



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

ESTIMATES

(Additional Budget Estimates)

FRIDAY, 16 FEBRUARY 2007

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SITTING DAYS—2007

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February	6, 7, 8, 12, 13, 14, 15, 26, 27, 28
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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT
Friday, 16 February 2007**

Members: Senator Heffernan (*Chair*), Senator Siewert (*Deputy Chair*), Senators Ferris, McEwen, McGauran, Nash, O'Brien, and Sterle

Senators in attendance: Senators Adams, Heffernan, Joyce, O'Brien, Siewert and Sterle

Committee met at 8.56 am

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Consideration resumed from 15 February 2007.

In Attendance

Senator Abetz, Minister for Fisheries, Forestry and Conservation

Fisheries and Forestry

Dr Cliff Samson, Deputy Secretary, Department of Agriculture, Fisheries and Forestry

Mr Glenn Hurry, Executive Manager, Fisheries and Forestry

Dr John Kalish, General Manager Fisheries and Aquaculture

Mr Tony Bartlett, General Manager, Forest Industries

Mr Karl Heiden, Section Head, Tasmanian Region Forests

Mr Andrew Wilson, Acting General Manager, Forest Industries

Mr Robert Murphy, General Manager, Fisheries and Marine Environment

Mr John Talbot, General Manager, Fisheries Structural Adjustment Package

Mr Richard McLoughlin, Managing Director, Australian Fisheries Management Authority

Dr Nick Rayns, Executive Manager Fisheries, Australian Fisheries Management Authority

Mr Paul Murphy, General Manager Operations, Australian Fisheries Management Authority

Mr Geoff Richardson, General Manager Sustainability and Business Management Australian Fisheries Management Authority

Natural Resource Management

Mr Tom Aldred, Executive Manager, Natural Resource Management Division

Mr Mike Lee, General Manager, Australian Government Natural Resource Management Team

Mr David Calvert, Acting General Manager, Australian Government Natural Resource Management Team

Ms Heather Tomlinson, General Manager, Land Management and Climate Change

Mr Rod Shaw, General Manager, Landcare and Sustainable Production

CHAIR (Senator Heffernan)—I declare open this public hearing of the Senate Standing Committee on Regional and Rural Affairs and Transport. The committee will continue its consideration of the 2006-07 additional estimates for the Department of Agriculture, Fisheries and Forestry. As agreed, I propose to call on the estimates according to the format adopted in the printed program. I remind the department that the committee has fixed Thursday, 5 April

2007 as the return date for answers to questions taken on notice. Under standing order 26, the committee must take all evidence in public session.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. The Senate has also resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to a superior officer or to a minister. This resolution prohibits only questions asked for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how those policies were adopted.

If a witness objects to answering a question, the witness shall state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and shall be accompanied by a statement setting out the basis for the claim. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and also such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. I welcome the Department of Agriculture, Fisheries and Forestry. Welcome to you, Dr Samson, and your crew.

[8.58 am]

Department of Agriculture, Fisheries and Forestry

Senator O'BRIEN—There is a question that I want to ask but I will wait until the minister gets here, if the chair does not get too concerned. I want to ask about the Bureau of Rural Sciences *Fishery status reports 2005*, which was released a couple of weeks ago. I am asking these questions of AFMA. Does AFMA accept the findings of the BRS report?

Mr McLoughlin—BRS is appointed to undertake an independent review of the status of Australian fisheries. We do accept their findings and we act on those as appropriate.

Senator O'BRIEN—On page 5 of the report, in the table entitled 'Status classifications by year', I note the trend in the number of fisheries which are classified as 'overfished (incl. overfishing)'. For the period 1992 to 2005, the number of fisheries classified as overfished or subject to overfishing rose from five to 24. Why is that?

Mr McLoughlin—I think it reflects a period of time in the management of Commonwealth fisheries where both the internal policies of AFMA and knowledge of the status of fish stocks were probably inadequate to deal with the actual risks to fish stocks that were posed by the capacity in the Commonwealth fleet. In particular, it reflected a very strong period of investment in fisheries research. We moved from not knowing much at all about the status of fisheries to their becoming classified as either uncertain or overfished as the new data became available and as we were able to start to categorise more fisheries. It resulted in a fundamental shift in the way we did business in about 2005. There have been major shifts in emphasis and approach and policy settings around fisheries management since late 2004.

Senator O'BRIEN—Which policies of AFMA were to blame?

Mr McLoughlin—The internal policies around the decision-making processes for setting of TACs. It was clear as the information became available, prior to 2004, that there was not a sufficient level of precaution being applied to the setting of quotas during that period and that the precautionary management, backed up by new approaches to the way that we set TACs—total allowable catches—needed to be implemented, and they were implemented in the key fisheries, in particular the fisheries that the BRS report is reporting on here—the south-east fisheries. Those new processes and principles started to be applied from 2005.

Mr Hurry—Senator, if we could, I've got Dr Kalish to make some comments on this report as well.

Dr Kalish—In 1992 there were 52 fisheries identified as 'status not classified', and in the 2005 edition that number has been reduced to zero. This represents an increased research effort by the Australian government and other agencies involved in fisheries research, also an expansion of fisheries to take in other species. So there are more species, in essence, being classified and fished for at the present time, compared to the 1992 period, and that has a very large effect in terms of the number of stocks that are identified as overfished.

Senator O'BRIEN—But the expansion of species is an indication of problems in other species, isn't it?

Dr Kalish—Not necessarily. But in some cases there can be shifts from one species to another. For example, orange roughy fisheries are relatively new fisheries in the history of things, but there are certain species that are caught in association with that fishery that are very poorly understood and, in fact, were only identified in relatively recent times in terms of our understanding of fish biology. These fisheries are now classified in the status reports.

Senator O'BRIEN—Mr McLoughlin, you are suggesting that there was not sufficient use of the precautionary principle by AFMA.

Mr McLoughlin—I think that we have to conclude that in retrospect. People make the decisions that they make with the best available knowledge at the time. We have to be honest with ourselves that sufficient precaution was not being applied during that period, and I think that resulted in the change of approaches and policies that were applied from late 2004, including, for that 2005 period, the fact that another six species were added to the quota management list and went into the mix of species that were being assessed by BRS. That 2004-05 period did reflect a significant tightening of the approach and a more precautionary approach in the way that AFMA managed fisheries.

Senator Abetz—Chair, can I just contextualise this and add some more information so that we get a good understanding of this. Was AFMA not doing its job properly? Well, I know that in 1990 AFMA did not exist. In that year, the then federal Labor government—and I do not say this in a political sense because I think that both sides of politics have been getting a better understanding of fish management—with no AFMA in place, allowed 62,658 tonnes of orange roughy to be ripped out of the water, which is more than the amount of orange roughy harvested during the 10 years of the Howard government. You then ask, 'Why do we have an orange roughy problem?' I do not think you then blame AFMA for not having a precautionary principle or sufficient precautionary principles after their establishment.

There has been a history of this. In 1990 and before, if I might say, I think all sides of politics were getting our minds around it. As Dr Kalish has indicated, in 1992 we had 52 fisheries under a previous regime. But I have no doubt, in fairness, that if Labor had stayed in power these sorts of developments that we are now talking about would have taken place as well. But I would hate there to be any suggestion that AFMA or others were dilatory in their duties. If we start trying to point the finger and blaming people, there are others that do not have a good story either.

Senator O'BRIEN—I do not think there is any doubt, Minister, that the history of the conservation of fisheries—probably over the last 200 years—has been totally inadequate. There is no doubt that a variety of species have been overfished in fisheries around the world. What is, I think, interesting is that, in a regime where AFMA existed, we continued down this path for 13 years, and the statistic you refer to of the orange roughy was the catch that year. Basically plundering the fishery to the point where it could never be repeated, or that it could not take even a significant fraction of the amount taken in the year, was an indication that the fishery had been significantly damaged by overfishing. One of the points that was raised was the question of knowledge of the fish stocks. What was the research effort that AFMA engaged in over that period, and was the research effort reduced at any stage?

Mr McLoughlin—There was a considerable amount of research that was put into, for example, the orange roughy fishery. The fishery was first discovered in the mid- to late eighties and continued on, uncontrolled, until the early nineties. There was a considerable amount of research, and I can remember that because I was a CSIRO research scientist at the time, working in fisheries, as we moved from a complete lack of knowledge about this species that had just been discovered. It was assumed, for example, that the average age of the fish for the first five or six years was 10 to 15 to 20, consistent with most other deepwater species, and it took another few years of research to find out that in fact it might grow to 150 years of age. That completely shifted the dynamics and the calculations around the sustainable yield and it then took time for that to flow through. It took three or four years to have that verified in a couple of different ways, to determine if there was one stock or multiple stock, and all of—

Senator O'BRIEN—Tell me the years you are talking about.

Mr McLoughlin—From the late eighties, and there were 10 years of research, million-dollar efforts per annum. In the late nineties the quota started to come down substantially as that research information became available, such that by about 2004 the quotas were down around 1,000 to 1,500 to 2,000 tonnes, and now they are zero, as we have understood what the dynamics of the stock is in response to that overfishing that occurred 15 to 20 years ago, and also as we understand much better what the likely impacts of that have been in a long-term sense so that we can set long-term TACs rather than shorter term ones.

Senator O'BRIEN—My recollection is that in the mid-nineties, probably better described as the late nineties, the government withdrew funds from fishery research. Is my recollection correct?

Mr McLoughlin—I would have to check that. I was not a member of the Commonwealth fisheries, the Public Service, at that time, but I can take that one on notice.

Mr Hurry—I would be reasonably sure that that is not the case, Senator, but I am happy to check it for you.

Senator O'BRIEN—I recall a Senate inquiry about just that fact, but perhaps I have imagined it. It will not take much to look up the inquiry.

Mr Hurry—I am happy to do that, and I will also go back and check the main sources of supply of fisheries research from Commonwealth funding, but I think it is still reasonably robust, because it is a mix of Commonwealth, institutional and state agency funding that goes into fisheries research and trying to develop a better understanding of stock structures in Australia.

Senator O'BRIEN—I am equally sure there was an inquiry into a proposal to reduce funding for research. It will not take long to check that. That question arises from Mr McLoughlin's answer about the question of the knowledge of the fishery.

Dr Kalish—I believe there was an inquiry in relation to marine science research, so that would include oceanographic research and fisheries research. Much of the fisheries research funding is based on GVP. In the late nineties, I believe, GVP was increasing, so there would have been an increased level of funding going into the Fisheries Research and Development Corporation and into the Fisheries Resources Research Fund and other funds. There may have in fact been an increase in fisheries funding during that period, in conjunction with the increase in GVP.

Senator O'BRIEN—There was an increase in funding—

Dr Kalish—For fisheries.

Senator O'BRIEN—for fisheries, from the industry?

Mr Hurry—Industry dollars are matched through the FRDC, and there is an allocation based on GVP of a three-year average that goes into the Fisheries Resources Research Fund. As Dr Kalish said, that has increased through the late nineties and early 2000s—it is only just now that it is starting to tail off a bit—and on top of that there has been additional research into species like southern bluefin tuna. CSIRO has kept a major research effort in place on pelagic fish stocks. As I mentioned, we are happy to check the figures for you, but we would be reasonably certain that there has been significant research on fish generally through that period.

Mr McLoughlin—I will add one more point, and I think it is a significant one. During that period, as well, the industry itself was contributing substantial in-kind support for the research in terms of vessel time and surveys in support of research that year after year led to decisions to reduce quotas for some species, and I think it is to its credit that it kept going on that.

Senator O'BRIEN—With regard to your comment about the number of species that have been researched, we do have a statistic now from the BRS report that 40 species are classified as uncertain, so we have not resolved it in that period. We have gone from not researching to being uncertain about a number of species, so I suppose that is not a huge advance. It means we have started to look at them, does it?

Senator Abetz—I think the indication is—and Mr McLoughlin has already indicated this to us with the orange roughy—that research started, and over 10 years or more we found out

that the life span of orange roughy was a lot longer than that which was originally expected and anticipated. I do not think that should be seen as a criticism in any way but that we are getting underway, and it is a lot better to say that we are uncertain than to try to make predictions such as that all fish stocks are going to disappear by the year 2048 and things like that, or, on the other side, to say that all the fish stocks are healthy. I think it is a good, honest and robust science to be able to say, 'Look, we're studying them, but the figures are still uncertain, and until such time as they're certain we're not going to be making comforting predictions or inflammatory scaremongering predictions.'

Senator O'BRIEN—Has the government or AFMA made any assessment of the employment impacts arising from the demise of Commonwealth fisheries over the past decade?

Senator Abetz—That is a bit of a provocative question, trying to fit that just in the past decade. I tried to sound a note earlier that fish management had not been good on either side of politics, and we have come to a recognition—and I hope the Labor Party has—that the section 91 ministerial direction, 'Total allowable catches' et cetera have been good, sensible management tools. We have recognised that there would be impacts, and that is why we have had the Securing Our Fishing Future package as well. To try to put a decade time line on it is very convenient politically, but I do not think it really adds much to the total pool of knowledge.

Senator O'BRIEN—Frankly, Minister, the last decade is a period which falls within the 1992 to 2005 status report, and it seems that that is when there has been a significant decline, and a number of fisheries have been or are being closed. You mention packages that the government is putting forward to deal with effects on communities, so I am asking: have you done any assessment of the impacts in the past? You must know what they are, to justify and be able to argue the case at your ministry level for funding for adjustment. You must have done the research.

Senator Abetz—We are still considering the impact, and it is pretty difficult so soon after the buyout to know exactly where and how much all the impacts will be. It is one of those unfortunate events, but I think it is better that the adjustments be made now, when we have some time for adjustment, rather than have wholesale closures and those sorts of events occurring. Mr Hurry may well have further information.

Mr Hurry—Thanks, Senator. The only comment I want to make is that BRS has done some broad work on the structure of fisheries in the Commonwealth through their social atlas work. I do not know the exact details of it, and it probably does not give detailed community-by-community figures, but there was some early work done on that. ABARE do a regular review of the profitability of Australian fisheries. They take a selected number of fisheries each year and study them in some detail and look at the profit and the mix of employment and profit in those fisheries. Those reports would no doubt be available through ABARE. They are the only two bits of work that I am aware of that are conducted, and the ABARE work is done on a regular basis to look at the profit and health of fisheries.

Senator Abetz—In fairness, if you have a look at—I would not refer to it as the 'demise'—the decline in wild sea fisheries, you might also like to have a look at the

substantial Commonwealth investment in aquaculture, for example, and the employment growth that that has generated. It would be a bit like saying about the Commonwealth's forest policy, 'What's been the employment results as a result of having a few more hectares put into World Heritage areas?' without taking into account the impact of extra money being spent on plantations. I think we need to have the balance.

Senator O'BRIEN—The difference is that the trees are still in those reserves whereas the fish are not in the ocean. That is the problem.

Senator Abetz—Sorry? What has that got to do with the employment levels?

Senator O'BRIEN—You just used forestry as an example. I am saying that it is not a good one.

Senator Abetz—What I am suggesting to you is that, if you want to paint an honest picture—and I know that is a big 'if'—about employment in the fishing industry, you need to also have a look at that which has seen employment growth.

Senator O'BRIEN—One of the recommendations from the government's review of the Great Barrier Reef Marine Park Act last year was to require a social and economic analysis to be conducted before changing management plans. That was to reassure the Queensland fishing industry that the government cared about their jobs. Does AFMA undertake any sort of social or economic analysis prior to making decisions about catch limits?

Mr McLoughlin—In terms of major decision making, we have committed to government to assess as best we can, within the skills of what is a fisheries management agency, what the potential financial and social impacts of major decisions will be and identify those to government. As a cost recovered organisation from industry for our fisheries management, we do not have the resources or expertise in-house to do that. We attempt to identify those potential impacts to government and institute a dialogue at that point with agencies such as BRS and our portfolio colleagues in DAFF to work out the best way to deal with that.

If I could add an additional comment, Senator: since the early nineties there has been a program of modernisation of fishery management methods and the implementation of individual transferable quota systems through our fisheries. They are a much more effective and efficient way to manage fisheries, setting quotas and absolute catch limits. That is the best way to manage fisheries and it is certainly consistent with government policy, but it is also a market-driven approach to fisheries management where the industry itself makes decisions about consolidation of quotas on larger boats or more efficient vessels. As fish is one of the most widely traded primary industry commodities in the world, our industry works in an international marketplace. Those market based drivers almost certainly have a larger impact on employment levels in the industry from time to time than an annual change in the TAC. So it is the industry making their own business decisions about trading up and trading down the size of their businesses in relation to both quotas and the international market which will have a big impact on those things.

Senator O'BRIEN—It seems to me that if you have gone from open slather to a total allowable catch of zero for orange roughy, that must have had an impact on employment. It is not about marketing; it is about the species being available to be caught, isn't it?

Mr McLoughlin—There are very few of the boats that would specialise in orange roughy. They would hold a quota for a whole range of species. Roughy would have been one of the large revenue generators for them in past years; they would be moving on to other species or increasing their quota holdings as the marketplace provides.

Senator O'BRIEN—They would be moving to other species, and pressure would go on other species; and then you would have to assess those and reduce the effort and to push the effort into other water.

Mr McLoughlin—The risks of that were recognised by the government in the \$220 million package—that the excess capacity that was there from the eighties and earlier, in fact, is what is being dealt with now. We are dealing with the legacy of capital investment in the fishing industry over a 30-year period.

Senator O'BRIEN—If you did this social and economic analysis prior to making decisions about catch limits, you should have good records about the employment impact of 10 years of decline in the Commonwealth fisheries.

Senator Abetz—Potentially, I think there is a difference. In relation to the Great Barrier Reef and the locking up of areas, that was done for a particular reason, and it is to exclude people, whereas the TACs that are set are to try to keep the fishing industry and that sector alive and going well into the future, for future generations. I think there is a material difference between the two approaches.

Senator O'BRIEN—I agree. Exclusion from a fishery has one impact; reducing the total allowable catch has a lesser impact but still an impact. That is why I asked the question—if AFMA, as they said, undertake some sort of social or economic analysis prior to making decisions about catch limits.

Senator Abetz—At the end of the day—and I am sure that Mr Hurry has a lot more and better information than me—do we allow them to keep fishing the orange roughy, for example, to absolute extinction on the basis of what may be considered a social impact and then have that social impact foisted upon us anyway, or do we make the total allowable catch determination on the basis of the science and maintenance of the fish stock? I think most people would say that the approach being taken is the better approach.

Senator O'BRIEN—With respect, that is another question. That is not the question that I am asking. I am asking: if AFMA undertakes the analysis that we have discussed, then they must have records about the employment impact from the decline.

Mr Hurry—Senator, going back to an earlier—

Senator O'BRIEN—Do they or don't they? That is the simple question. We can extrapolate and spin and dance around the subject. I am asking a simple question. There must be a simple answer: they have them or they do not.

Mr Hurry—I am trying to answer the question from a different perspective, I suppose. If we look at the returns to Commonwealth fisheries in the last 10 years and the increase in GVP through that period, you would have to argue whether there had actually been a decline in the profitability and therefore the employment of Commonwealth fisheries. We would probably have to go back to the ABARE reports to have a look at that. But the impact in recent times

on the profitability of the fisheries has been more tied to the strength of the Australian dollar, so there have been reasonably profitable fisheries right through the last 10-year period. There are fisheries inside that—and the ABARE reports will show that—that are not profitable, but some of the others have been quite profitable through that period. The Patagonian toothfish fisheries, the southern bluefin tuna fisheries, the rock lobster fisheries—the big-ticket fisheries in Commonwealth fisheries—have performed reasonably well. There is a situation now where there are difficulties; the package has come in. But we could go back and check what is in the ABARE reports and they would probably be the best source of data that we would have to address the question.

Senator O'BRIEN—Yes. With respect, that is not the question that I am asking. AFMA said that they do the social or economic analysis. They contract in some of that research, and I am putting the proposition: well, if you do that, then you must have records about the employment impact of a decline. Is that true or not?

