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SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

ESTIMATES

(Budget Estimates)

THURSDAY, 24 MAY 2007

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT
Thursday, 24 May 2007**

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

Participating members: Senators Adams, Allison, Barnett, Bartlett, Bernardi, Boswell, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Hogg, Hutchins, Joyce, Kemp, Lightfoot, Ludwig, Lundy, Ian Macdonald, Sandy Macdonald, McGauran, McLucas, Milne, Nash, Nettle, Payne, Parry, Polley, Robert Ray, Stephens, Sterle, Trood, Watson and Webber

Senators in attendance: Senators Adams, Allison, Bob Brown, Fielding, Heffernan, Hogg, Macdonald, McEwen, McGauran, Nash, O'Brien, Parry and Siewert.

Committee met at 9 am

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Consideration resumed from 23 May 2007

In Attendance

Senator Abetz, Minister for Fisheries, Forestry and Conservation

Department of Agriculture, Fisheries and Forestry

Executive

Dr Conall O'Connell, Secretary

Dr Cliff Samson, Deputy Secretary

Mr Stephen Hunter, Deputy Secretary

Mr Daryl Quinlivan, Deputy Secretary

Management Services Division

Mr Bill Pahl, Chief Operating Officer, Management Services

Mr John Bridge, Chief Finance Officer, Corporate Finance

Mr Greg Haughey, Budget Manager, Corporate Finance

Mr Steve Prothero, General Manager, Information Services Branch

Corporate Policy Division

Mr Allen Grant, Executive Manager, Corporate Policy

Ms Victoria Anderson, General Manager, Policy Development Branch

Mr Craig Penney, General Manager, Governance and Planning Branch

Ms Nicola Hinder, General Manager, Parliamentary and Media Branch

Mr Charles Willcocks, General Manager, Australian Biosecurity System Taskforce

International Division

Mr Craig Burns, Executive Manager, International Division

Mr Paul Morris, Executive Manager, Technical Market Access

Ms Fran Freeman, General Manager, Multilateral Trade Branch

Ms Nicola Gordon-Smith, General Manager, Bilateral Trade (North Asia, Europe, Middle East) Branch

Mr David Williamson, General Manager, Bilateral Trade (Americas, South East Asia, Sub-continent and Pacific) Branch
Operations

Rural policy and innovation

Mr Ian Thompson, Executive Manager, Rural Policy and Innovation

Mr Matt Koval, General Manager, Drought and Exceptional Circumstances

Ms Melanie O'Flynn, General Manager, Research and Innovation

Mr Bruce Bowen, General Manager, Industry Partnerships, Training and Leadership

Ms Jenny Cupit, Director, Drought Policy and Implementation

Natural resource management (including Land and Water Australia)

Mr Tom Aldred, Executive Manager, Natural Resource Management Division

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

Mr John Talbot, 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

Dr Michael Robinson, Executive Director

Fisheries and forestry (including Australian Fisheries Management Authority)

Mr Glenn Hurry, Executive Manager, Fisheries and Forestry

Mr Tony Bartlett, General Manager, Forest Industries

Mr Andrew Wilson, Manager, National Forest Policy

Mr Karl Heiden, Manager, Tasmanian Forests

Mr Robert Murphy, General Manager, Fisheries and Marine Environment

Dr John Kalish, General Manager, Fisheries and Aquaculture

Ms Joanne Pearce, Manager, Domestic Fisheries Policy

Dr Nick Rayns, Acting Managing Director, Australian Fisheries Management Authority

Mr Geoff Richardson, Acting Executive Manager Fisheries, Australian Fisheries Management Authority

Mr Paul Murphy, Acting General Manager Business Management, Australian Fisheries Management Authority

Mr Rohan Wilson, Acting General Manager Operations, Australian Fisheries Management Authority

Product integrity, animal (including aquatic animal) and plant health (including Australian Pesticides and Veterinary Medicines Authority)

Mr Steve McCutcheon, Executive Manager, Product Integrity, Animal and Plant Health

Dr Peter Thornber, Acting Chief Veterinary Officer, Office of the Chief Veterinary Officer

Ms Sally Standen, General Manager, Animal and Plant Health Policy

Mr Bill Magee, General Manager, Product Integrity and Safety

Ms Lois Ransom, Chief Plant Protection Officer, Office of the Chief Plant Protection Officer

Dr Joe Smith, Chief Executive Officer, Australian Pesticides and Veterinary Medicines Authority

