an A380 out of the desert. I know that they're certainly working on it.

**Senator CADELL:** That's all I have, Chair.

**CHAIR:** Wow! Thank you. They were great questions. Senator Green has a couple of quick questions as well.

**Senator GREEN:** In your opening statement you said you're relaunching 'Come and Say G'day' in China. When is that relaunch taking place and what have you got planned in terms of relaunching it?

**Ms Harrison:** We are launching it in Chengdu on 29 June. We are inviting Chinese media, influencers and our trade partners to come to Chengdu. And then we've just got a whole range of activities, including partnerships with the four main carriers, the four main Chinese airlines, Air China, China Eastern, China Southern and Sichuan Airlines, which are launching partnerships on the back of that, as is Ctrip, which is the largest OTA in China. We've got a whole range of famils and things like that, off the back of it. It's our full-service brand campaign.

**Senator GREEN:** And the same materials that were used for the previous campaign?

**Ms Harrison:** It is 'Come and Say G'day' but it's trans-created for China, so it's translated into Chinese. It's very, very similar but just trans-created to suit that audience, but Ruby the Roo will still be front and centre.

**Senator GREEN:** And the reef.

**Ms Harrison:** And the reef, yes.

**Senator GREEN:** Is TTNQ going with you?

**Ms Harrison:** TEQ is.

**Senator GREEN:** Great. Sorry, Chair.

**CHAIR:** No need to apologise. I think we all need to make an effort to visit Cairns.

On that note, can I thank everyone today. Obviously, I want to thank the managing director of Tourism Australia and her team for appearing. Thank you to all senators. Particular thanks to Hansard, broadcasting and the secretariat, not just for today but obviously for this week. I'm happy to say that concludes today's hearing. It's requested that senators submit written questions on notice by 16 June this year, to allow sufficient time for answers. The committee has set 14 July this year as the date for the return of answers to questions taken on notice. Again, I always like to thank Minister Farrell for his attendance. I thank officers of the Department of Foreign Affairs and Trade and all witnesses who have given evidence to the committee today. The committee stands adjourned.

**Committee adjourned at 15:04**