Mr McLoughlin—Senator, if I can repeat, I think, my earlier answer to a question: we do not undertake, because we do not have the resources to do so, a formal socioeconomic impact of decision making. We make informed estimates of impacts of decision making and we advise government and our colleagues in DAFF about likely impacts of TAC changes. As a fisheries management agency we simply do not have the expertise or resources to do a socioeconomic impact assessment of everything we do, but we do try to make an informed estimate of potential impacts and identify those to the department and government as necessary.

Senator O'BRIEN—So, for each of the fisheries management plans that have been put into effect over the last decade, AFMA would have provided advice on the expected impact of that new management plan to the department and to the government?

Mr McLoughlin—Yes, because the management plans are widely consulted through industry and publicly. The consolidated comments on the effect of the implementation of those plans—most of which have been very strongly supported by industry—are identified, because it is ministers during that period that have been signing off on those plans to turn them into law.

Senator O'BRIEN—Can we see copies of those views that were arrived at by AFMA in relation to the expected impact of the management plan?

Senator Abetz—If it is advice to government, I dare say not, but we can take that on notice and see what the protocol around that is.

Senator O'BRIEN—It is an interesting proposition that this is the basis for funding restructuring packages; it is the expected impact. It is the research that has been paid for by the fishers. Do the fishers get access to this research?

Senator Abetz—The restructure package was in fact something that was driven by industry. I think it emanated out of the South-East Trawl Fishery approaching our government, saying, 'We're in strife. We need your help.' I think they asked for a particular sum of money, which was scoffed at at the time, but the total package I think was four or five times that amount in the end. But then other Commonwealth fisheries got in on the act and in the end we had a \$220 million package—not from a government perspective wanting to do

things but industry driven, requested by industry, by the fishing sector—for us to assist them because of the commercial realities that they were facing.

Senator O'BRIEN—It is not the first restructure package or adjustment package, is it?

Senator Abetz—So from a social impact point of view, this was in fact requested, sought and pursued by those that will bear the impact.

Senator O'BRIEN—How many of these adjustment or restructure packages have been put into effect in the last 10 years?

Mr Hurry—I think this is the third package. There was one for the Southern Shark Fishery, there was one for the South-East Trawl Fishery, and then there is the major package that is under way at the moment, the Securing Our Fishing Future one. One of those may have been before that 10-year period, but I have a sense that one of them was around the time of the creation of AFMA.

Senator O'BRIEN—What about the Northern Prawn Fishery?

Mr Hurry—I would need to check that. There may well have been one for the Northern Prawn Fishery, but it may well have been before then.

Mr Talbot—There was one for the South-East Non-Trawl Fishery at the same time as the Southern Shark Fishery.

Mr Hurry—Yes, it was part of that same package.

Senator O'BRIEN—On notice, can you refer us to where we will find the details of those packages, or provide them?

Mr Hurry—What if we provide you with the details of them and then if you have any further questions, we can follow them up for you.

Senator O'BRIEN—Thanks very much for that. The 2005-06 AFMA annual report has no performance report for employment impacts but says it is in the process of developing sustainability indicators in order to achieve the recently revised objective of ESD. Do you intend to have employment as one of those indicators?

Mr McLoughlin—I would have to say at this point the answer is no. What we are developing, in conjunction with ABARE and other researchers, are economic indicators of industry, I guess as a surrogate for the financial health of the industry. We are very strongly focused on ensuring the sustainability of the Australian fishing industry and shortly, and in conjunction with achieving that, putting in place the fisheries management framework that provides the best opportunity for industry to be profitable. I guess that is the surrogate for: if the industry is profitable, employment will be maximised within the business decisions that those businesses make.

Mr Hurry—That is well put.

Senator O'BRIEN—The test is profitability of the businesses?

Mr McLoughlin—That is right, sustainability in conjunction with profitability. The sustainability objective is up-front. The profitability objective is one that we are looking to achieve with industry.

Senator Abetz—If they are not profitable they go bust and they cannot employ. It is a pretty simple equation.

Senator O'BRIEN—That is true. I am just interested that, given that there is a significant amount of Commonwealth money being offered to get effort out of fisheries, employment is not one of the factors being looked at. If that is not an issue—I suspect it is—then what are you pitching the money at?

Senator Abetz—Sorry?

Senator O'BRIEN—What are you pitching the money at if you are not expecting an employment impact?

Senator Abetz—We are buying out entitlements. That is the major part of the package. We accept that there will be some dislocation, and that is why the package had an entitlement for skippers and crew who had been getting their livelihood for more than five years. If they were losing their job as a result, they were given some money to do with as they wish, but the idea was to assist them. At the end of the day, everybody in the fishing industry, including skippers, crew and owners, were saying: 'We are dying the death of a thousand cuts. We're going to be losing our jobs anyway, and businesses are going to have to close down anyway. If you assist us to leave with some dignity and allow a bit of a soft landing, it will allow the restructure to take place in a way that is dignified for individuals and won't have such a dramatic impact on the communities and individuals.' That is what we have tried to do with the package.

Senator O'BRIEN—How much of the package is expected to be required to pay for those skippers and crews?

Senator Abetz—I think \$3.5 million was set aside for it. The take-up I think at this stage has not been that great, but I am sure that John Talbot has got the exact detail.

Mr Talbot—In terms of skipper and crew, we are taking applications up until 23 March this year. At this stage we have received 77 applications. We have paid 58 and we have spent about \$210,000.

Senator O'BRIEN—What is the closing date?

Mr Talbot—It is 23 March.

Senator O'BRIEN—Do you know whether that is a factor of short-term cycles in the fishery, of changes in employment in the fishery, or is it just a very low take-up, much lower than you expected, because people are not intending to leave the fishery?

Mr Talbot—It certainly is a lower take-up rate than we expected, but also, with this program, because a lot of the owners of businesses when applying for the tender process did not want their employees to know they were in the tender process until it was finalised, we are expecting some take-up over the next month. Claims for round 2 are coming in at the present time, so the take-up could increase. I do not know the answer to that at this stage.

Senator O'BRIEN—I will come back to that. Going back to AFMA in its 2005-06 annual report, the actual revenues from levies and licence fees was \$13.059 million. The forward budget for 2006-07 proposes budgeted revenues for the same item of \$13.745 million. The

PBS on page 108 budgets industry levies and licensing fees down to \$8.271 million, which is a drop in budgeted licence revenue of \$5.474 million. Can I get an explanation for that?

Senator Abetz—There is going to be a substantial subsidy in the package.

Mr McLoughlin—Senator, a slight bit of background: the Securing Our Fishing Future package included \$21 million for AFMA over three years, comprising \$15 million in levy subsidies over three years to assist an industry that was going to be substantially reduced in number to pay their levy costs in a cost-recovery environment for three years until industry had adjusted to the new circumstances, and an additional \$6 million for AFMA over three years for additional compliance, research and monitoring for industry. In particular, that has offset expenses to industry in two areas: there are just the straight levies for the recoverable part of the fisheries management that we do and also it has offset the cost of some of the research that otherwise industry may have been required to pay for. That has complicated the budget figures, but that is, in broad terms, the explanation for the budget that we would be putting towards fisheries management as outlined in our annual report and the PBS which talks about both administered and appropriated funds, which provides the combination.

Senator O'BRIEN—The annual report talks about the subsidised levies, does it, and the PBS talks about actual levies?

Mr McLoughlin—The budget for fisheries management would be as outlined in the annual report. The funds that come through from levies, which are administered funds, would be—

Senator O'BRIEN—It is the budget for revenues from levies and licence fees that I was talking about.

Mr McLoughlin—I do not have the annual report with me, but I can provide you on notice with a breakdown of where the funding has gone.

Senator O'BRIEN—Thank you for that. That will be helpful. Page 107 of the PBS talks about Commonwealth contribution this financial year of \$51.777 million, increasing the government appropriation for the year by \$24.1 million. That is one of the matters that you will explain for me in detail, is it?

Mr McLoughlin—Yes, it will be.

Senator O'BRIEN—When was the \$21 million that the government announced for securing our fishing program for improved science, compliance and data management appropriated?

Mr McLoughlin—For the 2006-07 budget, the \$21 million, as I said, is \$15 million for levy subsidies and \$6 million for AFMA over three years—so \$2 million in each of three years—for the research and monitoring.

Senator O'BRIEN—The forward estimates for 2009-10 on page 122 of the PBS show a drop in projected revenue of more than \$11 million. Why is that?

Mr McLoughlin—Page 122?

Senator O'BRIEN—You will see the out years drop down from \$66 million to \$54.68 million.

Mr McLoughlin—Senator, that reflects the phasing down of the \$21 million over that period of three years. That is what I believe to be the case, but can I confirm that. Given that that \$64 million in the forward estimates for 2007-08 reflects the fact that we are still in a levy subsidy and research subsidy period, that phasing down will be what that represents. But I need to confirm that for you, and that can be part of the additional advice that I provide.

Senator O'BRIEN—Okay. Presumably that information will detail what impact the government's budget announcement has on the fishery—the \$388.9 million boost as it was described.

Mr Hurry—That is illegal fishing.

Senator O'BRIEN—I want to touch on domestic surveillance and compliance. There is a document published on the AFMA website entitled *Future operating environment for Commonwealth fisheries* and it spells out a number of actions AFMA will take in response to the ministerial directive. AFMA has stated that it will implement compulsory vessel monitoring systems in all Commonwealth fisheries. When will that happen?

Mr McLoughlin—That will happen from 1 July this calendar year.

Senator O'BRIEN—Does AFMA intend to require all vessels to install onboard catch monitoring cameras?

Mr McLoughlin—No, we will not. They will be put on vessels on the basis that we need data from those fisheries. There will be not only cameras but a range of other electronic instrumentation that we will be putting on some fleets. For example, with the eastern tuna fleet, we are looking to implement what we call drum monitors on those boats so that we can record the number of individual fishing operations that the boats are undertaking. Cameras will be put on boats on an as-needs basis and on an opportunistic basis as we are looking to collect data as part of research programs.

Senator O'BRIEN—It says:

- An electronic licensing transaction system will be developed ...

What is that? When will it be completed?

Mr McLoughlin—Over a three-year period we are implementing a major upgrade to the IT systems at AFMA. We have complex management arrangements around ITQs and the market for quotas and entitlements. It is very similar to electronic banking, for example, in the way that banks move money from accounts to accounts, and we are looking to move from a combination of a paper based system and a computer system at the moment to provide a 24-hour, seven days a week service to industry to be able to log onto websites and look at their quota balances at any time and to be able to trade quota with other operators across the web as you would do with electronic banking. We have some elements of that in place already and we are looking to expand that significantly by the end of this calendar year. But the whole system will be a three-year phase-in as we look to minimise any disruptions to industry in shifting to a new IT system and a new environment. It is also the case that we have to accept the reality that not all fishermen have access to a computer and the internet at all times, and so we still need to provide a paper based system over the phone for those people who need it.

Senator O'BRIEN—Probably less and less.

Mr McLoughlin—The fishing industry is characterised by being a very regional based industry, often in remote locations, so we need to maintain that level of service.

Senator O'BRIEN—Can you explain why AFMA has indicated a preference for using administrative rather than prosecution based penalties?

Mr McLoughlin—The reason for that is twofold. To go to the court system for all minor and major breaches of fisheries law, much of which is very complex, involved significant time and expense, a significant portion of which the industry is picking up. We have certainly got an active debate in place with industry at the present time about whether we can make more efficient and less costly the imposition of minor penalties for minor breaches of the fisheries act rather than have to go through the court system all the time.

Secondly, given our prosecutions work is not done by AFMA—it is done by the Commonwealth Director of Public Prosecutions—there are workload issues with us and with other government agencies that we need to try to manage. We are debating with industry at the present time whether we can use more administrative sanctions for people who plead guilty to an offence. That is, whether we can apply, for example, just a suspension of their licence for 30 days rather than have to go through the court system. The powers already exist in the act for both cancellations and suspensions. It is about the better use of those powers to reduce cost and time delays that we are discussing with industry at the present time.

Senator O'BRIEN—It would be like a parking fine penalty system?

Mr McLoughlin—That is right.

Senator Abetz—It is a bit like speeding. I suppose that would be a better analogy. If you are in the lower limits of speeding you will get a traffic infringement notice, whereas if it is to such an extent that people could come to the conclusion you were driving dangerously you will be slipped through the court system. If it is at the lower level you can do it administratively.

CHAIR—I got \$77 the other night in the tunnel.

Senator STERLE—In WA they have double demerit points.

Senator Abetz—This is Senate estimates, not a confessional! But I am willing to take any more confessions that you may have, Senator.

Mr McLoughlin—In addition, we already have a penalty infringement notice in place. We are consulting with industry at present on a draft policy around those things and about whether we extend the penalty notice system to a wider range of offences, but the industry is very sensitive about protecting the property right values of their licences and we are very conscious of that. Many fishermen have overdrafts with banks and we do not want to put those property rights at risk. By the same token, we need to be able to respond to offences that might be occurring out there.

Senator O'BRIEN—Measures to protect threatened, vulnerable and endangered species are described as 'to be enhanced'. How?

Mr McLoughlin—There are a range of ways we do that. It is compulsory to report interactions, as we call them, with threatened, endangered and protected species. We do not manage TEP species, the Department of Environment and Water Resources does that, but we

provide reports through the logbook system to the department of environment. In addition, because of the potential for fishermen to be reluctant to report interactions with threatened and endangered species directly to the department of environment, we have set up a system by agreement between ourselves and industry and the Department of Environment and Water Resources that they can report those things to us and we will provide consolidated reports to the department of environment on a regular basis so that we can understand the level of interactions that are going on out there. In some fisheries the industry itself has implemented a range of changes to the fishing practices and the way it does business to minimise those interactions.

Senator O'BRIEN—What specific actions will AFMA take to address the black market for illegally caught fish?

Mr McLoughlin—What we are already doing is a substantial level of domestic compliance work—for example, in cases where there are two levels of paperwork. As an example, in the Southern Shark Fishery, fishermen not only fill in logbooks of what they have caught but they are also required to fill in a document called a catch disposal record, which is a three-copy book. A copy goes with the fish to the first receiver, as it is called, so that would be a processor or a wholesaler or maybe a retailer, and that person who receives the fish has to hold that copy. One copy comes to us and one copy is kept on the boat. So at any time, for any shipment of fish that has come out of a Commonwealth fishery, we can backtrack where that fish has come from and when. None of these regulatory systems are perfect, but we believe that we have reached a balance between a level of checking on the industry and, essentially, allowing these businesses to run without too much red tape. Of course, as we get intelligence that says there might be problems, we act on that in conjunction with our state colleagues.

Senator O'BRIEN—You believe there is the potential, using that system, to intercept further black market fish or discover its marketing?

Mr McLoughlin—Yes, I do, because we have systems in place where every year, unfortunately, we pick up one or two instances of this. We investigate those and forward that material to the DPP for consideration.

Senator O'BRIEN—But you are going to improve on that?

Mr McLoughlin—These systems can always be improved. It is about cost effectiveness and marginal benefit from significant new systems. I should say also that industry pays a substantial portion for the compliance services it receives, and the issue of cost effectiveness is a live one.

Senator O'BRIEN—In 2005-06 the actual expenses for domestic fisheries compliance was \$3.46 million, which was a 22 per cent reduction compared to the 2005-06 forward estimate. Does that mean \$983,000 was diverted from domestic to foreign compliance?

Mr McLoughlin—No, not at all. There are no cross-subsidies either way between domestic and foreign compliance efforts. All of domestic compliance funding and the budgets for each fishery are transparent to each industry sector through our management advisory committees. I can assure you that industry watches those budgets very carefully. Where we do not spend the budget because the level of compliance is assessed as being quite high, then that money is returned to industry in the following year.

Senator O'BRIEN—Does that indicate a reduced effort? What does the 22 per cent reduction indicate?

Mr McLoughlin—If we, for example, budget for a substantial operation around quota monitoring, and the investigation phase determines that in fact the compliance levels are very high and we do not have major problems then we will make judgements around whether we need to continue that level of expenditure and effort on what might be minor offences. It is not so much the investigation phase but the final apprehension or laying of charges and prosecution phases which are very expensive, so if we determine that the offences are not being committed, we do not need to proceed on it.

Senator O'BRIEN—Can we get a breakdown of how our compliance expenses are expended?

Mr McLoughlin—By each fishery?

Senator O'BRIEN—Not necessarily by each fishery, but if that is simpler than an aggregated one, that will be fine.

Mr McLoughlin—I can take that on notice.

Senator O'BRIEN—I presume the higher cost of monitoring the foreign fishery is due to the costs of remote surveillance.

Mr McLoughlin—That is correct, and the fact that that includes a substantial component of biosecurity management with AQIS, vessel destruction and a generally higher level of expenses because we are running in remote areas quite often.

Senator O'BRIEN—Can we also get a breakdown of that expenditure?

Mr McLoughlin—On foreign compliance?

Senator O'BRIEN—Yes.

Mr McLoughlin—In broad categories, certainly.

Senator O'BRIEN—Can you refer me to where I will find that in detail?

Mr McLoughlin—It is on page 25 of the 2006-07 budget statements. That would not have changed from the table that we provided you last October, from memory, on the breakdown of how resources were being expended in the foreign compliance area.

Senator O'BRIEN—How much of that, if any, is paid to Customs?

Mr McLoughlin—We do not fund Customs for the work they undertake; they have their own allocation.

Senator O'BRIEN—So it is the item 'Securing borders against illegal foreign fishing' on page 25 that you are referring us to?

Mr McLoughlin—That is correct, and a range of capital measures in the bottom set of numbers there too. Those numbers have not changed as of the present time.

Senator O'BRIEN—Again in the annual report, the total number of trips and landings in Commonwealth fisheries for 2005-06 was 9,689; the total number of inspections was 664; 6.8 per cent of all trips were inspected by Fisheries officers; and the number of offences detected

was 104 from 664 inspections, or 16 per cent. Perhaps you could advise us on notice how that compares with the previous three years.

Mr McLoughlin—I will have to take that one on notice, Senator.

Senator O'BRIEN—Is that normally a statistic in your annual reports?

Mr McLoughlin—You have got me there.

Senator O'BRIEN—You can take that on notice. What I am leading to is that if it is easier to go further back than that I would appreciate it.

Mr McLoughlin—I will certainly check that. I would have to confirm whether it has been a feature of previous annual reports. We have been, I guess like a lot of agencies, looking to provide more relevant information every year and, if we can provide that information, that is why it has started to appear.

Senator Abetz—We have just been told that it is.

Mr McLoughlin—Thank you. It has been provided, Senator.

Senator O'BRIEN—Thanks. Table 7 shows a lot of variance between fisheries. This fishery includes the big-eye and yellowfin tuna, which are classified as subject to overfishing in the broader Pacific Ocean. There were 143 inspections, with a total of 1,668 trips and landings, and 14 percent of inspections resulted in detection of offences. Can we reasonably extrapolate that that 14 per cent figure is representative? If it were applied to all 1,668 trips and landings, is it likely there would have been 233 offences?

Mr McLoughlin—If I can provide 10 seconds worth of background: we undertake a risk assessment for compliance for every fishery on an annual basis. That in turn drives the level of potential budget that we discuss with industry around the compliance effort. If the assessment of risk indicates that the sorts of statistics that you just read out are likely to be applicable across the whole fleet, we would then be increasing the budget for compliance for that fishery.

In terms of the east coast tuna fishery, and yellowfin in particular, the risks would be assessed on a combination of the offences that were detected—were they serious or were they minor offences such as not filling in paperwork in time or properly. My guess would be that for that fishery there would be a mix of both major and minor offences. For offences such as not completing logbooks on time or filling them in incompletely, we would be looking to deal with those by using a penalty infringement notice. If we were detecting major offences where catches were being landed without correct paperwork or where false paperwork was being provided, we would up the ante on that fishery and increase the budget and do more compliance. Every fishery is different, I would have to say.

Senator O'BRIEN—You did not up the ante, so are you indicating to me that the offences in that fishery were more administrative than overcatch or something like that?