Dr Eva Bennet-Jenkins, Pesticides Program Manager, Australian Pesticides and Veterinary Medicines Authority

Australian Quarantine and Inspection Service

Ms Jenni Gordon, Executive Manager, Quarantine Division

Dr Andy Carroll, National Manager, Border Branch

Mr Peter Liehne, National Manager, Animal and Plant Quarantine Branch

Mr Tim Chapman, National Manager, Cargo Management Branch

Mr Greg Read, Executive Manager, Australian Quarantine and Inspection Service Exports

Mr Tim Carlton, National Manager, Food Exports Branch

Mr Mark Schipp, General Manager, Technical Standards Branch

Dr Narelle Clegg, National Manager, Animal and Plant Exports and Imported Food Safety Branch

Biosecurity Australia

Mr John Cahill, Chief Executive

Dr Ann McDonald, General Manager, Biosecurity Development and Communications

Ms Louise van Meurs, General Manager, Plant Biosecurity

Dr Bill Roberts, Principal Scientist, Plant Biosecurity

Dr Robyn Martin, General Manager, Animal Biosecurity

Dr Mike Nunn, Principal Scientist, Animal Biosecurity

CHAIR (Senator Heffernan)—We are back in session and I hope we have another delightful day. We will continue last night's session—rural policy and innovation. I hand over to Senator O'Brien.

Senator O'Brien—I thought I would start with Farm Help and FarmBis in particular. The 2006-07 portfolio budget statement on Farm Help states that FarmBis was to be funded \$25 million in 2006-07, whereas in 2007-08 the funding is only \$11 million. The portfolio budget statement for 2005-06 said that Farm Help was funded \$42.5 million, whereas in 2006-07 the figure was only \$11.2 million. Could you explain the significant decrease in funding?

Mr Thompson—Could I just ask, Senator, whether you are talking about Farm Help and not FarmBis? Is that correct?

Senator O'Brien—No, I am talking about both.

Mr Thompson—In the case of Farm Help the numbers have declined over the last few years, mainly due to the larger number of people using exceptional circumstances relief payment provisions. The exceptional circumstances relief payment is slightly easier for farmers to access than Farm Help, so farmers have been using the exceptional circumstances relief payment and, as long as the drought continues, they can stay on that. So estimates for Farm Help, which were made three years ago, have been gradually reduced in line with demand. It is a demand-driven program.

Senator O'Brien—And FarmBis? Let me just double check. No, you are right; it is Farm Help. The budget estimate for 2007-08 increases to nearly \$27 million, back up from

\$11 million, if I am reading the right line at this time of the morning on page 25 of the portfolio budget statement. I think I am.

Mr Thompson—Yes, that is correct.

Senator O'BRIEN—Why is that?

Mr Thompson—Again, as I said, Farm Help numbers in previous estimates have been progressively reduced in other years because of the take-up in drought exceptional circumstances. The estimate for next year was returned to roughly the same level as existed prior to the drought, in the possible expectation that the drought would end, we would have a period of possible adjustment following the drought and there would be a demand for Farm Help type assistance.

Senator O'BRIEN—Does that mean that the moneys from 2006-07 have been rolled forward?

Mr Thompson—In a sense they are, but it is a demand-driven program.

Senator O'BRIEN—It is paid back in and then refunded?

Mr Thompson—It is paid back in and then refunded, or numbers are downwardly adjusted as demand downwardly adjusts at the time. So the numbers move a little bit in accordance with likely demand.

Senator O'BRIEN—How many people are expected to go from exceptional circumstances to Farm Help?

Mr Thompson—It is a very hard number to estimate. To date the people who are receiving income support this year under Farm Help number 325. If the numbers were to double—at present there are 325 demands—we would probably be looking at 700 or 800 people. The other element that is included in those numbers is funding because of the changes to the re-establishment grant, which is an increased allocation for re-establishment from \$50,000 to \$75,000. Some easing of the assets test, which was announced in the budget, would result in increased participation. There is an allowance for people who had previously received Farm Help to return to Farm Help and to receive a re-establishment grant or professional advice and training of \$5,000 if it is their first year, or \$2,500 if they have come back to Farm Help. We anticipate that all that will result in some increased expenditure.

Senator O'BRIEN—Could you give me a breakdown of how that figure of \$26,956,000 is calculated?

Mr Thompson—I could not go to that level of detail here, Senator, but the number is calculated taking into account anticipated numbers of re-establishments, professional advice and receipt of Farm Help.

Senator O'BRIEN—So you have made calculations of numbers accessing each part of the category?