Mr McLoughlin—The east coast tuna fishery is not on a quota system. We are looking to implement what is called an effort based management system for that fishery over the next 12 or 18 months. So it is not a matter of catch levels and reporting; it is, whether the catches are being accurately recorded and whether they are complying with a range of other measures such as seabird protection measures and area and spatial management issues.

Senator O'BRIEN—I guess the possibility arises that there were over 200 offences that went undetected, if we extrapolate that way. What you are suggesting to me is that you cannot say that that is not the case but you do not think the offences were serious enough to warrant the effort to detect them.

Mr McLoughlin—You are right, Senator. I cannot say that it was not the case that there were 200 that went undetected. That is the business of law enforcement unfortunately; you cannot check all the people all the time. But, as I said, the scale, the frequency and the seriousness of the offences are assessed each year in considering whether there needs to be an additional compliance effort applied. I think that is the situation that any law enforcement agency might find itself in—and us as a regulator as well.

Senator O'BRIEN—With regard to southern bluefin tuna, 38 per cent of inspections resulted in offences and there were 86 trips and landings in the fishery—not too many trips. Why couldn't AFMA do more than 13 vessel inspections?

Mr McLoughlin—The SBT Fishery is a fishery that is unlike many others. It does a small number of trips where a large amount of fish are caught live and brought back to Port Lincoln for wrenching. We do provide a compliance service there that has to look at a whole range of things—the catch monitoring that is undertaken; the mortalities that are in the boats. I guess it is the intensity of the individual inspections rather than the number of them that is important here, because of the number of things that have to be monitored for an international fishery.

Senator O'BRIEN—That is a quota fishery, isn't it?

Mr McLoughlin—It is, yes.

Senator O'BRIEN—What sorts of offences were discovered, given that 38 per cent of inspections—that small number of inspections—detected offences?

Mr McLoughlin—I do not have the data in front of me but, given that it is a complex management system, my guess would be that they are mostly administrative offences.

Senator O'BRIEN—Can you take that on notice and give us a more confident answer?

Mr McLoughlin—Yes I can.

Senator JOYCE—How do you monitor the Antarctic fisheries—our fisheries off the Australian Antarctic Territory?

Mr McLoughlin—We have two AFMA observers on every trip by an Australian boat into Antarctic waters. They work 24/7 monitoring the catches.

Senator JOYCE—That must be pretty hard.

Mr McLoughlin—Yes. The observers who do the Antarctic trips are very skilled, hardworking people.

Senator Abetz—They must be committed to go down there, that is all I can say. You have been down there, haven't you, Senator Joyce, so you know what the waters are like.

Senator JOYCE—Yes, rather than me.

Senator O'BRIEN—The Southern and Eastern Scalefish and Shark Fishery includes catches of orange roughy, which are overfished; several species of shark which are

overfished; several other species of shark which are subject to overfishing; pink ling, which is overfished; and silver trevally, which is overfished. In this fishery, 17 per cent of inspections resulted in detection of offences. Again, assuming this is representative, it is likely that there are around 1,260 offences. Therefore, just fewer than 1,200 would have gone undetected. Can you give me an idea of the sorts of offences that were uncovered on inspection?

Mr McLoughlin—There are many potential offences in a fishery, but they would range from simple logbook and paperwork offences right through to what we would regard as very serious quota evasion offences and fraud against the Commonwealth in terms of false logbook records. During the period from 1 July 2006 to 2 February 2007, 93 investigations have been initiated for domestic fisheries compliance, and some of those would be in the fisheries that you have been talking about; 61 have been concluded; 32 remain under investigation because prima facie we wish to proceed through to evidence that we discuss with the DPP; and 13 matters have proceeded to the courts. We take our regulatory role quite seriously, but in conjunction with the DPP. Whether or not it goes through the courts is not solely the responsibility of AFMA.

Senator O'BRIEN—No. My questions have not been about the prosecution side of it. It is about the discovery of offences through the inspections and whether the sampling of your inspections indicates a broader problem that is going undetected.

Mr McLoughlin—Again, it would be based on the risk assessment we undertake each year, which the compliance professionals do. They say that if we are seeing what in fact we do see in some fisheries—a background level of non-compliance with simple administrative and paperwork matters—then we just lean on the industry continually with penalty infringement notices to try to improve performance and behaviours over time. If we are seeing serious quota avoidance offences, we move quite forthrightly.

Senator O'BRIEN—When you say you risk-manage your inspections, are you targeting particular operators?

Mr McLoughlin—Operators and ports or—

Senator O'BRIEN—Operators or ports?

Mr McLoughlin—Or fishing methods, for example, or places. It comes down to where we are seeing the maximum number of offences. If we are picking up a lot of admin offences—typically there are some that might be more serious that we may not be picking up—we will apply more of it in an area.

Senator O'BRIEN—In terms of governance, AFMA has a research committee and an environment committee. Does it have a surveillance and compliance committee?

Mr McLoughlin—No, it does not, but AFMA also has a finance and audit committee and that committee, in terms of corporate governance around the expenditure of compliance funds linked to risk assessments, undertakes an audit role on the risks that are out there, the funding that is being proposed for law enforcement, and forwards that through to the board for consideration.

Senator O'BRIEN—So it looks like compliance is a function of the financial consideration of AFMA?

Mr McLoughlin—It is not so much a case of it being financial. Domestic compliance is 50 per cent funded by industry. Industry are understandably concerned about any potential blow-out of costs in that area, so the finance and audit committee just want to make sure that the risk assessment that has been done for each fishery looks sensible and that the budget that has been proposed is consistent with the risks that have been identified. So there are concerns from industry about the cost of compliance and also the issues you raise about the constant background level of detection of offences. We are changing the domestic compliance model in AFMA over the next 12 months, starting from around the middle of this year. We will be constructing an intelligence analysis unit within AFMA to look at these offences that are coming in and better target the compliance effort in the following year. Like any regulatory agency that has to respond to changes in the operational climate that we are seeing out there, better analysis and better targeting is a feature of where we are going.

Senator O'BRIEN—With the recently announced changes to the reporting structure of AFMA or with the commission, whatever it is, is it the minister or the AFMA board who accept responsibility for decisions about resourcing?

Mr McLoughlin—Under the new commission model, as I understand it—and there are a lot of details to be gone through yet—the chief executive officer will be responsible directly to the minister for the budget and personnel, and the commissioners will be responsible for decision making around domestic fisheries management, such as quotas and consultation on budgets and operations that would be undertaken with each fishery.

Senator O'BRIEN—Subject to direction from the minister?

Mr McLoughlin—There would be ministerial approval of final budgets and operational matters, yes.

Senator O'BRIEN—The budget estimate for domestic compliance this year is \$5.095 million, which is an increase of around \$600,000 over last year's forward estimate, as I understand it. That is right, isn't it?

Mr McLoughlin—Yes.

Senator O'BRIEN—Earlier, I referred to AFMA's *Future operating environment for Commonwealth fisheries* report. It includes a raft of domestic compliance initiatives. Can I take it that the \$600,000 will be sufficient to meet the expenses of those domestic compliance initiatives?

Mr McLoughlin—We will live within our budget, can I say, and if, as a result of the additional expenditure, we find that there is a range of additional domestic compliance matters that we need to deal with, then the board will make a decision at that time around the need for additional resourcing. There is the fact that the industry may well have to pay for that. I think industry is on notice that if we detect unacceptable levels of non-compliance their budgets will go up. It is in their interest to apply the peer pressure on their skippers and crews to make sure that that does not happen.

Senator O'BRIEN—Can you tell us what additional resources AFMA plans to invest in domestic compliance and enforcement to achieve its stated objectives?

Mr McLoughlin—There is the change in the structure that I indicated earlier, with the creation of an intelligence analysis unit within AFMA that will be based in Canberra, and that group will work with state based officers. We contract out the vast majority of our domestic compliance—99 per cent of it at present—to state fisheries officers under contract, and we believe that that is a sensible and efficient way to start to do business, given that intelligence driven operations is the modern law enforcement method. It is a bit different from what we have been doing in the past, which is just applying a constant level of checking of 10 per cent of all landings or trips, for example. A more targeted and intel-driven approach is where we are going for maximum cost effectiveness. Whether the budget is sufficient or not will be determined in future years by the results of that change in approach, which is, I would say, very consistent with the change in approach from other fishery agencies and, indeed, other law enforcement agencies.

Senator O'BRIEN—There is no available compliance figure for the Coral Sea Fishery, the North West Slope Fishery, the Western Deepwater Trawl Fishery or the Southern and Western Tuna and Billfish Fishery. Why is that?

Mr McLoughlin—Up to this point in time the risk assessment is that there are minimal compliance risks associated with those fisheries, particularly the very small, effectively hand-collection fisheries like the Coral Sea Fishery. For the Southern and Western Tuna and Billfish Fishery, the compliance budget will increase as a result of that fishery moving to quotas and a management plan later this year, but there are only two operators working in that fishery at the present time and the compliance costs associated with those two operators are absolutely minimal. On North West Slope, the Western Deepwater Trawl Fishery: there was no activity in that fishery last year other than that one boat did one trip and, from memory, the total GVP from that fishery was \$3,000 last year. There is little sense in expending large compliance resources on fisheries with a low level of effort.

Senator O'BRIEN—Given that a lot of your data is collected from a voluntary logbook system and there are claims that some skippers fudge logbook data and you audit a small proportion of landings or trips, how otherwise would AFMA conduct an independent validation of logbook data?

Mr McLoughlin—Principally by some other programs that we have running. For example, in the south-eastern and southern shark fishery we have just taken over from a state based research agency a program called the Integrated Scientific Monitoring Program, where we put scientifically trained observers on boats, and we do that randomly. They monitor the catch that is coming on board and we can align what they are saying with what is in the logbook. We also run a very substantial observer program.

Senator O'BRIEN—You are not going to cheat in a logbook when you have an observer on board. That is not where the fudging will occur, is it?

Mr McLoughlin—That is true, but we compare them—they can be compared over time—and say, 'What did the logbook look like from the trip where the observer was on board compared with the one before and the one after?' That is something we do.

Senator O'BRIEN—Or they were very unlucky.

Mr McLoughlin—We also do random inspections in ports via fisheries officers where there is, as I indicated earlier, a secondary set of documents that we put in place for quota managed fisheries. We have a cash disposal record system, and the first receiver of the fish off the boat has to sign a document stating the amount of fish received, where it came from and the dates and times it was received. If people are going to undertake a fraud or an attempted fraud at the boat level, it is another thing to try to then include the next stage up in the supply chain. If offences have occurred, they are fraud against the Commonwealth and they are treated as such.

Senator O'BRIEN—How many convictions have you obtained recently for that type of offence?

Mr McLoughlin—In terms of fraud offences against the Commonwealth, there has been one already this year in the state of Victoria. We do not have that data with us, but we can provide it on notice.

Senator O'BRIEN—Yes, if you can. The claims that fudging is not uncommon need to be balanced against what your success rate is in proving such fudging. One this year is all that you can recall.

Mr McLoughlin—There was one conviction in the courts this year.

Senator O'BRIEN—One conviction, yes. There may be other offences.

Mr McLoughlin—Yes.

Senator O'BRIEN—I am trying to get a feel for how often that charge is laid and a conviction achieved.

Mr McLoughlin—We can provide that. Can I say that the vast majority of the logbook offences that we detect are not attempted frauds around the quota system; they are minor offences such as the paperwork must be completed and submitted within 14 days, and there are two months of outstanding logbook pages that they have not done, and they will get a penalty infringement notice for that. But there is no attempted fraud against the quota system. The minor admin penalties are the vast majority of offences. Fraud offences in logbooks are something that, as long as we had clear evidence, we would move to the DPP on.

Senator O'BRIEN—I understand that AFMA has four-course data in data management, four-course data in the logbook program and three-course data in the observer program. Can you give us a breakdown of how staff function in those units?

Mr McLoughlin—Data management is as it sounds: the data is punched. We outsource the data punching around logbooks. That data comes in raw from the data-punching company and then our data people ensure that that is cleaned up and that it is all sensible. As you can imagine, filling in logbooks at sea in bad weather means there is a reasonably high proportion of illegible writing and statements. We need to sort that out to make sure that we have got the best people database, and then that data has to be massaged to a point where it can be utilised by researchers doing stock assessments and by fishery managers looking at catch and effort trends, for example. That is about ensuring that in a very data-driven business the data is as high quality as possible.

In terms of the observers, we run a substantial observer program now. We have contract observers and port based observer managers in a range of ports across Australia. That team manages a group of up to 50 observers at times across all Commonwealth fisheries, and they will be posting those people on vessels, getting them off and making sure that the data comes in. It is about management of a team effort that extends literally from Darwin to the Southern Ocean.

Senator O'BRIEN—I am looking at page 128 of the annual report. Those numbers I gave are set out there, about core staff. There are 14 positions and 11 core staff and one temporary in data management. So there are unfilled positions. Which other positions fill the role of data management, other than those in that chart?

Mr McLoughlin—The data management team only needs to be a small group. It is desk based computer-driven tasks and, as I indicated earlier, we contract all the data punching and we have a whole range of contracted staff to deal with workload issues and as we need them. We are looking to be flexible about the cost of business. The observers themselves are nearly entirely contracted people.

Senator O'BRIEN—According to this chart, there are no contractors, in the annual report: observer program, three positions, three core staff, no temporaries, no contractors—three total staff.

Mr McLoughlin—Yes, that is in those groups. The observers themselves are contractors.

Senator O'BRIEN—Why don't they appear as contractors in this chart?

Mr McLoughlin—I do not have it in front of me. It relates to the staffing of AFMA. We do not see that contractors are recorded as core staff, other than the ones that are in those groups.

Senator O'BRIEN—No, but you have a column for core staff, you have a column for temporaries and you have a column for contractors.

Mr McLoughlin—I will have to provide clarification for you, given that I do not have the annual report in front of me. In terms of the staffing of AFMA, for the period of that annual report, I can provide clarification around those comments.

Senator O'BRIEN—Yes, to 30 June 2006, total staff 212; core staff 142; temporaries 44; contractors four; total staff 186. So there are 26 unfilled positions, according to this chart.

Mr McLoughlin—As of the middle of last year, that may well have been right, in terms of us leaving positions unfilled where we thought that we did not need to fill them for cost purposes.

Senator O'BRIEN—How many positions are there now and how many actual total staff are there now?

Mr McLoughlin—The staffing that we are budgeting for at the present time is around the 220 mark. That relates to the final tranche of fisheries officers that are being employed and put into place in, for example, our Darwin office. We have taken over the Integrated Scientific Monitoring Program since that annual report was prepared. That was being delivered for us by the Victorian research institute. We have taken over that program and are running it ourselves now, and those staff have come on board. So those numbers have now changed.

Senator O'BRIEN—How many people are actually in core staff positions?

Mr McLoughlin—I will have to take that on notice, as of today, because it changes. Obviously staff turnover is an issue for us.

Senator O'BRIEN—All right. Do you have any of those figures available or will you have to take any questions on this matter on notice?

Mr McLoughlin—As I said, the staffing that we are budgeting for at the present time is 220, and that is changing as we pick up staff.

Senator O'BRIEN—No, I know what you are budgeting for. I am actually asking how many people you have got. The budget might be for twice as many; I do not know. I would just like to know how many people are actually on the payroll at the moment or are contractors.

Mr McLoughlin—I can take that on notice—to let you know the total staffing as of today.

Senator O'BRIEN—Well, it can be as of 1 February or 31 January, whichever is the easiest payroll date.

Mr McLoughlin—I can certainly do that.

Senator O'BRIEN—It does not have to go across pay periods, if that is inconvenient. Something contemporaneous would be useful.

Mr McLoughlin—I will provide that information on the last payday for AFMA, from today's date.

Senator O'BRIEN—This staffing chart with 11 staff in data management, the logbook program and the observer program—which is obviously critical for enforcement—involve about seven per cent of AFMA's expenditure in your budget. Is it fair to say that that amount of effort might be part of the reason that we are uncertain about the status of about half the species that are fished?

Mr McLoughlin—No, that is not the case. The staffing in those sections is adequate for the purpose that those sections exist, which is either the punching of data or the management of data. There are separate sections within AFMA for the management of fisheries and the compliance around fisheries, where again the staffing is determined on a needs basis.

Senator O'BRIEN—I note that the government has responded to its fisheries crisis by announcing the \$220 million financial package entitled Securing Our Fishing Future. That was announced by the former minister Senator Macdonald on 14 December 2005 and, at the same time, the minister issued a directive for AFMA to take action to stop overfishing. I want to spend some time focusing on the ministerial directive. Can someone tell me the basis of that ministerial directive? Was it a recognition that there had been a continuing decline in Commonwealth fisheries over the previous decade?

Senator Abetz—That is a matter of why the government took a certain policy decision. Can I say again, with great respect to you, Senator O'Brien, that it is a recognition that we had to do things better—not only from the experience of the past decade but from the experience of decades. The problems that we face today did not all occur in the last decade; they have been building up over a number of decades. As a government that prides itself on sound,

balanced environmental management, and wanting to maintain fish stocks both for biodiversity values and for a secure fishing industry, we thought it was time to take action and, as a result, the government was interested in accelerating some of the programs. You have to give credit for the fact that there were already some steps taken, but we thought that we needed to accelerate the programs to end overfishing and to assist the rebuilding of stock. I was not there at the time.

Senator O'BRIEN—No. I made that very clear.

Senator Abetz—Senator Macdonald issued the section 91 ministerial direction but, to the best of my understanding, they were the factors that motivated my predecessor and the government to pursue that direction.

Senator O'BRIEN—It is essentially a vote of no confidence in AFMA, isn't it?

Senator Abetz—No, it is absolutely not. That is why I said—that is one of the pities, with great respect, Senator, when you have got a whole lot of questions typed up in front of you—that the difficulty that we are facing came about not over the past decade but over decades. AFMA cannot be blamed for the situation that we face. This involves previous ministers and previous governments of all persuasions. This is a situation that has built up for a while. AFMA was established. AFMA has found its feet over the years and, as with anything, has progressed and evolved. The ministerial direction assists AFMA in communicating with the fishing communities as to why it needs to take some of its tough stands in relation to total allowable catches.

Senator O'BRIEN—How many ministerial directives have been issued since 1996?

Senator Abetz—As I understand it, just the one.

Mr Hurry—Just the one.

Senator O'BRIEN—The only one.

CHAIR—All right, folks, it is time for morning tea. I note that in that London expose the other day on climate change, the most telling thing that was said was, 'In 50 years, 50 per cent of the world's population is going to be water poor.' Given that 600 million people in northern China are going to be water poor within 15 years, I wonder whether it is decent to ask, 'What are we doing about planning to feed the world's population?' because we are mining the world's food resource. Maybe a lot more work has to go into how we get enough fish to feed everyone.

Proceedings suspended from 10.31 am to 10.44 am

CHAIR—Thank you very much, ladies and gentlemen. We are now back in session. Senator O'Brien, please continue.

Senator O'BRIEN—I take it the ministerial directive is intended to put an end to overfishing. By when?

Mr McLoughlin—Could I provide some additional information about the directive itself. In 2004, AFMA implemented, in the main fishery where we have the overfishing problems—the south-east and southern shark fishery—what is called the harvest strategy, designed to end overfishing and start to rebuild stocks. If you remember, the ministerial direction was

provided in November or December 2005. The ministerial direction said that we were to accelerate the programs and the actions that we had put in place to end overfishing and rebuild stocks and to apply that same technique—the application of formal harvest strategies for each fishery—to every fishery by 1 January 2007. That was achieved and harvest strategies were implemented in every Commonwealth fishery 13 months later, on 1 January this year, and, subject to the science and the information that we have—time will tell—we are confident that, with the information and the resources we have, we have effectively ended overfishing for the 2007-08 year. That is reflected I think, at least for the south-east and southern shark fishery, in the reductions in TACs, as we very forthrightly implemented those harvest strategies across the fisheries.

Senator O'BRIEN—If we observe that that is failing, what is the other part of the strategy that the government has?

Mr McLoughlin—I cannot speak for the government but, in terms of AFMA's fisheries management, the harvest strategies themselves are written in such a way that they provide automatic decision-making processes for what must happen at particular stock status. If stocks, despite the reductions in quotas, continue to climb, automatically all fishing ceases, and that is what has happened for a range of species such as orange roughy, where effectively the quotas have been set at zero. They are called decision rules, and we have applied those decision rules across all the fisheries.

Senator O'BRIEN—The directive exempts the southern bluefin and the Heard Island and McDonald Islands fisheries. Is that because there are other fisheries management schemes in place?

Mr McLoughlin—It relates more to the fact that those are internationally managed fisheries where, rather than being the active fishery manager for those two sectors, AFMA administers the Australian position—the Australian agreements and commission agreement—on those fisheries. The Commission for the Conservation of Southern Bluefin Tuna determined both a global quota and an allocation to each country and we administer that country allocation for Australia.

Senator O'BRIEN—The directive requires AFMA to take a more strategic approach to setting the total allowable catch and/or effort levels, which I think is what you have been describing to us. It also instructs AFMA to apply the objective of maximum sustainable yield. That is not an objective of the Fisheries Act, is it?

Mr McLoughlin—That is not my understanding of the ministerial direction. It says that catches are not to exceed maximum sustainable yield.

Senator O'BRIEN—That is the same thing, though—not to exceed a maximum sustainable yield?

Dr Kalish—In relation to what is called the maximum sustainable yield reference point, that is what is known as a limit reference point by many people. That is a point that we hope not to exceed or approach too closely in terms of our fisheries management, so in fact we would be setting a more conservative level of biomass for the Commonwealth-managed fisheries.

Senator O'BRIEN—I say again, that is not an objective in the Fisheries Management Act?

Mr Hurry—Sustainability is an objective of the act, and one of the ways that you get to ensuring levels of sustainability is to work off MSY as being the sustainable yield of a fish stock, but, as Dr Kalish points out, we normally try and fish below that point to give us a buffer.

Senator O'BRIEN—Yes, the objectives talk about:

... ecologically sustainable development and the exercise of the precautionary principle, in particular the need to have regard to the impact of fishing activities on non-target species and the long term sustainability of the marine environment.

Is there a need to change the act?

Mr McLoughlin—From my perspective, the combination of the current act objectives, the clarity of government policy provided by the ministerial direction and the scientific approaches that are wrapped up in the harvest strategy approach is the toolbox.

Senator O'BRIEN—The direction is consistent with the act in question, is it not?

Mr McLoughlin—Indeed. For example, using maximum sustainable yield as a limit that you will not go past and fishing below that would be a perfectly reasonable application of the precautionary principle.

Senator O'BRIEN—So AFMA had to meet the ministerial directive to review harvest strategies in a variety of fisheries by 1 January, and I am taking from your earlier answer that you have done all of that?

Mr McLoughlin—Yes, we have.

Senator O'BRIEN—You have met that?

Mr McLoughlin—Yes.

Senator O'BRIEN—What action has AFMA taken to conduct a cost-benefit analysis on the issue of boat permits and boat SFRs?

Mr McLoughlin—We have consulted with industry and others widely on the terms of reference for a consultancy to undertake that review. The terms of reference have been largely finalised and will be going out to tender for consultants to undertake that review across Commonwealth fisheries, with a view to having it completed this calendar year.

Senator O'BRIEN—The AFMA target to make illegal the discarding of species in the total allowable catch in quota fisheries was reaffirmed by the ministerial directive. Has the AFMA goal been achieved?

Mr McLoughlin—We have set the goal of eliminating or making illegal the discarding of quota and target species in fisheries from 1 December this year, to give industry in particular a chance to work out how they are going to achieve that—that is going to be a technically difficult thing to do in some fisheries—and to reduce bycatch by 50 per cent by the middle of 2008. There are a range of technical fixes that will be required to go into place across different fisheries, and they vary widely, depending on whether it is a prawn fishery, for example, or a longline tuna fishery. We are working very closely with industry at the present time on that and the AFMA board has allocated a substantial amount of research funding towards that from

the \$6 million that we have over three years. Ending the discarding of quota and target species will be implemented from 1 December this year.

Mr Hurry—There has also been work commissioned through the FRDC on the reduction of bycatch in Australian fisheries.

Senator O'BRIEN—Such work by FRDC goes over a fairly long period, does it not?

Mr Hurry—It does. There would be completed work in there. But from memory there is also some current work underway as well. It does go over a fairly long period, but there would be an interaction between the researchers and the industry sectors as part of that approach.

Senator O'BRIEN—Can the committee have some specific examples of actions that AFMA has taken since the ministerial directive to minimise interactions with threatened species? It may be that some of those are to do with bycatch but there may be others that you can draw our attention to.

Mr McLoughlin—The really substantial ones are, for example, particularly threatened and endangered habitats as well as species where we have closed to commercial fishing all of the deeper waters off southern Australia, off the south east and southern shark fishery and the Great Australian Bight. These waters have been closed to fishing by 700 metres from Sydney around to Adelaide and then from Adelaide right through to the south-west corner of Australia, deeper than 750 metres, to protect these deepwater habitats and species. Fishing is not completely unavailable ever again, but it would only be available on the basis that we have the information to convince us that the fishing that might take place in deeper waters was sustainable before it occurs rather than what has occurred in the past. We have also implemented a range of spatial management closures in conjunction with and complementary to the Commonwealth marine parks that were implemented in south-east Australia to protect particular areas such as sea lion colonies off Kangaroo Island in South Australia; a range of smaller fisheries-focused closures to commercial fishing to keep fishing gears away that might interact with sea lions, for example, as an endangered species.

Senator O'BRIEN—You do not have a target date to achieve this objective. It is an ongoing one.

Mr McLoughlin—It is an ongoing one. They were implemented during 2006 and we will do more this year for other fisheries, as the information becomes available.

Senator O'BRIEN—Okay.

Senator SIEWERT—If I ask you something that requires you repeating a previous answer, please tell me. I am sorry, I have been next door.

Mr McLoughlin—That is fine, Senator.

Senator SIEWERT—I was asking you on Wednesday night about the BRS status report in terms of issues around what is fished and what is not. I would like to clarify what was the unknown status, with that going down from nine to zero and the other two going up. I thought BRS had said that the number of species overfished going up from 17 to 24 was not as a result of those moving from no status or unknown status. I think we left it at the point where you thought it was and I just want to clarify that.

Mr Hurry—We have answered all of those questions, Senator—no, I am only joking! I will hand over to Dr Kalish.

Dr Kalish—Senator, if you do have access to the status reports, there is a table on pages 12 to 14 which lists all the species and their classifications for the years 1992 to 2005. By looking at that table, you can identify those stocks which were not classified in the previous year and have a classification in the subsequent year.

Senator SIEWERT—Yes.

Dr Kalish—For example, if you look at some of the south-east fishery species, smooth oreo dory was not classified in the previous year, but in 2005 it has been classified as overfished and so forth. It is easy to extract that information.

Senator SIEWERT—Thanks. When I was asking you about what you were doing about the species that are classified as overfished, you were talking to me about the \$220 million package. Does that cover all of the 24 species?

Mr McLoughlin—What we are doing about the overfished species is a sort of multipronged approach. The \$220 million package provided \$150 million within that for a significant reduction in the number of operators in the Commonwealth fisheries. It dealt with the overcapacity issue, which is a very common one around the world. On the fisheries management side, the way to deal with the status of overfished and overfishing on stocks is simply to reduce the catches. There are 162 species regularly landed from Commonwealth fisheries, and the way to deal with the potential for overfishing as well as the stocks that are in trouble is to apply what we have done: the harvest strategy approach. That component of the overall global response to the fisheries problems that we are dealing with has been the function of AFMA and we have applied the harvest strategies in every fishery—I am not sure whether you were here or not—that apply a specific set of decision rules as their call. If we do not know what the status of a fishery is we apply a precautionary approach, and there are now, unlike previous years, some formal definitions of that. Where we have the assessments that have been undertaken by BRS and other agencies, such as CSIRO and state agencies, then the decision rules, which are generic and can be applied across all fisheries, go into place and we make decisions automatically about whether catches can go up or stay the same or whether indeed they need to go down. That in fact has been applied and was applied across all of the Commonwealth fisheries for the first time from the start of this year.

Senator SIEWERT—I want to ask you specifically about orange roughy in the Cascades. My understanding from our previous discussions is that Cascades is the only fishery at the moment that has a level of fishing.

Mr McLoughlin—That is correct, yes—targeted fishing, I should say.

Senator SIEWERT—Targeted, yes. In this report, it now lists them as ‘being overfished but not overfished’.

Mr McLoughlin—Can I say that that is correct for the quotas that were set for 2005. This is a 2005 report.

Senator SIEWERT—Yes.

Mr McLoughlin—Since that time—for example, at the Cascade, if I can read it out for you, and I am happy to provide you with a copy of this.

Senator SIEWERT—That would be appreciated.

Mr McLoughlin—The quota at the Cascade Plateau has come down from 1,500 in 2004 to 1,300 in 2005. We halved it to 700 for 2006 and we have effectively a bit more than halved it again for 2007 to 400 tonnes. The Cascade Plateau is a very remote and difficult place to do stock assessment work. As the science has caught up with what were quite precautionary TACs, even back in 2004 at 1,500 tonnes, given the initial estimates of tens of thousands of tonnes of biomass down there, as we understand better the dynamics of that particular stock on the Cascade and as we have applied these decision rules under the harvest strategies over the last couple of years, in four years we have reduced the TAC by 75 per cent. That is effectively how you manage overfishing: just reduce the catches.

Senator SIEWERT—I know that we have touched on this discussion before and, as I understand from our previous discussions, that population is seen to be separate from the other populations, which is why it can be fished.

Mr McLoughlin—That is correct. All of the science is indicating that it is a separate subpopulation from the ones on the east and west coasts of Tasmania.

Senator SIEWERT—How are you working that out? I am aware that there has been genetic work done in the West, for example, on snapper, and I know that in Shark Bay there are three different subspecies up there. Are you doing a similar sort of thing?

Mr McLoughlin—Similar. But it is not just one method. Dr Kalish might like to comment. We always like to have more than one source of information about whether it is a separate stock, so there are analyses around parasite loadings, for example.

Dr Kalish—There are also some considerations regarding the size and age of the fish in that population in the Cascade Plateau. It appears to be different from that in other aggregations of orange roughy.

Senator SIEWERT—Have you also done genetic work?

Mr McLoughlin—Yes, that has been done. I think all the separate areas of orange roughy fishing have been looked at genetically.

Senator SIEWERT—Is that information publicly available?

Mr Hurry—I would assume it would be. I would have to check, but I cannot see any reason why it would not be.

Senator SIEWERT—Thank you.

Senator O'BRIEN—Where is the government up to with regard to the discussions with the states on the Offshore Constitutional Settlement?

Mr Hurry—The main one we are working through at the moment is the one with New South Wales on a better arrangement for OCS in New South Wales. We do have a program agreed with the states to look at the others, but we have fallen a bit behind on it.

Senator O'BRIEN—Have discussions been led through a ministerial forum or is it a separate set of consultations?

Mr Hurry—The Marine and Coastal Committee agreed to a program of priority areas under OCS for us to look at. Those with New South Wales are largely being led by officials at this stage and we have been meeting with them fairly regularly. We have a meeting with Victorian state officials to progress the Victorian OCSs in, I think, May, to get those off and running as well. We have a program in place and we will be working them through.

Mr McLoughlin—We have WA as well.

Senator O'BRIEN—I note that during 2005-06 all outstanding Commonwealth fisheries received accreditation from the former Minister for the Environment and Heritage. I gather this means the Commonwealth fisheries are considered sustainable under the EPBC Act. Is that right?

Mr Hurry—They received accreditation. Some of them are approved with conditions on them that are to be addressed through the life of the approval.

Senator O'BRIEN—Are these fisheries that are overfished?

Mr McLoughlin—These are strategic assessments under the EPBC Act. Mr Hurry is quite right: the accreditations have been provided with conditions. The conditions include that, within the life of the strategic assessment permit, those fisheries must be managed in a way that will lead to a cessation of overfishing and rebuilding of stocks, for example.

Senator O'BRIEN—The BRS report says that a significant number of fisheries are overfished or likely to be overfished, yet there is a certificate which says that fishing can continue under the EPBC Act. Is that right?

Mr McLoughlin—Yes.

Dr Kalish—In the case of those fisheries that are overfished, this refers to the level of biomass that is present—the number of fish that are there—and the overfishing condition refers to the rate of fishing. You can have the biomass of the fish reduced to such a level where they would be classified as overfished but the rate of fishing can still exist. It can still be fished, but at low levels so that it has a chance to recover.

Senator O'BRIEN—If it is overfished, it is not sustainable, is it?

CHAIR—For someone who is not a professional fisherman and who only does yabbies, what does that mean?

Dr Kalish—That means that, even though there is a reduced level of biomass—

CHAIR—What does that mean?

Dr Kalish—There are fewer fish.

CHAIR—Talk English.

Dr Kalish—Sorry. In an unfished state or when no fishing had taken place, there may have been 500,000 tonnes of fish there. If the fishery became overfished, you might only have 200,000 tonnes of fish there, but this 200,000 tonnes still has the capacity to reproduce and

replenish the fish that are there. You fish at a lower rate so that the rate of replacement is greater than what has been previously there, so the stock and biomass continues to increase.

CHAIR—So it hasn't gone beyond the point of losing critical mass?

Dr Kalish—That is right.

Senator O'BRIEN—If a fishery is overfished or likely to be overfished, how can it be said that it is sustainable and able to be approved under the EPBC Act? That is the question that I asked.

Mr McLoughlin—The EPBC Act strategic assessment has come back. The department of environment and the strategic assessments are not dictating any particular catch level. What they effectively say is, 'Is the management system that is in place capable of ensuring that the fishery is being managed adequately to protect for future generations?' That would include not only the amount of fish that has been targeted for catch—whatever species that might be—but also whether there are sufficient measures in place to look after bycatch species and habitats and the like, so it looks at the whole management regime.

The management systems have been in place, particularly in the last two years, with the harvest strategies that we have applied across all the fisheries. If the science is as good as we trust it is and decisions are made accordingly with those harvest strategies, then I like to think that we have ended overfishing since we put those mechanisms into place.

CHAIR—Are these foreign intrusions—all these people that we try to hunt out—part of the calculation in the overfishing? Are they fishing in these fisheries that are in danger?

Mr McLoughlin—No, they are not, except for the Southern Ocean where the level of pirate fishing for patagonian toothfish is a genuine and remaining concern. We do not know a great deal about the stocks of patagonian toothfish, but we know that, clearly, there has been illegal fishing in the Australian fishing zones around Heard and McDonald islands and Macquarie Island because we have apprehended boats down there in the past and brought them back. So there are parts of the Australian fishing zone where the illegal foreign fishing is a genuine and ongoing concern. The patagonian toothfish is one stock, and that is an abiding concern. A large amount of effort is going into patrolling Southern Ocean waters to protect those stocks.

In Northern Australia, the impact on shark stocks and also some of the reef fish stocks from the illegal fishing up there is the subject of very intensive research effort at present so that we can try to estimate the illegal take and build that into our assessment models around what the impact is on Australian fish.

CHAIR—You blokes study what stock we have, what is critical mass and you do not go under critical mass and, if you slow the fishing rate down, the stocks will rebuild and all that sort of thing. But do you also study the sustainable yield of those stocks when they get back up to where you want them and look at it in terms of world demand for food—that is, fish—and whether we should be doing a lot more globally about farming fish, for example, a 50-year snapshot of how we are going to feed ourselves in years to come?

Mr Hurry—I think the 2005 FAO estimate of fish production had aquaculture at just under 40 per cent of world production of fish. The bulk of that is coming out of Asia, principally out

of China. There is some question of the accuracy of the Chinese figures, but they are the official figures that they have been working off. We have seen over the last probably 10 years an increase from around 15 per cent to 40 per cent of world production now coming from aquaculture. The usefulness of the bulk of that aquaculture production is that it is low-value freshwater fish that come out of Asia that do not require high-level protein marine fish to feed them, so a lot of that bulk fish that is being produced for protein in Asia is largely sustainable.

CHAIR—What varieties would they be? They are obviously not rainbow trout?

Mr Hurry—No, there are two lots of carp. There is a block of Chinese carp and a block of Indian carp. The major carp is out of India. They provide the bulk of those fish species in Asia. Catfish provide quite a bit of the productivity, basa catfish that you see out—

CHAIR—So they are all mudsuckers?

Mr Hurry—Yes, they are all freshwater fish. Some of them taste better than others.

CHAIR—I will not comment on what water they might be sucking.

Mr Hurry—But you are right: there is a continued move internationally to provide more fish by—

CHAIR—We are eating recycled water.

Mr Hurry—Yes. We probably need to farm more fish, but we need to do it in such a way whereby we are adding to the bulk of fish protein available in the world and not using lower value marine fish to continue to feed—

CHAIR—Is there going to be an expose on all that in due course, in terms of a 50-year direction; some calculations done on the task, like a future freight task? Have we got a future fish-farming task, Glenn?

Mr Hurry—We did an action agenda for aquaculture in Australia about five years ago. We finished it with industry. I think there were 10 key issues identified and one was that Australia needed to work on—

CHAIR—Why I am interested is that obviously part of this Prime Minister's northern task force might involve some of this work.

Mr Hurry—Yes, that is fair enough. The tropical areas of Northern Australia lend themselves well to aquaculture, albeit some of the marine areas are—

CHAIR—So we would be interested to be talking to you people.

Mr Hurry—We would be happy to help with that.

Senator Abetz—Suggest to the chairman of that task force that they discuss it with Mr Hurry.

CHAIR—Yes, okay—I'll do that. They say of the chairman and if that if he had any brains, he'd be dangerous.

Senator O'BRIEN—AFMA says it has developed a draft assessment report for reaccrediting the Southern and Eastern Scalefish and Shark Fishery for export. Has that subsequently been accredited by the Department of Environment and Water, as it is called now?

Mr McLoughlin—Yes, it has; as with the previous version, with conditions, and we are meeting those conditions.

Senator O'BRIEN—But school shark is overfished?

Mr McLoughlin—That is correct, and there are a range of other species in that fishery that are overfished. For example, for school shark we have a stock rebuilding strategy that is in place for that fishery, and for all the other species—gemfish, deepwater black sharks, school shark, for example—where effectively the quotas have all been set at zero and we have put other spatial management measures in place to further protect them. That has all been done over the last couple of years.

Senator O'BRIEN—Have any of the EPBC approvals for fisheries been revisited recently, or are they likely to be, as a result of this BRS report?

Mr McLoughlin—No. The dialogue that we have with DEWR is ongoing. We have regular meetings with them to discuss the strategic assessment reports, because we also have a range of other environmental protection measures in place with support from DEWR. We also have what are called bycatch action plans in place, which are regulatory instruments, and threat abatement plans for seabirds in our long-line fisheries. It is a very substantial and ongoing collaborative effort with our DEWR colleagues.

Senator O'BRIEN—What effect, if any, did the ministerial direction have on the department of environment's dialogue with AFMA and the department over these fisheries?

Senator Abetz—The chances are you have to ask the department of environment that.

Senator O'BRIEN—No, I want to know what was observed by the department. Was there a contact arising from that? Was there any concern expressed by the department of environment to this department or to AFMA about EPBC declarations and what the impact or the meaning of the direction had on the previous actions and fisheries that might already have been approved?

Mr Hurry—No, I do not think it has had a great bearing that way, but I think it has led to a better understanding between both departments as to how we are trying to better manage and adjust our fisheries so that they are on a long-term sustainable basis. That then helps DEH in their understanding of the assessment process. The other element we are working on in this is the harvest strategy policy that puts in place the rules that Richard has been talking about with his decision making, and creates a set of rules for fisheries, and we have got that in a draft format now and DEH are part of that process. The adoption of a harvest strategy policy across all Commonwealth fisheries will then help them in doing their strategic assessments, because this will help adjust the level of fishing in the fisheries to make sure they stay sustainable.

Senator O'BRIEN—Has there been an ongoing dialogue since the ministerial direction?

Mr Hurry—There has always been an ongoing dialogue with them. They have got a big marine—

Senator O'BRIEN—I understand that. I am just wondering whether the ministerial direction was the signal that you observed that the department of environment took to enhance some of their dialogue to focus more closely on some of the issues that they have been having a dialogue with you about. Has there been no change in that?

Mr McLoughlin—No, that is enhanced. I will give you an example, if I may, about where that enhancement has occurred. AFMA has set a commitment for itself to implement what we are calling an ecosystem based fisheries measurement regime. AFMA's largest funded research project during 2003, 2004, 2005 and 2006 was working closely with CSIRO to say, 'How do we move from theory and policy to practice in system based management?' We have implemented a whole range of new measures to determine ecological risk around the management of fisheries. That is very cutting-edge stuff, and in fact DEH has picked that up and is using similar methods now around some of the risk assessments they undertake for other marine environments and for other purposes. It has been a dual approach, where we have a regulatory role in managing fisheries and they have a broader environmental role. In large part we have overlapping interests, and that is reflected in the dialogue.

Further, there was a legislative amendment during 2006 to align the ESD objectives of the fisheries act with the ESD objective of the EPBC Act so that there could be no debate that they were somehow different sustainability objectives.

Senator O'BRIEN—With regard to the \$220 million Securing Our Fishing Future program, I understand that \$148.58 million has been spent on licence buybacks. Can the government advise how many vessels and entitlements have been purchased and what price was paid in each case?

Mr Talbot—We have put up a table publicly of all the licences bought, in categories. If I were able to get you a copy of that, would that be sufficient?

Senator O'BRIEN—Yes, that is fine.

Senator Abetz—We are not going to divulge what individual fishermen got in relation to their particular buyout.

Mr Talbot—That is right.

Senator O'BRIEN—Individual skippers and crew or individual boat owners?

Senator Abetz—Skippers and crew. That is a lump sum. It is certain. If you qualify, everybody knows what you got—and it was not, if you like, a tender process there. All you had to do was qualify for the five-year employment period that was specified. But the other is a request for tender and there are commercial matters pertaining to that, so somebody may have been willing to buy—

Senator O'BRIEN—It is done and dusted, isn't it? You are in or you are out, aren't you—if you tendered and your tender was successful?

Senator Abetz—Now you are, but is it appropriate to publicly disclose that Senator O'Brien was smarter than Senator Abetz because he got out for \$100,000, but Senator Abetz was more conservative and only put in \$95,000? I am not sure is necessarily in anybody's interest that that should be floating around the community.

Senator O'BRIEN—Or a particular attribution you make to someone who is more reasonable in their tendering process than another. There are plenty of occasions where the outcomes of tenders are revealed in the estimates process.

Senator Abetz—What we can do is provide you with the broad detail, and that has already been made public. We can provide you with that, and we will take on notice what further consideration we ought to give to the issue of privacy and commercial-in-confidence.

Senator O'BRIEN—Will this document tell me the number and quantity of grants in the onshore business restructure program?

Senator Abetz—Not yet, because that has not been finalised.

Mr Talbot—That is correct. We have just closed the first round of onshore assistance; that is Onshore Business Assistance in the Fishery Communities Assistance Program. Those claims are being assessed at the moment. They closed on 12 January. There is a second round closing on 4 May.

Senator Abetz—And, of course, they have been deliberately staggered so that we can ascertain where the effort has been taken out and what onshore businesses are most likely to be impacted by those that availed themselves of the buyout.

Senator O'BRIEN—So the detail of the fishing communities program is yet to be finalised?

Senator Abetz—That is right.

Senator O'BRIEN—What about the total figure provided to AFMA for levy offsets; science, compliance and data? Is that the \$6 million you were talking about?

Mr McLoughlin—That is correct, yes.

Senator O'BRIEN—How is the \$70 million associated with impacts on communities and jobs is broken down? There is \$3½ million for the skipper and crew buyback, as I understand it. What are the rest of the components of the \$70 million?

Mr Talbot—One of the programs is the onshore and related assistance program, which is \$30 million. That includes onshore business assistance, business advice assistance and assistance for skippers and crew. Then there is the fishing community assistance program, which is \$20 million. Then there is \$21 million, which is the AFMA levy subsidy and the improved science, compliance and data collection.

Senator O'BRIEN—We know where that has gone, and we know where a couple of hundred thousand of the \$30 million have gone. That is all we know at this stage. Is that right?

Mr Talbot—In terms of the \$30 million, we have also paid out some money in relation to business advice assistance. In both rounds of the tender, people were entitled to up to \$1,500 for the business advice assistance.

Senator O'BRIEN—How much has been expended there?

Mr Talbot—We have spent \$481,905.15 to date on business advice assistance.

Senator O'BRIEN—Is that the extent of the expenditure likely? How much more is left to be expended?

Mr Talbot—It is all within a package of the \$30 million, and business advice assistance is connected to the onshore business assistance program as well as the tender process, so we are processing claims under that program and will have further ones.

Senator O'BRIEN—Which are the target communities for the fishing communities package?

Mr Talbot—In terms of the Fishing Community Assistance program, it is based to a large extent on the areas that have been affected by the tender process, but obviously we are also looking at what are the best applications within those areas. It is also on a competitive basis in terms of areas affected and the quality of the application.

Senator O'BRIEN—But you now know where the buyouts are, and the scale of buyouts versus licences held. Can you indicate what areas will be preferred, given that you must be preferring the areas where there is the biggest impact, I would have thought?

Mr Talbot—Certainly that is one of the major measures. Off the top of my head, based on that it would be the south coast of New South Wales; the coast of Victoria, particularly east of Melbourne; and the east coast of Tasmania.

Senator Abetz—As a hypothetical example, a fisherman who operates out of St Helens in Tasmania might deliver his product, let us say, to Eden in New South Wales.

Senator O'BRIEN—That is an awful lot of fuel.

Senator Abetz—Yes. The lack of that product going into Eden, for example, may have more of an impact there than him dropping out of the fishing industry in St Helens. We have to try to balance all those factors up, and that is coming to light more and more as we get a better understanding of the impacts and from the onshore businesses indicating what the impacts are.

Senator O'BRIEN—The fishing ports are reasonably well known, and the fishing ports are generally the basis of supply and the location of crew, aren't they?

Mr Talbot—Yes, that is correct.

Senator O'BRIEN—That is where the main impact is going to be, I would have thought. There may be some impacts in other areas, but that is where the main impact would be, wouldn't it?

Mr Talbot—Yes, I agree with you. We are asking people in the applications, though, to identify how they have been affected just in case there is some factor that we have left out. In the tender process, we were surprised by how far some of the boats do travel.

Senator O'BRIEN—There has been a previous structural adjustment package for Eden with less than exemplary outcomes. Have you looked at that in any detail?

Senator Abetz—That was under a different program. I think we are talking about a bakery or something.

Senator O'BRIEN—A bakery and a vessel that was funded for a particular port and then moved to another.

Mr Hurry—It was a whale watching program, from memory.

Senator O'BRIEN—Something like that, yes. The vessel was funded and the bakery was funded. A hotel was funded. That might have finally opened, but I am not absolutely certain of that.

Senator Abetz—That is an issue for other estimates. It was not administered by AFMA or Fisheries, was it? Sorry, they were part of it.

Senator O'BRIEN—Yes, I am sure they were.

Senator Abetz—I stand corrected.

Mr Hurry—We have reviewed it.

Senator O'BRIEN—You have reviewed it, have you?

Mr Hurry—We provided a report to the last Senate estimates committee. I will check that, but I am pretty sure we provided it. The review of the program showed that the outcome was well within the limits of what would be expected out of a program of that sort.

Senator O'BRIEN—A very generous finding, I would have thought.

Mr Hurry—The hotel has now opened up.

Senator O'BRIEN—It has finally pulled a beer, has it? After how many years?

Mr Hurry—I am advised it has got accommodation and it has pulled a beer, and that it has got about 21 staff.

Senator Abetz—Is this from personal experience, Mr Hurry?

Mr Hurry—No, but we had one of our staff check this. I am reasonably sure he checked the beer process, but that is beside the point! We did do a check last week or the week before, and there are about 21 staff. I am not sure whether they are full-time equivalents or part time.

Senator O'BRIEN—I suspect that that would be head count, not full-time equivalents.

Mr Hurry—We have some figures here on it, if you want them. It is going reasonably well.

Senator Abetz—Seventeen full-time equivalent positions.

Senator O'BRIEN—It wasn't 21?

Senator Abetz—No. It is four full-time and 21 employees working the equivalent of 17 full-time positions, giving a total of—

Mr Hurry—Twenty-one full time.

Senator Abetz—Twenty-one full-time equivalent positions. The company has advised that it will still achieve its employment goal of 43. Oh ye of little faith!

Senator O'BRIEN—I have been entitled to have little faith, because people in the community have not had faith for a long time.

Senator Abetz—Sometimes it takes longer.

Senator O'BRIEN—How many years was that?

Senator Abetz—Longer.

Mr Hurry—Longer.

Senator O'BRIEN—If that is the experience for your program, in about seven or eight years the \$20 million might have an impact—that is the problem. I certainly hope that is not the case; I am not saying that I hope that is the case.

Senator Abetz—That is not reflective of the totality of—

Senator O'BRIEN—No. Good. Looking at the 1800 Australian seafood hotline, Senator Macdonald announced a 'dob in a dodgy dealer' program and committed to a 1800 hotline. I understand that Seafood Services Australia was initially responsible for administering this program. Is that still the case?

Mr Hurry—Yes, it is.

Senator O'BRIEN—How is it paid for and how much does it cost to run? It is not in the budget.

Mr Hurry—There is \$30,000 a year set aside for the funding of that program. It is paid to Seafood Services Australia for them to administer the program, and they provide us with monthly reports on performance and the details of what calls come in on the hotline and whether they are relevant or not relevant. Then they are followed up by the state agencies.

Senator O'BRIEN—Do they get many calls?

Mr Hurry—I have all the monthly reports here up until January. January had five calls, of which three were relevant. It is about 15 or 16. There were four calls received during December. November had 13, and that is a more consistent figure.

Senator O'BRIEN—Over a year, how many relevant calls are there?

Mr Hurry—I do not have the break up of the difference between the total number of calls and the total that were relevant.

Senator O'BRIEN—What is the total number?

Mr Hurry—I would have to add all these up. I do not have a total figure on me.

Senator O'BRIEN—It sounds like it is pretty pricey per call.

Mr Hurry—It is a pretty useful service, inasmuch as it has made more seafood traders aware that they need to label properly. There have been some developments in labelling since then and people have an understanding now that they can go somewhere and log a complaint about concerns they have about seafood. While it might look as though it is expensive, it is probably quite beneficial to the domestic seafood industry that they are able to compete more fairly with the imported product on the market, so I think it is a reasonable trade-off.

CHAIR—Yes, I reckon that is true. There is a bit of a change in culture in the supermarkets these days.

Mr Hurry—Yes.

CHAIR—Even though we have not got fresh fish in our supermarket, Minister.

Senator Abetz—Yes, so I understand. The senator representing Junee was saying that the other day.

Mr Hurry—Might be able to grow some freshwater ones for you.

CHAIR—I have got a few cod in my dam.

Senator Abetz—Have you still got water in your dam?

CHAIR—No. We were transferring them from one dam to another and I said to my son, ‘We’ll come back in a fortnight and get the rest’—the Murray cod and catfish—and the sun beat us to the fish. When I went back there were all these poor bloody dead fish in the bottom of the dam. So there you go; a bit of trivia.

Senator O’BRIEN—Yes, entirely unconnected to the hotline, but very interesting.

Senator Abetz—But if people are eating dodgy cod—

Senator O’BRIEN—I know where they got it.

Senator Abetz—chances are they will ring the hotline and suggest it has come from Juneec.

Senator O’BRIEN—We will put the senator’s phone on the hotline connect. So value for money: that is what you are telling us.

Mr Hurry—Yes, I think it is.

Senator Abetz—Which should not be estimated on the basis of cost per call but the actual commercial and community impact.

Senator O’BRIEN—Has there been a formal assessment, or is that just the view of the department?

Mr Hurry—There has not been a formal assessment. That is my view of how it has been performing and, I guess, what we have been noticing in anecdotal evidence coming in.

Senator O’BRIEN—Has there been a report to parliament, because the then minister, Senator Macdonald, undertook to report to parliament on this matter.

Mr Hurry—I do not think so, Senator.

Senator O’BRIEN—Can we receive a report, at least, on the number of complaints, investigations and prosecutions arising from these 1800 hotline calls?

Mr Hurry—Yes. We will prepare you a report, based on the monthly reports and what we understand from follow-ups from the state agencies. But it is the state agencies’ job to follow these up.

Senator O’BRIEN—I note the recent introduction of country of origin labelling laws. Has the department undertaken any monitoring or surveillance to determine whether there has been an improvement in the labelling of fresh produce?

Mr Hurry—It is more an issue for the Food and Agriculture Division. But I understand that the work on country of origin labelling again is a state based responsibility.

Senator O’BRIEN—Dr Samson, can you take that question on notice?

Dr Samson—I will, Senator.

Senator O’BRIEN—Thank you. With regard to the Recreational Fishing Community Grants Program, the government announced a package of \$15 million over three years. The

first three rounds are complete and applications for the fourth recently closed, as I understand it. According to the department's website, a bit over \$2.5 million was spent in round 1. That was appropriated in last year's budget. On page 25 of this year's PAES, there is no variation in the estimates of expenditure for the \$6.3 million announced by the government in the 2006-07 budget. Is it correct that approximately \$8.8 million of the \$15 million has been spent, or is estimated to be spent, by the end of June 2007?

Mr R Murphy—You are right, Senator. There have been three rounds conducted so far, and the fourth round has just closed. So far we have committed \$6.7 million. In round 4, which recently closed, we have received 127 applications. Their value is almost \$5.4 million. They are currently under consideration, and the evaluation panel will meet at the end of February to consider those. It is reasonable to assume that by the end of this year you might see as much as maybe \$10 million of that money committed, so good progress has been made. We are also looking to announce a fifth round, probably late March, early April, to keep that momentum going into next year.

Senator O'BRIEN—Is that in case Treasury ask for the money back?

Mr R Murphy—No. There was a commitment of \$15 million, and we are working towards spending that money by the end of next year. On those numbers that I have just spelt out, you could easily see \$5.4 million in round 4; you could make an assumption that a large chunk of those will be approved. They are still undergoing the evaluation. You could easily see a commitment of \$10 million this year and we will roll the program into next year.

Senator O'BRIEN—I understand that the applications are to be assessed by an independent panel. What is the role of the panel?

Mr R Murphy—The panel is to assess the applications. The panel is made up of people with relevant experience and they will make recommendations, which will be consolidated, and in the end it will be the minister who will decide on the final approvals. They are people with relevant backgrounds, with strong recreational fishing experience, and who are important contributors. But at the end of the day, they will make a recommendation to the minister.

Senator O'BRIEN—I understand that there was a public servant on the panel when it was originally announced in September 2005. Has that member been asked to step down?

Mr R Murphy—He is no longer a member of the panel. He is an adviser to the panel on the process.

Senator O'BRIEN—But he was on the panel.

Mr R Murphy—He was previously on the panel.

Senator O'BRIEN—Has he been asked to step down?

Mr R Murphy—It was considered that it was more appropriate for him not to be on the panel; for him to be an adviser rather than a panel member.

Senator O'BRIEN—When was that decision made?

Mr R Murphy—Recently.

Senator Abetz—We can get you the—

Senator O'BRIEN—This year?

Senator Abetz—Yes. We see the role more administratively for the department, rather than deciding on the applications. We have high-quality people making the recommendations to me and the department's role is better served to be distant from that so that they can administer and, in the event, the department could potentially, I assume, give its advice as well on these grants without actually being part of the panel.

Senator O'BRIEN—Who is on the panel now?

Mr R Murphy—Ross Winstanley from Victoria; Mark Haynes; Bruce Schumacher; Jan Young; Peter Taylor; Tom Megaw; and John Cleary.

Senator O'BRIEN—Where does Mark Haynes come from?

Mr R Murphy—He comes from Queensland.

Senator O'BRIEN—Where does Bruce Schumacher come from?

Mr R Murphy—He is from New South Wales. He is Chairman of RecFish Australia.

Senator Abetz—While it might be interesting to know which state some of these people come from, they are selected also for their overall experience, and Bruce Schumacher is the Chairman of RecFish Australia—John Harrison is the CEO. He draws on expertise or experience Australia-wide and not just New South Wales.

Mr R Murphy—Another individual, Peter Taylor, owns a retail tackle fishing business. All of the people have relevant experience and they are appointed on their expertise.

Senator O'BRIEN—John Cleary is?

Senator Abetz—He is a former minister for fisheries and a very keen amateur fisherman—and also now the Secretary of RecFish Australia?

Mr R Murphy—I am not sure, quite frankly.

Senator O'BRIEN—Is he the only one with a political background?

Senator Abetz—He is on the board of RecFish Australia—

Mr Hurry—Let me check that, but I am pretty sure that is right.

Senator Abetz—to which he was just elected. For what it is worth, he was a facilitator or person who assisted in Tasmania with the recreational fishing sector when we made the adjustment to the marine protected area off Freycinet. So he has personal experience, independent recognition and support, in the recreational fishing sector. That is why he got that role. I think he is on the national board now of RecFish Australia as well. I am not sure in what position. Does he have a political background? Yes, he does.

Senator O'BRIEN—No, I said, 'Is he the only one?' I knew he did; of course we all do. But is he the only one on the board with that sort of background?

Mr R Murphy—There are others who work in local government: Mark Haynes is the deputy mayor of the Burdekin Shire Council.

Senator Abetz—Can I put on record my thanks to all these people that are willing to serve; going through boxes of paperwork in determining and making very difficult decisions, but which have very real community benefit.

Senator O'BRIEN—Is it just a coincidence that Queensland received the largest proportion of funding in rounds 1 and 2 while Senator Macdonald was the minister?

Mr R Murphy—No, that is not right. I will give you the numbers. Queensland received 49; New South Wales, 44; Victoria, 31; South Australia, 18; Western Australia, 17; Tasmania, 13; Northern Territory, six; Australian Capital Territory, two. That is through rounds—

Senator O'BRIEN—Which year is that?

Mr R Murphy—They are the three rounds to date.

Senator O'BRIEN—I was talking about rounds 1 and 2.

Mr R Murphy—I have not got a breakdown by round, as such, but they are the numbers for rounds 1 to 3 to date.

Senator O'BRIEN—In the round 1 and 2 total, I understand Queensland got 39; New South Wales, 26; Victoria, 23; South Australia, 13; Western Australia, 11; Tasmania, 6.

Senator Abetz—We could go back and check whether those figures are correct. But it may well be, given the general lack of community publicity in relation to these grants, that having a minister in Queensland who I know very meticulously continually goes around his electorate on a regular basis, he would be spruiking this scheme and therefore there may have been greater knowledge of it in Queensland. But now that Recfish Australia and others are into it big time, you are seeing a take-up right across Australia and the numbers have evened themselves out.

Mr Hurry has reminded me—and that was a matter that I now recall was of concern to me—that it is being advertised better as well.

Senator O'BRIEN—Round 3 saw a big jump in the Tasmanian approvals.

Senator Abetz—There you go!

Senator O'BRIEN—That is with a change in the minister. Queensland went down; New South Wales was up or even; Victoria about the same; West Australia about the same; South Australia a little down; Queensland was a big drop back. Did the panel have regard to that? Did they think they overallocated to Queensland in the first two rounds?

Senator Abetz—We do not know the basis on which they make all the individual decisions but I would assume—

Senator O'BRIEN—It is the minister who makes the decisions in the document. They make recommendations.

Senator Abetz—Yes, but you asked about the panel, didn't you?

Senator O'BRIEN—Yes.

Senator Abetz—I am saying we cannot look into the mind of the panel as to what they were necessarily thinking. It is a competitive process. They assess them on the basis of what

they think is value for money. I know that in one round there were none whatsoever for the Northern Territory.

Senator O'BRIEN—The third round.

Senator Abetz—Yes, and I remember immediately questioning that as to how come, because I know recreational fishing is the biggest community activity in the Northern Territory. Every person up there is a fisherman. When I had a look, there were no applications from the Northern Territory, and that was the explanation for zero, unfortunately. The number of applications per state and territory is determined also on whether you receive applications or not. If I might say, I think the Territory did pretty well in the past and I was able to launch some of the grants that they received. Having said that, what I would invite people to do is look at the tally at the end of the day and not at each individual round. It may standard to reason, as well: the same explanation that I gave for Senator Macdonald and Queensland, me being a local minister, people may now be more aware of it in Tasmania and more applications received. I do not know.

Senator O'BRIEN—Perhaps the department can tell us how many applications were received by state in each of the rounds.

Senator Abetz—Yes.

Mr R Murphy—We can do that for round 1, 2 and 3.

Senator O'BRIEN—Round 1, 2 and 3 separately, yes.

Senator Abetz—Yes. I am happy to do that.

Senator O'BRIEN—Give us a good reflection. Going on your last answer, Minister, about looking at the overall total; the overall total allocation by electorate is 88 in Liberal-held electorates; 26 in National Party-held electorates; 31 in ALP-held electorates; seven in independent; 36 cannot be assigned to a particular electorate. What should we take from that?

Senator Abetz—That the Liberal and National parties hold the vast majority of rural and regional seats in this country, and especially those around the coastal areas. If you have a look at the seat of Kalgoorlie, the seat of O'Connor, the seat of Grey, then you go around the coastline, the vast majority are held by Liberal-National Party members.

Senator O'BRIEN—I suspect the vast majority of fishers are in non-regional seats. That is probably a fair summary.

Senator Abetz—Sorry?

Senator O'BRIEN—The vast majority of fishers are in non-regional seats. In the capital cities there are thousands and thousands of people who fish.

Senator Abetz—Yes, but they do not fish on Collins Street. They drive out of the city into the rural and regional areas to access the water and that is where they want the jetty. A jetty on Collins Street would not be very helpful to the city fishermen but a jetty on the water may be a bit more helpful.

Senator O'BRIEN—Port Phillip Bay is heavily fished; Sydney Harbour and surrounds are heavily fished; the estuaries around Brisbane are heavily fished.

Senator Abetz—In some Labor electorates there are grants made and, if I might say, in Tasmania, the seat of Lyons, for example—

Senator O'BRIEN—Which has the most coastline.

Senator Abetz—Yes—has done particularly well; not only coastline, might I add, but also the inland fishery. Can I also say—I had better be careful—that the robustness of some of the allocations has been questioned by me but, as I remember, there was one that was allocated, for example, to the seat of Denison because the proponent of it lived in Denison, but the actual project I think was for Eaglehawk Neck way, down the Tasman Peninsula. It is a question then of where you allocate it.

CHAIR—I think we should all calm down and get back to the core business.

Senator O'BRIEN—Which was exactly what I was doing. I do not know what you contemplate, Mr Chairman.

CHAIR—You are all starting to play silly buggers!

Senator O'BRIEN—Absolutely right.

Senator Abetz—Just to reassure you at this stage, Senator O'Brien, I can indicate that I have not disagreed, to the best of my recollection, with any of the panel decisions. I have signed off on all of them as they have come up to me, so there has been no interference in that. Having said that, that does not mean that I might not see it necessary to do so in the future, but to date I have agreed with the panel.

Senator O'BRIEN—And this 2007-08 round, when is it envisaged that that would take place?

Senator Abetz—Wait a minute, I should correct the record.

CHAIR—Is this a strategic withdrawal?

Senator Abetz—No. It was not that I approved; I in fact disapproved of one which was in the state of Queensland, which snuck through the system, in-built with the harvesting of dugongs, and we will not go further. I do not think there would be much concern on any side of the political divide for my intervention in that one.

CHAIR—Anyhow, I thought Mr Murphy answered the question really well. He was obviously well drilled and well oiled, so there you go.

Mr R Murphy—On the last question, round 4 has closed. We are going through the assessment process at the moment and the minister is likely to make an announcement on those results in April. We will be looking to start round 5 in March and basically—given the lead time for the latter part of this year—looking at August, supposedly, when we would finish that round and be likely making announcements there.

Senator O'BRIEN—What are the dates of the previous rounds?

Mr R Murphy—Round 1 opened on 12 August 2005 and closed on 14 October 2005. Round 2 opened on 20 January 2006 and finished on 17 March 2006. Round 3 opened on 7 June 2006 and finished 28 July 2006. Round 4 opened on 30 October 2006 and closed on 25 January 2007, so we are working through that process now. We think the minister should

be in a position to announce those in April and then we will want to get on with round 5 as soon as possible.

Senator Abetz—You are putting the acid on me now, aren't you?

Mr R Murphy—We are working back to having the \$15 million spent by the end of next year. There is a lead time in getting the projects finished as well, so we need to bring on rounds 4 and 5 fairly quickly to give the successful applicants an opportunity to finish them before the end of next financial year.

CHAIR—There you go. Do you realise there has been a Chinese man sentenced to death for conning people out of \$500 million in a giant scam to breed ants?

Senator Abetz—Chances are it was a managed investment scheme, was it?

CHAIR—It probably was an MIS.

Senator O'BRIEN—Yesterday I asked, in relation to a matter that has recently been announced by the member for Bass, whether the funding for the sealing of the Musselroe Bay Road was a matter relevant to the portfolio of Transport and Regional Services. They advised me that that matter and other matters announced by the member for Bass on 9 February, and which are subject to a letter by the Prime Minister to the Premier of Tasmania—the date of which I do not know, but obviously subsequent to that announcement or at the same time—are matters for the Minister for Fisheries, Forestry and Conservation and the Department of Finance and Administration. In relation to the proposed project for the sealing of the Musselroe Bay Road, what work has this department, or this section of the department, done on that project, if any?

Senator Abetz—None. The reference to myself and my ministry refers to the Auspine situation that you would be aware of. We will not go into the reasons, but if it were handled differently we would not even be in the situation of looking for a support package or development package for the north-east, but it seems to be our lot in life to clean up the mess that state governments make for themselves, and this package—a good package very much welcomed by the north-east community, might I add—does include a road. It does potentially include forestry funding and these things are being looked at by me.

Senator O'BRIEN—Which program would those funds come from?

Senator Abetz—That still remains to be seen. We are committed to making a contribution to assist the people of the north-east that have been so badly damaged by recent decisions in the state and we are willing to help them. As a commitment, we have put that \$10 million on the table and we are hoping that the state government will play its part as well.

Senator O'BRIEN—The costings of the road are therefore not the subject of any work by any Commonwealth department? Is that how I should see that?

Senator Abetz—That is my understanding of it. I think there was an indicative costing of about \$9 million or \$10 million. We were willing to contribute \$4 million if the state government was willing to contribute \$4 million, if the local council was to contribute \$0.5 million and the developer of the Musselroe project \$0.5 million. Yes, that is \$9 million. I think the approaches that we had received in the past about that road—and when I say 'we' I do not mean in a ministerial or government capacity necessarily, but myself as a local senator and

Mr Ferguson as the local member—suggested that the cost of that would be in the vicinity of \$9 million.

Senator O'BRIEN—I understand the council is required to sign up to meeting the cost of any overrun?

Senator Abetz—I am not aware of that.

Senator O'BRIEN—What happens if there is an overrun?

Senator Abetz—That is the situation with every project, and what happens is a hypothetical that I am not prepared to entertain. I have just had it confirmed that the council would need to cover any overrun. I dare say their signing up would be an indication of their concern or otherwise as to the possibility of an overrun.

Senator O'BRIEN—It may be a very brave assumption, and I have heard differently, but let us not debate that.

Senator Abetz—I have faith and confidence in the administration of the Dorset Council. You clearly do not.

Senator O'BRIEN—I do not have faith that their expectation will be met if and when a project such as that goes to tender, judging by their own advice to me that other projects that they have expected to come in at certain costs have come in, when tendered, at much higher costs, because they cannot know until they go to tender. That is the problem with road projects, and most of them do blow out. In terms of the other aspects of the package, has this department done any work on the cost of transportation of pine logs from Strahan to Scottsdale?

Mr Hurry—No.

Senator Abetz—Have we finished fisheries?

Senator O'BRIEN—Yes, we have, unless they know something about transporting pine logs.

Senator Abetz—Senator O'Brien, there seems to be some confusion. If I may, I will take on notice the question of whether or not the Dorset Council is required to underwrite any overrun.

Senator O'BRIEN—I think that is how it was reported.

Mr Hurry—That is right.

Senator Abetz—Yes. What I will do is allow the answer to stand. In the event that it comes to our attention that that is incorrect, we will come back to the committee and correct it.

Senator O'BRIEN—You would be able to do that today, would you? The Prime Minister has written a letter or whatever.

Senator Abetz—We will try. Hopefully we can.

Senator O'BRIEN—Pine logs at Strahan, transported to Scottsdale: has the department done any work on the costing?

Mr Hurry—As far as I know we have not, but can I just check?

Mr Wilson—At this point in time we have not undertaken any activities with regard to modelling the transport costs of logs in relation to the Scottsdale proposal.

Senator O'BRIEN—You have done no work on King Island to Scottsdale or Flinders Island to Scottsdale either?

Mr Wilson—Not at this time, Senator.

Senator O'BRIEN—Minister, have you got any idea of what it would cost? The state government have said Strahan to Scottsdale is about \$5½ million. That is what they say. I do not know anything more than that is what they say.

Senator Abetz—It is very dangerous but I think our calculations have been based on the state government's figures.

Senator O'BRIEN—Have you any idea of what it would cost to transport logs from King Island or Flinders Island to Scottsdale?

Senator Abetz—I have to be careful here. Some indicative figures have been given to me. If we do agree to go down that lane, I dare say some tenders may be called for the transport. I am not sure how this will pan out, but if I were to say that we believe it is going to cost X dollars to transport the trees from Flinders Island to Scottsdale then undoubtedly a person will tender for that amount if they think that is the amount of money that is available.

Senator O'BRIEN—Unless it is a really big amount, I think you are safe.

Senator Abetz—That is clearly the issue in Tasmania: that we seem to have three non-viable softwood plantations that, because of the distance from the milling facilities and their smallness, do not justify a milling process being established near them.

CHAIR—How long ago were they planted?

Senator Abetz—One was shortly after the Second World War, I understand, so they have been around for a long time and have not been harvested. They are noncommercial.

Senator O'BRIEN—I understand there was an effort to see if a sale of the logs overseas was possible, rather than landing somewhere on the island of Tasmania or mainland Australia, but that could not be put together because the size of the vessel that can be used on King Island is too small to make it economic. That is what I was told.

Senator Abetz—You would need a different ship, as I understand it, and that may then cause difficulties with Grassy Wharf. I do know, though, that they did remove some trees in recent years, when the Aussie dollar was way down and the spot price for pine logs was way up, and just in that small window it was economic, I am told, to harvest a few logs, But it did not last long, and there are still a lot of fallen trees from that period that were never shipped off the island.

CHAIR—Where did they go? To Korea or Japan or somewhere?

Senator Abetz—Mainly Korea, I am advised.

CHAIR—I think the New Zealanders used to kill us on logs. We are not in the same ballpark.

Senator O'BRIEN—I am not sure whether the cost that would be required to be met in the transport of logs includes every component, so I want to ask this question: does it mean the cost from the point of logging to the wharf, the point of shipping, landing, and transport from the landing point to Scottsdale, including all wharfage fees and handling fees? Is that what is envisaged in the proposal, in the part of the package which says the state government will meet the cost of transporting the logs from those islands?

Senator Abetz—Yes, to get it from where it is growing to the mill facility, where the workers are. That is the idea. What the state government, unfortunately, has in mind is to sell its non-commercial forest product to the mill and ask the federal government to subsidise some of the transport cost.

Senator O'BRIEN—That is Strachan only?

Senator Abetz—Yes, for Strachan only, whereas on my figures, roughly, I have been advised that if the state government were to say, 'This is a worthless resource. There will be no stumpage fee to the Tasmanian government. Auspine, you can have it,' Auspine could well cover all the transport costs and get it to its mill relatively on the same price as if they had to pay a stumpage fee. But, of course, who owns the forest at Strachan? Forestry Tasmania, a GBE that pays a dividend to the state government. All of a sudden, a worthless resource at Strachan is going to be sold courtesy of a federal government transport subsidy.

CHAIR—How long ago was that planted?

Senator Abetz—Thirty years? In the 1980s.

Senator O'BRIEN—One of the big problems is that there is no rail link to Scottsdale any more.

CHAIR—The island one was after the war?

Mr Hurry—Yes.

CHAIR—Who owns the island one?

Senator Abetz—Forestry Tasmania, as well. I understand the Flinders one is owned by a company called Furneaux Group. It is a private company. That may, in fairness, put that one in a different category.

CHAIR—The first thing you think of is a hub, if you are going to do a forest. Why would they have done that?

Senator Abetz—I have got no idea, and that was so long ago.

Senator O'BRIEN—I think it was expected that they might get a milling resource.

Senator Abetz—That was in the days when King Island Council in fact did support forestry.

CHAIR—That forest would be in a serious state of deterioration if it is a pine forest and it is that old, wouldn't it?

Senator Abetz—It would be fair to say that the last time I saw it, there were sections of it that were, yes. A full assessment of its viability would need to be made, but I understand there is sufficient millable material—I think that is the term—to make it worth while.

CHAIR—It would be one way to do a stocktake of it.

Senator O'BRIEN—Whose assessment of these resources are you relying on? Is it the department's or somebody else's, Minister?

Senator Abetz—The department has not, as I understand it, made any assessment. They are the figures that have been put out. The Premier put out a figure for the Strachan one. I understand the state government in the past has looked at the King Island and Flinders Island situation.

Senator O'BRIEN—So it is Tas government?

Senator Abetz—Yes, as I understand it. I also understand that, with the Furneaux Group holding on Flinders Island, they have made some rough assessments as well. The broadbrush approach I have been apprised of, but not by the company, only second-hand.

Senator O'BRIEN—This is Auspine's view, is it?

Senator Abetz—No, in fact it was not from Auspine, it was from another source, but it was second-hand and I do not want to place any reliance on it, other than that there is a burning issue of 300 jobs, no resource for these workers, but a lot of softwood that, if it is not going to be used now, will slowly die and rot and be of no use, and therefore some people are of the view that it would be good if that could be harnessed now to allow for a bit of a softer landing for the north-east community that is facing the loss of 300 sawmill jobs.

Senator O'BRIEN—Has Auspine committed to continue operating if it gets any of that resource?

Senator Abetz—That I do not know. I would assume that they are very anxious to maintain an operation up there. That is why they have been very anxious to get a supply.

Senator O'BRIEN—Is it Auspine who say that, if they could get the King Island resource with no stumpage fee, they could afford to transport it?

Senator Abetz—No. The comment that I made before was in relation to the Strachan resource: that it was my belief that the cost of transport was equal to what one would assume the stumpage fee of a normal commercial forest to be. As a result, a worthless stand of trees all of a sudden becomes valuable for the state government on the back of a federal government subsidy to help fix up a problem that was of the state government's making.

Senator O'BRIEN—What about the King Island resource? Is that in the same category as the Strachan resource—that is, if there were no stumpage fee, Auspine are of the view that they could transport it for the same cost?

Senator Abetz—I do not have any figures on that, but it would be fair to assume that the cost would be higher than getting it from Strachan.

CHAIR—If it is not a viable forest and they eventually, with whatever formula, log it, what will they do with the land after they have logged it?

Senator Abetz—That would be up to Forestry Tasmania, who I assume own the land. I think it is crown land. I know they are always looking to grow more beef and dairy cattle on King Island.

CHAIR—That would be a bit of a change of form, wouldn't it?

Senator Abetz—That is why you have always got to be open to the market—

CHAIR—Perhaps we can have an MIS beef herd there.

Senator Abetz—They already have a very good MIS beef farm on King Island, courtesy of Great Southern.

CHAIR—It is viable only with the generosity of the taxpayers.

Senator Abetz—That is another issue.

Senator O'BRIEN—We do not know. It is a very good way that money has been invested on the island. I do not think it has forced any farmers off the land, has it?

CHAIR—No, it would not be viable if it was not a tax loss.

Senator O'BRIEN—Sorry, but we do not know that. But if you vote for my inquiry next week, we can inquire into that, can't we?

CHAIR—I do not need an inquiry. I know the answer. We cannot afford it.

Senator Abetz—All right, enough of the commercials!

Senator O'BRIEN—The other part of the package is \$6 million. Could you tell us how we should understand that component of the package that was put on the table?

Senator Abetz—As I understand it, the other element is for the task force and Mr Ferguson to discuss. I understand they are having further discussions today. In relation to that, I dare say Mr Ferguson and the task force will come up with ideas from the north-eastern community for the north-eastern community which we will seek to assess.

Senator O'BRIEN—Where will that \$6 million come from? What program or what bucket of money?

Senator Abetz—That depends. That has not been determined as yet.

Senator O'BRIEN—It will be this portfolio's money?

Senator Abetz—No, not necessarily. There is the possibility under the Tasmanian Community Forest Agreement, where there is a \$10 million allocation for the softwood sector for Auspine and, indeed, anybody to make application—

Senator O'BRIEN—But that would be limited to something to do with the development of a softwood business, wouldn't it?

Senator Abetz—Yes, developing it further, upgrading, retooling, rejigging—those sorts of things. Might I add that they were the ground rules for the TCFA, agreed to between the state and federal governments, and that is why it was quite inappropriate for the Premier to suggest that we use the TCFA money to help subsidise the cost of logs. It would be against the intent of the fund for the \$10 million, the guidelines of which the Premier himself signed on to. I must say, it was a bit of a stunt for him to say that—

Senator O'BRIEN—You could use it to buy the resource but not transport it?

Senator Abetz—No, neither.

Senator O'BRIEN—You couldn't use it for Musselroe Bay Road, surely?

Senator Abetz—No. With this Tasmanian Community Forest Agreement fund, they stand alone up to 25 per cent, and those guidelines were agreed to by the Premier himself. For him to suggest that that money should now be used against the guidelines which he had signed off on is, I think, an indication of his desperation over the issue, but that is an issue for people to discuss in Tasmania. That TCFA money, which is open to any softwood processor in Tasmania, any money that Auspine might get, would be above and beyond the \$10 million that Mr Ferguson has announced. That is where this portfolio comes into it.

Senator O'BRIEN—Any money to Auspine out of that \$6 million would be above and beyond the \$10 million package?

Senator Abetz—No.

Senator O'BRIEN—I thought that was what you said. That is why I was repeating it to you.

Senator Abetz—Any money that comes out of the TCFA fund would be above and beyond the \$10 million. No decision has been made into the allocation of the other \$6 million and they do not want to say whether any of that money may or may not be allocated in one way, shape or form to Auspine in the short term. I have no idea and no views.

Senator O'BRIEN—I am confused. Might the \$6 million come out of TCFA money?

Senator Abetz—No.

Mr Hurry—But they can apply for TCFA grants under either the Tasmanian softwood or the hardwood components of the package for retooling of their equipment to handle different style logs in the mill.

Senator O'BRIEN—Is there any existing program which will be targeted or will this require a new program?

Senator Abetz—In relation to what, sorry?

Senator O'BRIEN—The \$6 million.

Senator Abetz—The administration of that remains to be sorted out.

Senator O'BRIEN—The support package or the development package?

Senator Abetz—Yes. That remains to be sorted.

Senator O'BRIEN—It is a pretty big ask to ask the state government to pick up costs that you cannot identify.

Senator Abetz—Sorry, which costs?

Senator O'BRIEN—The costs of shipping from Flinders Island and King Island.

Senator Abetz—It is interesting that the state government has seen fit to ask us to pay for half, and now you are telling me that we cannot identify the cost.

Senator O'BRIEN—Not that. No, they did not ask you to pay for half of the King and Flinders resource shipment. They asked for a half contribution towards the Strachan shipping costs, which they estimated at \$5½ million.

Senator Abetz—I will have to have a very close look at the record and what Mr Lennon has also said in a number of radio interviews, but I am willing to stand corrected. The state government have a responsibility, I think, to the workers of the north-east and we are suggesting to them ways that they can alleviate some of the difficulties.

Senator O'BRIEN—Did Auspine advise the federal government—you, as minister, or the department—of their intentions with regard to job numbers had they won the Rayonier tender?

Senator Abetz—No. Just for the record, as well, for King and Flinders we asked the state government to consider a transport subsidy.

Senator O'BRIEN—So it is not a condition? I thought that was a condition of the offer.

Senator Abetz—I think Strachan is, and the others—

Senator O'BRIEN—Certainly that is how it was read within the media.

Senator Abetz—The Prime Minister wrote to the Premier on 13 February: 'Therefore, as a condition of offering the \$10 million Scottsdale industry and community development fund, I ask that your government fully fund its west coast transport subsidy and give consideration to extending it to underwrite the shipment of softwood from the Bass Strait islands.'

Senator O'BRIEN—Does that mean that, if they said yes to the west coast but no to Flinders and King, that would meet the conditions of offer?

Senator Abetz—That is something that will undoubtedly be sorted in the detail.

Senator O'BRIEN—I would rather there is not misapprehension.

Senator Abetz—Offers are made, counter-offers are made, and they all go backwards and forwards. I am not going to say at this stage that, unless they agreed to absolutely everything, the whole deal is off.

Premier Lennon might become imaginative all of a sudden and say, 'Look, instead of the subsidy, I'll offer something else of an equal value which might be of some assistance.' So that letter, in broad terms and parameters, indicates the Australian government's goodwill to support the Scottsdale and north-east community on the basis that the state government takes and shoulders some of the responsibility.

Senator O'BRIEN—The way that it has been reported—and I have not seen the Prime Minister's letter—and certainly the view of the journalist reporting it, it seems to me, has been that the funding of transport from Flinders and King was not to be considered but was required as the state government's contribution to the package. What you have just read to me is different to the way that it has been reported.

Senator Abetz—That may be, and I cannot comment on that. There has been discussion about transport subsidies; in fact, it was initiated by the Premier. I learned, courtesy of a media interview, that he was going to write to me, and I got his letter a short time later saying that we should subsidise half the cost, and so it has gone on. It would be fair to say that it is still fluid, other than the west coast transport, which is a matter of very real importance as far as we are concerned. For the Scottsdale north-east community, long-term infrastructure developments are needed, such as the Musselroe project, which will be good for the future.

But that does not address the immediate needs of the community. That is why, let us say, assisting with the provision of resource from the west coast would be of assistance in the short term. That is why we are encouraging the state government to consider that.

Senator O'BRIEN—Is it possible to get a copy of the Prime Minister's letter?

Senator Abetz—Yes.

Senator O'BRIEN—Thank you.

Senator Abetz—Wait a minute. I had better be careful on that. I will take that on notice. I dare say that Premier Lennon would be happy to give it to you.

Senator O'BRIEN—He might.

Senator Abetz—But, given that it is from the Prime Minister to the Premier, I had better not make the call. That is the Prime Minister's call.

CHAIR—We will now have a short break.

Proceedings suspended from 12.29 pm to 12.42 pm

CHAIR—Thanks very much, ladies and gentlemen. We will now resume proceedings.

Senator O'BRIEN—Forestry managed investment schemes: did the department undertake consultations prior to the December 2006 changes to forestry MIS?

Mr Hurry—Consultations with whom, Senator?

Senator O'BRIEN—Did you have any? Did you play a role in that consideration or was that entirely Treasury?

Mr Hurry—We did. We worked with Treasury on some consultation on MIS issues for forests.

Senator O'BRIEN—To your knowledge, who else was involved apart from Treasury?

Mr Hurry—I would need to check who was involved in it. We were involved, but Tony Bartlett, who is the general manager of Forests, was heavily involved in this as a process. Tony is away overseas at the moment, so I am happy to take that on notice and come back to you. We were party to quite a number of discussions on this issue.

Senator O'BRIEN—I may need to put questions on notice for Mr Bartlett to answer if he is away overseas.

Mr Hurry—Yes. If that is more appropriate, we would be happy to take those.

Senator O'BRIEN—What have been the major achievements of the National Indigenous Forestry Strategy?

Mr Hurry—There are a number of projects that have been developed or are underway on this. We have some 19 projects that we have either under discussion or under development at the moment in a range of areas, from the ACT right up into Queensland. There are quite a number of them in North Queensland. They also played a role in some of the timber recovery after the cyclone in north Australia.

Senator O'BRIEN—How does this program work? It is a series of projects that are funded, is it?

Mr Wilson—They tend to be projects that we facilitate with other agencies, as opposed to directly funding them ourselves.

Senator O'BRIEN—You said the clearing of fallen timber in the cyclone?

Mr Hurry—Yes. Some of the cyclone work was done by some of the teams as part of an Indigenous engagement.

CHAIR—Like a CDEP sort of thing?

Senator O'BRIEN—No, they work for money, do they not?

Mr Hurry—I would need to check this fully, but my understanding is that the company contracted some of the Aboriginal labour to help because there was not a lot of labour available up there, and they came in and set up teams and worked with some of the companies on the clearing and recovery of timber as part of the cyclone project.

CHAIR—If they were short of labour, why would they need a program like that, if the blokes were sitting around?

Mr Hurry—We have two of these. We have one for forestry and one for aquaculture. The idea of both of them was to try and provide some alternative sources of income on communities, which in themselves did not provide for full employment but a package of some of these smaller things in areas of aquaculture and forestry. We thought we would help communities and provide employment and some better skills.

CHAIR—Did you have to help the industry or help the people get to the industry?

Mr Hurry—It was designed to help the communities and for the communities to be more competitive, but there are also elements of looking at joint ventures on communities where companies can come in and fund projects on communities and work with people in different forms of forestry as well, so it is not just employment generation; it can lead to investment. There is a little aquaculture one on mud crabs in Darwin. It is not a large number of ponds, but there is employment and jobs for people in the community, plus income that comes back in from the project. It is that kind of interaction with industry and making them more competitive and providing some income. We look at a range of different things.

CHAIR—Part of all these northern jobs will be economic opportunity for the Indigenous people.

Mr Hurry—Senator, it might be helpful if we provide a list of these.

Senator Abetz—We can provide that to you in the briefing we are talking about.

Senator O'BRIEN—This is the sort of stuff I would want on the record rather than in a briefing. Is that all right?

Senator Abetz—Yes, fine.

Senator O'BRIEN—The government committed \$69,000 to the Planting for a Sustainable Future plan launched last July by you, Minister. Has it all been spent?

Senator Abetz—Which plan was this?

Senator O'BRIEN—Planting for a Sustainable Future.

Senator Abetz—You are embarrassing me here.

Senator O'BRIEN—I hope I have got the right name.

Senator Abetz—Can you give me details of that so that I can remind myself? It does not spring to mind.

Senator O'BRIEN—Central Victoria, 18 July 2006: 'Central Victoria's action plan for private forestry'. You said in a press release that you were launching the plan Planting for a Sustainable Future.

Senator Abetz—Yes. I think that was on a sugar gum property, was it not, of a retired veterinarian? Was that the one?

Mr Hurry—Can we take that one on notice. I do not have any details on that one.

Senator O'BRIEN—It is media release DAFF06/081A.

Senator Abetz—If you were to provide me with a copy of it, it might well jog the memory. I now have an understanding of what we are talking about. Thank you for that assistance. You were asking?

Senator O'BRIEN—Was all the \$69,000 spent on this plan's development?

Senator Abetz—I think so, but allow us to take that on notice to get the detail to you.

Senator O'BRIEN—Has Central Victorian Farm Plantations started implementation of the plan?

Senator Abetz—That would be for the farm plantation group. We might have information for you under the Natural Resource Management heading, because I think some of that came from Natural Heritage Trust funding. That is why the Forestry people were a bit vague.

Mr Hurry—Or vaguer.

Senator Abetz—Vaguer than usual! Is that what you are saying?

Mr Hurry—We are happy to fess up to that.

CHAIR—You are the one digging the hole. Just keep digging!

Senator O'BRIEN—Which of the other 21 private forestry development committees has the department talked to about this plan?

Senator Abetz—About the Central Victorian one?

Senator O'BRIEN—The Planting for a Sustainable Future plan.

Senator Abetz—We can get you some information on that. I have met with a number of them around the country.

Mr Hurry—There are 21 of them. What sort of period are you looking for?

Senator O'BRIEN—How long has the program been running?

Mr Hurry—If it was announced in July then you want us to go back to July?

Senator O'BRIEN—Yes.

Mr Hurry—The ones we have talked to about this project or this program specifically?

Senator O'BRIEN—Yes.

Mr Hurry—Okay.

Senator O'BRIEN—The Wood and Paper Products Industry Skills Shortage Audit found that a negative view of the forest industry was a cause in individuals not seeking a career in forestry. What actions has the department taken to improve the image of becoming a forestry worker?

Senator Abetz—That has been a very broad undertaking, because there are very many positives about forestry activities, including renewable, re-usable, recyclable materials. It is a great resource industry, provides a lot of wealth for regional and isolated communities, et cetera. I can assure you that I have done my very best to promote that, and the department in general terms is very proud of the way we do forestry in Australia. At any opportunity we get, we promote that.

Senator O'BRIEN—Can you give me any specifics, any particular program that you are using?

Mr Hurry—There is no particular program, but we work with NAFI and the other industry bodies to promote forestry and to help where we can.

Senator O'BRIEN—Is there any funding that attaches to organisations to promote—

Mr Hurry—No. I would imagine any funding for work based programs would come out of employment measures.

Senator Abetz—Each time, for example, I am able to rebut the nonsense of the extreme green groups about the certification of our forest products in the United Kingdom, Germany, Belgium et cetera, I think what it shows is that people around the world do recognise that Australia has a good forest industry. As a result, people are more likely to be proud to work in it.

Senator O'BRIEN—It is just your salary?

Senator Abetz—In my words, they get value for money out of that.

Senator O'BRIEN—Absolutely.

Senator Abetz—I should also advise that the Tasmanian Community Forest Agreement has an education component in it as well, which hopefully will allow us to debunk the sorts of myths that get played in Europe, for example, that we napalm our forests and we are killing the endangered possums and wallabies.

Senator O'BRIEN—They have all migrated to New Zealand.

Senator Abetz—It is more on the European stage that that perception has to be changed, but there has been concern, and I have heard it in the past. I think there is a change in attitude. Some women, in particular, are saying that in the past they did not want to say what their husbands did as a job because they felt the nasty, aggressive reaction of green elements in the community, whereas nowadays they feel somewhat more comfortable in doing that. I think we still have a long way to go.

CHAIR—Politicians' partners have the same problem.

Senator Abetz—Yes, I fully agree with you. And children.

CHAIR—Yes, and children.

Senator O'BRIEN—There is \$1 million to help Wesley Vale mill change over to a gas-fired boiler. When will this upgrade take place or has it already happened?

Senator Abetz—You are very kind. Was it \$1 million or \$900,000?

Senator O'BRIEN—You said 'almost \$1 million' in your press release.

Senator Abetz—You know me. I do not seek to exaggerate the achievements of this government.

Senator O'BRIEN—I thought you said I was being very kind when I said that.

Senator Abetz—Yes. It is \$975,000. The manager, when I was up there, indicated that the moneys would be spent virtually immediately and our contribution of \$975,000 was matched by the \$3 million, so it was about a 25 per cent to 75 per cent contribution and it is the first major capital upgrade there, I think, in a decade. The good news with that is that it makes the plant more viable and puts I forget how many fewer thousands or hundreds of tonnes of CO₂ into the atmosphere as a result.

Senator O'BRIEN—Nine thousand tonnes, you said.

Senator Abetz—There you go: good economically and environmentally.

Senator O'BRIEN—Is the department aware of other mills that would similarly reduce emissions from such an upgrade?

Senator Abetz—It stands to reason that there would be other mills where there would be an environmental benefit if they have been burning coal or oil and were to switch to natural gas. There is no doubt about that. No other companies that we know of have applied for assistance.

Senator O'BRIEN—This is self-volunteered? The department has not actively looked for this outcome? It has been something that was drawn to the department's attention by the company?

Senator Abetz—Yes.

Senator O'BRIEN—Which countries has the department talked to about illegal logging?

Mr Hurry—Indonesia and Papua New Guinea. Tony Bartlett was in Papua New Guinea a couple of months ago. I have had a discussion with the paper importers into Japan, not specifically about illegal logging as such but about the credibility of Australian industry's practice and assured them that that was in no way illegal.

Senator Abetz—I spoke to the OECD roundtable that had 19 countries represented. We were talking about illegal logging and how we could work together as a world community to try to deal with it.

Mr Hurry—On top of that, Mr Bartlett is also in attendance at the UN Forum on Forests and regular discussions on illegal logging happen at that forum, so he may well have talked to a bloc of other countries as well, as part of that.

CHAIR—Are they in denial or do they all accept—

Senator Abetz—I think we have to be sensitive in these areas, but on my left-hand side at this OECD roundtable was Indonesia. They are starting to engage not only in this area but also with the CCSBT in recent times. They came along as an observer, so I think we are starting to detect a shift there.

CHAIR—So do they consider the Amazon type stuff to be legal?

Senator Abetz—Unfortunately, the countries there, to the best of my recollection, were not represented. One of the problems at the OECD roundtable was that the Russian Federation, China, Brazil and the South American countries were not represented; but that Indonesia was, I thought, was a great step. With all this illegal logging, that is a part of the issue of certification, and we still have this bizarre situation that some of the activities are being certified when clearly they should not be, in my view.

Mr Hurry—In addition to that, Mr Bartlett attended last night and the previous night a Forest Law Enforcement and Governance meeting with the Asian bloc countries. It is a meeting he is currently attending. Mr Wilson has also been to the International Tropical Timber Organisation meeting recently, where illegal logging was an issue strongly on the agenda. I think, in answer to Senator Heffernan's question, a lot of people are beginning to view this issue fairly seriously and trying to find a way through it. It is more an issue of us working with them to try to get some good practices in place, and that is what we have been doing and will continue to do.

Mr Wilson—The dialogue with these countries has changed considerably in its tone in the last 18 months. The countries are expressing a view that would be more in alignment with what we would anticipate the reality of the situation on the ground would be within their countries. To go back to your question about denial, I suggest they have moved away from a period of denial to a period of approaching this issue with reality and wanting to progress this matter.

Senator Abetz—That is, some of them.

Senator O'BRIEN—Are Indonesia, PNG and Malaysia the areas where the illegal logging is the worst problem?

Mr Wilson—I would not wish to comment on whether they were the countries with the worst problem. The dialogue that we are having with those countries is open and frank.

Senator Abetz—You have to accept that in some of those countries there are governance issues, enforcement issues—a whole range of issues—and you have to try to be sensitive to each country's needs and how you can approach it.

Senator O'BRIEN—What resources does this department put into uncovering the importation of illegally logged timber material products into Australia?

Mr Hurry—We have just released a report.

Senator Abetz—I have put out a discussion paper, *Bringing down the axe on illegal logging*, and our estimation is that nine per cent of timber product into Australia is either illegally or likely to be illegally sourced, and that represents about \$400 million. Responses to

the discussion paper were due by 31 January and we are now looking at the best way of working with importers and looking at procurement—all sorts of issues—to see how we can try to limit the importation of illegally sourced product into Australia. But that is just one aspect of it. If we can help countries with their governance through the Department of Foreign Affairs, AusAID et cetera, then that is another way of dealing with it. If you can get rid of the demand, that will of course assist; if you can help countries deal with governance, that helps reduce the supply.

Senator O'BRIEN—Is there no particular program or a particular bucket of money that is attributable to this initiative?

Senator Abetz—No.

Mr Hurry—No, but we have a section in the forest branch that deals with international forest issues, of which illegal logging is very much high on its agenda.

Senator O'BRIEN—How many staff in that branch?

Mr Hurry—I think there are seven. I can check, but I am pretty sure it is about seven.

Senator Abetz—That is just the old press release.

Senator O'BRIEN—So Forest and Wood Products Australia replaces Forest and Wood Products Research and Development Corporation.

Mr Hurry—Yes.

Senator Abetz—The one good thing about it, if nothing else, is that the acronym is shorter.

Senator O'BRIEN—Right. Was that the driver of this?

Senator Abetz—Yes, that was the driver!

Senator O'BRIEN—You will have to be careful. Irony is not borne out on the *Hansard*.

Senator Abetz—Yes. Allow me to add to that: this was a suggestion, I think more industry initiated, to enable us to have the promotion aspect of the marketing as part of their brief. I thought, and the government thought, that that would make good sense and, as a result, the policy approval was given on 9 October last year.

Senator O'BRIEN—The proposal included establishment of a growers levy.

Senator Abetz—That is right.

Senator O'BRIEN—Has that been done?

Senator Abetz—I think that is in the pipeline.

Senator O'BRIEN—Is there a legislative package too?

Senator Abetz—I think there is.

Mr Hurry—There is, yes. We want to try and have the legislation through by 1 July so that this can be a clean changeover at the beginning of the financial year.

Senator O'BRIEN—Has the legislation been to the draftsman?

Mr Hurry—It went last week, didn't it?

Senator Abetz—It is in the pipeline and we are hoping to be able to meet that deadline.

Mr Hurry—Mr Wilson says that we have just received the first draft of it.

Senator O'BRIEN—This levy is about the promotion of wood products, ultimately, isn't it?

Senator Abetz—Yes.

Senator O'BRIEN—We know who will oppose it, then.

Senator Abetz—It is not only for promotion.

Mr Hurry—It also picks up research. It is a bit like Horticulture Australia in that sense.

Senator Abetz—Yes, it is research and promotion.

Senator O'BRIEN—Will this be a company wholly owned by the Commonwealth, or will it be one which has shareholding outside of Commonwealth interests?

Mr Hurry—It is an industry company, Senator, not Commonwealth owned. It is like Horticulture Australia. It allows it to pick up the research component that was in the old body, plus promotion and marketing, which is subject to the new levy.

Senator O'BRIEN—What is the intention for the amount of money to be spent on R&D compared to the current company?

Mr Hurry—I assumed it did not change. The formula actually should be the same coming across. I can take that on notice and be sure about it, but my understanding is that the organisational structure changed, not the levy base. But there will be additional moneys coming in, because we are increasing the hardwood sawn log levy from 22c to 29c a cubic metre, and there is 5c a cubic metre on logs sold by forest growers to mill operators. There will be more money coming in from the new levies, but my understanding is that the old base will remain the same as it comes across.

Senator Abetz—Will it be up to that body to determine how they split their funds?

Mr Hurry—Yes. The Commonwealth contribution in that mix stays the same. The RDC part of it from the old body stays the same.

Senator O'BRIEN—I understand there are currently more than 80 million hectares, or 10 per cent of Australia's land area, now under the National Reserve System. Has the department examined how much more land will be appropriate to incorporate into the National Reserve System?

Mr Wilson—With regard to the National Reserve System, the analysis of IUCN—International Union for the Conservation of Nature—shows that we meet or exceed recommended reservation levels for the majority of our forest types within Australia. We are not in a position, of course, to comment on other land tenures.

Senator O'BRIEN—I take it that any funding for the system is not necessarily in this portfolio?

Mr Wilson—Correct.

Senator O'BRIEN—The Australian Forestry Standard and UK timber procurement is a matter that I want to raise. What steps has the department taken to ensure that the UK and

other timber export markets were satisfied that timber certified under the Australian Forestry Standard complied with those countries' domestic import requirements?

Mr Hurry—We had a number of ministerially led meetings with UK officials from the Department for Environment, Food and Rural Affairs—I think is the agency—to explain the nature of certification in Australia and the way that we harvest and seek approvals under the EPBC Act as well. It was poorly understood by the agencies in the UK that there was a higher level government assessment of what was sustainable and legally harvested under the EPBC Act accreditations.

We explained how the regional forest agreements work and there was considerable discussion about the Australian Forestry Standard and its relationship with the European Programme for the Endorsement of Forest Certification schemes, which is based in Brussels, of which the AFS is a member and trades under. We explained the relationship between PEFC and the forest certification scheme as well, and why we have a preference for the stronger scientific basis for the PEFC approach and the more consistent basis for that approach. And we undertook quite a bit of lobbying on behalf of the industry and the agencies to make sure that we got a fair hearing over there. Our assessment was that, until we got involved, we were not getting a fair hearing and we were at a disadvantage. We are pleased to see that our efforts and the efforts of the ministers involved in this have been successful and we are now accredited to trade into the UK.

Senator Abetz—When I was over there in March I was horrified at the ignorance in high levels of government as to how we do forestry in Australia and at how our reputation had been falsely trashed, but nevertheless trashed. Therefore I thought it was very important for this delegation to go. Having been over there again in January, I compliment the delegation for having undertaken a fantastic job in correcting the record, leading to a lot of people over there understanding that there are certain domestic political agendas in Australia that cause people to misrepresent the Australian position internationally. But, when you lay the facts on the table, as I have now been able to do in the UK, France, Belgium and Finland, the understanding does change and people are very appreciative of knowing the facts.

Senator O'BRIEN—Are there any export markets that have questioned whether timber as certified under the Australian Forest Standard meets their domestic import standards?

Mr Hurry—I understand only the UK one, but there is an ongoing process. To the extent that we trade under that PEFC banner, there is questioning of quite a number of countries under that banner. The only other criticisms that I have heard to date are out of France, and there is some concern inside Japan, and, for the same reasons that Senator Abetz mentioned, the NGO action groups in Japan have been doing a pretty good job of painting a fairly grim picture of forest practices in Australia. Again, we are working up there and we are sending Mr Bartlett and a delegation up to Japan at the end of February to begin to work with the Japanese importers, to get out a better picture of what happens in Australian forest practices. There are a number of countries that we are working with to make sure that we protect our markets and defend our right to have a sustainable forest industry in Australia.

Senator Abetz—The insidious path that I discovered was that, for example, our trade in timber products with Belgium is virtually nil, that certain groups had made representations to try to effect an outcome which domestically has no impact on our trade with Belgium but that

then is used against us in Japan. When the UK was reconsidering our standard, that was immediately trumpeted by certain green groups in Japan as indicative that we do not do forestry well. Now that the UK, Belgium, Germany et cetera have given us ticks, those same groups are not as excited about telling Japanese manufacturers of our products what the Europeans think of our forestry standards. That is our job now: to correct the record in Japan as well. For what it is worth, I have written to many of the Japanese companies that buy our products and have been indicating to them the truth of what happens in our forest operations.

Senator O'BRIEN—What proportion of our timber industry receives certification under the AFS?

Mr Hurry—I would have to get the exact figure for you, but quite a number of the states are now trading under the AFS banner.

Senator O'BRIEN—Is it state certification or regional certification?

Mr Hurry—No, it is national certification under the AFS and they elect to join the scheme to benefit from the certification.

Senator Abetz—Individual owners or forests can apply to the standard, so let us say Forestry Tasmania, Gunns, Great Southern Plantations or Timbercorp might apply.

Mr Hurry—I think they are independently audited before they are allowed to use the certification. It is a process under the AFS.

Senator O'BRIEN—Is this department doing any work on the Federal Court Wielangta decision?

Mr Hurry—Yes, we are.

Senator Abetz—We have indicated that we will intervene in the appeal as a Commonwealth; and as a Commonwealth, we take a whole-of-government approach in going to the court. This department will be working with DEH and Prime Minister and Cabinet to ensure that the Australian government view is advocated.

Senator O'BRIEN—Do you know when the hearing of the appeal is likely to be held?

Senator Abetz—The first mention of it is in late April. As I understand, as these things work, the appellants have to then file their papers, the basis of appeal; the respondent can file their response within a certain timetable, and then the appellant is entitled to write a reply to that, and interveners would undoubtedly be given opportunities through the process as well to give the court the benefit of their views.

Senator O'BRIEN—When, in the normal course of events, would the appeal be heard?

Senator Abetz—Good question. I do not know. Twelve months, perhaps?

Mr Hurry—Yes, 12 months is a figure. It may well be heard before that but the outcomes may not be known in that 12-month period.

Senator O'BRIEN—Is the decision effectively stayed by the appeal?

Mr Hurry—No, our understanding is that the decision stands and the appeal then is about the actual decision.

Senator O'BRIEN—What are the ramifications if the appeal stands? Is it authoritative while it is awaiting appeal?

Senator Abetz—Yes, or it is authoritative for the extent of it, which is that the regional forest agreement regime that was challenged was in fact upheld, so that is a big tick. That was the big ticket item that Senator Brown took to the court and lost on. His backstop position was that, if the regime is okay, two particular coupes in the Wielangta should not be allowed to be logged for a host of reasons. The court found in his favour on that, so the two Wielangta coupes at this stage cannot be logged—might I add, selected logging, not free-felling as reported in the media. That was the proposal. The selective logging of those two coupes in Wielangta cannot take place whilst the decision remains.

Senator O'BRIEN—Are you looking at other wood supply agreements?

Senator Abetz—Yes. With broader implications, it is no secret that the governments have got together to have a look at Justice Marshall's decision to see what might need to be done to allow the intent of the regional forest agreement to continue. As you would be aware, the regional forest agreements are agreements between governments. The governments had an intention of what they wanted and expected out of those agreements. They committed it to paper and, whilst we might have views on the interpretation of the written word, the simple fact is we live in a country with a rule of law. The judge has interpreted the words in a particular way. That notwithstanding, the parties to the agreement can say, 'If our wording doesn't give expression to our intent, it's open to us to review the wording to make it absolutely certain that our intent is accurately expressed and that the regional forest agreement can be implemented and the strategic harvesting can continue.' The Commonwealth and state governments are currently in discussions.

Senator O'BRIEN—Is the Commonwealth doing any work on the judgement in relation to the suggestion that the impact of the decision will go far wider than Tasmanian forestry?

Senator Abetz—I think part of our decision to intervene was that there were some nuances in relation to the interpretation. I have hung up my practising certificate for the time being, but I understand there have been other judgements at first instance, as Justice Marshall's decision is one at first instance, that may have had different nuances on different aspects of the federal legislation. That is why I think an appeal to the full court of the Federal Court will be very helpful in getting us some certainty, because with respect to the Marshall decision I am not sure that it would necessarily sit comfortably with three other decisions that I am aware of. At the end of the day, I can hypothesise about that. The full court will tell us in about 12 months.

Senator O'BRIEN—Thanks for that. I understand Tasmanian forest contractors have called for assistance due to the prolonged downturn in the woodchip industry. Has the department implemented any programs to provide support for the forest contractors?

Senator Abetz—No, there has been no implementation of programs. They have met with me to discuss some of their concerns. The forest contracting enterprises notoriously subject to trading cycles and that is one of the difficulties. They have put some proposals to me which I had the department look at. I have had further discussions with them, and my understanding is that they were going to come back with further proposals. I am being reminded—and, Senator

O'Brien, you may be aware of this—that there is a component under the Tasmanian Community Forest Agreement where forest contractors can avail themselves of funds, but that is more for them to upskill and retool as they are getting out of old growth and into plantations; it is not to buy them out of the industry.

The big difference between this and, let us say, the Securing Our Fishing Futures package is that we believe that overall the same number of trees is going to continue to be harvested in Tasmania, but there is currently a downturn. The Securing Our Fishing Futures package—and there has been some discussion about the fact that they are similar—was based on the fact that we acknowledged that there would be a lot less harvesting of fish from the wild and therefore there would need to be an adjustment. Similarly, with the Tasmanian Community Forest Agreement, where we were preserving about another 170,000 hectares, we agreed that that would have an impact on the industry and that they would have to relocate plantations et cetera—and therefore an adjustment package is appropriate. But to buy people out in a cyclical situation only to have, chances are, in a few years time new entrants back into that market because there is an upturn, is something that government needs to look at seriously. Having said that, we are very sympathetic to the difficulties, because a lot of these people are very highly geared financially. So whilst they were getting 100 per cent of their quota things were good, but when they are down to 70 per cent there is not much left for the missus and the kids after the payments have been made.

Senator O'BRIEN—Is National Tree Day one of this department's responsibilities or is it the Department of the Environment and Water Resources?

Senator Abetz—I still have the splinters under my fingernails. It is under environment and heritage.

Senator O'BRIEN—On page 23 of the PAES, the Forest and Wood Products Research and Development Corporation has had a revision down in its requirements for special appropriations from \$8 million to \$7 million. What has caused this? It is \$7,050,000 to be precise.

Mr Hurry—I think it is matching funding, Senator, and the potential to match 100 per cent of it has not been reached. It has probably been revised down on the amount of levies that have been committed. Is that right?

Mr Wilson—I believe that to be the case.

Senator O'BRIEN—That is the reason, you think?

Mr Hurry—Yes, that is my understanding of the reason for it.

Senator Abetz—While they are just looking at that, may I correct one thing and add a bit more information in relation to Dorset Council. Under the proposal—and this is all still in a state of flux—the Dorset Council will be responsible for any overrun because it is proposed that they be the project manager, so they will have control of these things. I understand that to be the case.

In relation to assistance for skippers and crew, I am advised that I may have said you are only eligible if you have been working in the industry for five years. If I did say that—and Senator Sterle is saying that I did say that—I am wrong. Part of the deal is that you do not

work in the industry again for a period of five years, and the qualification is that you be employed prior to 23 November 2005, which was prior to the announcement of the package. So people could not, having heard about the package, sign up and then lose a job. That was the correction I wanted to make.

Senator O'BRIEN—That is all I have for fish and chips.

[1.28pm]

Natural Resource Management Division

CHAIR—Thank you very much. I now call witnesses from the Natural Resource Management Division. We brought you back because we thought you might have felt we did not really think you were important. We have especially brought you back to raise your self-esteem.

Senator O'BRIEN—Could you tell me what the budget for the National Landcare Program for this financial year is and how much expenditure has been committed or announced so far this financial year?

Mr Aldred—There are two elements to the National Landcare Program that appear in bills Nos 3 and 4 on pages 25 and 27 of the PAES document. On page 25, the budget estimate for 2006-07 is \$11,722,000 and expenditure to the end of January 2007 is \$1 million. In respect of bill No. 4, at page 27 the National Landcare Program has \$25,275,000 listed in the 'payments to states' line. Expenditure, again to the end of January 2007, is \$15,430,000.

Senator O'BRIEN—So there is about \$20 million not spent so far?

Mr Aldred—Yes. There is about \$10 million in each bill still to go.

Senator O'BRIEN—How does the state money get allocated? Do they have to announce a program and match it or something?

Mr Aldred—In general, we look for matching funds.

Senator O'BRIEN—In general, but not always?

Mr Aldred—There is not always matching cash from the states.

CHAIR—Have you analysed how much of it disappears in administrative overheads?

Mr Aldred—In a general sense, there is not a huge amount. It has been a program that the Australian and state and territory governments have worked together on.

CHAIR—Would you be able to give us a figure for how much actually went into something to do with the earth, rather than something to do with the computer, the car and the coordinator?

Mr Aldred—Yes.

CHAIR—That would be interesting to know.

Mr Aldred—We can provide you with any costs that have been incurred by the state governments.

Senator O'BRIEN—As to the \$10.7 million from page 25 that remains to be spent, what can you tell us about the prospects of it being spent?

Mr Shaw—Quite a large component of that has been committed. As you are aware, under the national component we have a number of subcomponents. In relation to that, in December last year the minister approved 15 priority national projects, totalling \$2.6 million. He also approved \$1 million for the Sustainable Industry Initiatives and he previously approved an overall allocation of \$3 million for the innovation grants program.

Senator O'BRIEN—How much of the \$11.27 million is committed and announced?

Mr Shaw—Around \$6.6 million of the \$11 million has been committed. We are in the process of finalising funding agreements with successful proponents, so it will not be announced until they are finalised.

Senator O'BRIEN—The other \$5 million is uncommitted at this stage?

Mr Shaw—It is committed to things such as support for the state Landcare coordinators that we have in each of the states and territories. We also provide some funds to Landcare Australia Ltd to support their activities. Some of that money is committed to those areas as well.

Senator O'BRIEN—How much is uncommitted?

Mr Shaw—Approximately \$600,000 at this stage.

Senator O'BRIEN—How much is committed but unannounced?

Mr Shaw—The commitment, as I said, is about \$6.6 million, which relates to the priority national projects, innovation grants, and Sustainable Industry Initiatives.

Senator O'BRIEN—That is not quite an answer to my question, but perhaps you can take it on notice.

Mr Shaw—Certainly, Senator.

Senator O'BRIEN—Thank you.

Senator SIEWERT—You will be pleased to know that I asked some of my questions next door, so I do not need to bother going through them again.

Senator Abetz—You could, in fact, ask all your questions next door.

Senator SIEWERT—No, I could not. I tried to ask these questions and was told to come here.

Senator Abetz—I stand corrected.

Senator SIEWERT—Obviously, I am talking about the future for NHT3 and about how we will take on board the learning and the research that is coming out of SIF3—when I started asking questions next door, they said I would be better to come in here—but that it will start to be incorporated because SIF3 is ongoing. There is already work that is coming out of SIF3 that is highly relevant to the future of NHT3—for want of another name—or any future programs. What work is being done, with the findings of SIF3, to incorporate it into the development of NHT3 or any future funding programs?

Mr Aldred—There are a couple of different ways that the learnings from SIF3 are being looked at. Last year a presentation was provided by Kevin Goss, from the CRC for salinity, to the NRPPC—the Natural Resource Policies and Programs Committee—which sits under the

ministerial and standing committee arrangements. Kevin also gave a presentation to a number of Australian government officials a couple of months after that. We have had ongoing discussions with Dave Pannell and Anna Ridley at an official level about the sorts of lessons that are coming through, and I believe that there is a presentation by Kevin Goss again that will be done for the standing committee in the not too distant future.

The working group that sits underneath the NRPPC and is dealing with Australian government, state and territory future program arrangements has started work on a set of investment principles for future programs, and those investment principles certainly pick up a number of elements of the SIF3 learnings. That is one of the mechanisms. As we have troops going around the country and internally, I recently asked Dave Pannell and Anna Ridley to provide a short paper for the Australian government, and for the working group, which we could use to transfer the learnings or communicate the learnings. That is also underway. In particular, we are looking at providing a short paper that says, 'Here are the sorts of learnings. Here are the investment principles and, as a result of that, the North Central CMA'—for example, which is one of their test cases—'is shifting investment from here to these sorts of activities.'

Senator SIEWERT—It seems to me, reading some of the findings that are available with SIF3 to date, that it has some quite significant implications for investment at a national level, investment in R&D and investment in new technologies. Some of that has been talked about for a while, but this seems to confirm that. It is not just about how regional groups invest but about how NHT3 is invested, because it seems that what is coming out of it is that some of the work is actually beyond what the regional groups can do. Is that being thrown into the mix?

Mr Aldred—Yes. Certainly, from the point of view of the sorts of discussions that we have had, with respect to investment principles we are not only developing them for the regional application but, broadly, the investment principles are to apply to NRM investment.

Senator SIEWERT—The investment principles there are applying to national NRM investment and then regional investment as well, so they are going to be tiered. I do not mind that in a hierarchical sense, but applied to the relevant level that you are investing—

Mr Aldred—They will be, we hope, agreed investment principles that will apply broadly across NRM expenditure, and then there will presumably be more detail that sits below that. But they are reasonably high level principles. A key for us is to then put the principles into practice and that, in a lot of ways, is part of refining the way that we conduct our business and the sorts of questions that we ask ourselves, regional groups and so on.

Senator SIEWERT—I will just double-check that I have asked everything that I wanted to ask.

CHAIR—Don't be too thorough!

Senator SIEWERT—Strangely enough, we do not get to cover many NRM or environment matters because it is always at the end of a night.

Senator Abetz—We have finished early on a number of occasions because there have been no questions in this area, so we welcome it.

Senator SIEWERT—That is because some of us have been in one of the other committees.

Senator Abetz—For you, I am more than willing to accept that; for some of your colleagues, I do not.

Senator SIEWERT—How successfully would you say research dollars have been invested through regional groups—the level of investment in research? Would you say under NHT2 that has been effective? I suspect that the ability for regional groups to invest in research may not have been at its most optimum. Have there been any reviews of how regional groups can invest and share across regions investment in R&D?

Mr Aldred—It is one of those areas that has certainly developed a bit over the years that the model has been taking shape. There may well have been a tendency in the early years for a number of the regions to be off seeking their own research and so on to prepare plans and investment strategies where we potentially could have had better linkage across those. In truth, the model has matured a lot in the last few years. What we are clearly seeing now is a great willingness and desire by the regions to learn from each other as well as an emphasis on pushing back up the line and saying, ‘We’d like to see the Australian and state governments investing in these sorts of things or trying to assist us to get more coordinated types of activities.’

An example late last year was a workshop held in Queensland, which was attended by most of the regions, and that dealt with learnings and how they were going with plans and, in particular, an emphasis on knowledge and the transfer of knowledge and so on.

Senator SIEWERT—I want to go back to the issues around SIF3 and using those mechanisms which, I have to admit, are really quite complex decision-making processes.

Mr Aldred—Yes.

Senator SIEWERT—To enable regional groups to make the most of it, will there be an ability for regional groups to get support to use it?

Mr Aldred—Perhaps under biotechnology we can clone Dave Pannell and Anna Ridley. We do have to set up mechanisms to transfer the learnings, and that is what we are starting to talk to them about. As you say, it is a reasonably complex process and it needs a degree of facilitation. We have not confronted that yet. What we would like to do is to start to get recognition and interest in new investment principles and learning and then deal with how we multiply the capacity to assist putting that into place. I think a couple of really clear case studies are a good way to do that.

Senator SIEWERT—That is where you will use the current ones that Dave and Anna are doing?

Mr Aldred—Yes.

Senator SIEWERT—Thank you.

CHAIR—Have you tagged grants that you have given for research in Northern Australia?

Mr Aldred—We can certainly supply a range of material and I understand that is likely to be done.

CHAIR—We just do not want to reinvent the wheel on a lot of this.

Mr Aldred—Yes.

CHAIR—Thank you. It would be handy if you could.

Senator SIEWERT—Since the chair mentioned Northern Australia—and I am not going to keep you very long because you can take it on notice—what reviews have been done on the success of the models in the rangelands recently?

Senator Abetz—See the trouble you cause, Bill!

CHAIR—Take it on notice.

Mr Aldred—I am not sure I fully understand the question, Senator. It was reviews of what?

Senator SIEWERT—Of the success of the NHT2 program or the model that has been used in the rangelands.

Mr Aldred—I will ask Mr Lee whether we did a specific evaluation on rangelands. I do not believe that we have any concrete plans.

Mr Lee—We do not have a specific evaluation. Some of the 10 national evaluations would indeed have touched on elements of the rangelands—work on the rangelands. It is certainly an interesting question: how successful have we been across that area? Part of our monitoring and evaluation scheme is to gauge progress against the targets that are established in the rangelands in the regional Natural Resource Management plans that are relevant to the rangelands. The specific answer is no, we do not have a separate, stand-alone—

Senator SIEWERT—Are there plans to do it, because rangelands have been a problem—I will say that for want of a better word—in terms of how we extend these programs across them for a considerable period of time. Are there plans to do a review of the success of the current model?

Mr Aldred—We do not have a planned rangelands evaluation at this stage.

Senator SIEWERT—Okay. I might chase you later on that.

CHAIR—Thank you very much everybody. Thank you to Hansard and the secretarial back-up, and everyone that came along and gave evidence—and the patience of the minister.

Committee adjourned at 1.49 pm