Mr Thompson—Yes. The estimates are based on a previous use of the program, with an allowance for likely increase.

Senator O'BRIEN—Could we have the numbers?

Mr Bowen—Could I make just one more point: the other feature in these estimates is that previously the Farm Help program was going to wind down in 2007-08. Because the government has made the decision to continue Farm Help, we have had to take account of continuing demand; otherwise we would have been in a situation of having to inform potential recipients that limited income support was available. We have to start winding down. If you look at the forward estimates in table 2.2, you can see the sort of estimated demand for Farm Help going forward. We have estimated, as Mr Thompson said, a demand of about \$20 million to \$24 million a year.

Dr Samson—We will get you a breakdown of how that figure was arrived at and the basis or the assumptions for the estimate.

Senator O'BRIEN—Why are the departmental outputs growing so rapidly in the out years?

Mr Thompson—Essentially they are in line with the program itself, but a large proportion of those costs are the costs of delivering the program through Centrelink.

Senator O'BRIEN—Could you give us a breakdown of that?

Mr Thompson—We can give you a breakdown of departmental versus—

Senator O'BRIEN—What does the Centrelink money pay for?

Mr Thompson—It pays for the costs of Centrelink staff that have to assess claims, undertake case management of individual claims, process people through receipt of training and that sort of thing. It also covers the cost of Centrelink contacting clients on a regular basis to ensure that they are meeting requirements under the program. In addition, it meets some of the fixed costs of Centrelink maintaining payment systems, databases and those sorts of things, which are part of Centrelink's operations. This runs as a component of the Centrelink payment system.

Senator O'BRIEN—So whilst the moneys for exceptional circumstances are expected to wind right down, you are expecting reasonably consistent draws on the Farm Help program through the out years?

Mr Thompson—That has been a pattern in the past. There have been some ups and downs in the numbers, but we have trouble predicting the sorts of pressures that might impact on agriculture from time to time. It can be water shortages, it can be changes in commodity prices and it can be changes in fuel and fertiliser prices, all of which have impacts on different industries at different times. So it is difficult to predict. The best estimate we do is to take a long-term trend of participation in the program and say, 'That is a good place to start,' and we will look at variations around that as conditions prevail.

Senator O'BRIEN—What has been the biggest annual spend on Farm Help so far during the life of the program?

Mr Thompson—The program, under various guises, goes back quite a few years. But in 2000-01 \$30.8 million was spent. Then there has been a decline in expenditure since 2001 and that coincides with the extension of the drought. Sorry, Senator, I just looked at my table. There was actually \$32.6 million in 1998-99.

Senator O'BRIEN—Over the past three years how many farm families applied for Farm Help on an annual basis? Do you have those numbers?

Mr Thompson—I do not have the numbers of people who have applied for Farm Help. I do have the numbers of people who received Farm Help under various categories since 1997. Centrelink runs the program; we do not keep details.

Senator O'BRIEN—We do not know how many people apply?

Mr Thompson—That number is available—Centrelink does keep that number—but I just do not have it with me. We could take that question on notice.

Senator O'BRIEN—Yes, if you would please. How long is the process between families applying for Farm Help and receiving the first payment?

Mr Thompson—The time does vary. I would not like to speculate because Centrelink is close to administering the program. I know that we have a KPI of targeting payments within about a month. Some are done much more quickly than that, depending on the complexity of the case. But if you want the details we will take that question on notice.

Senator O'BRIEN—Thank you. Is it a complex application form for Farm Help?

Mr Thompson—I think application forms and their complexity are, to an extent, in the eye of the beholder. It is a substantial form because, first of all, they have to establish the identity of the person and then they have to go through their financial affairs, assets, incomes and liabilities, which results in putting down a fair amount of information. So it is a significant form. Many people, because they are in a somewhat stressed position when they are seeking Farm Help, find that quite intimidating. One of the major functions of rural financial counsellors is to help people through that process of filling out the form. In doing so, they establish a true picture of their business. So rural financial counsellors, Centrelink, outreach workers and those sorts of people help families fill out the form.

Senator O'BRIEN—Does Centrelink provide statistical information to the department about the running of Farm Help?

Mr Thompson—Yes. We receive monthly reports from Centrelink about the running of the program, the number of clients, activities and those sorts of things.

Senator O'BRIEN—Does that break down by state or by region?

Mr Thompson—It breaks down by state. I am not sure how far below that region it breaks down. For example, with drought data we break it down into drought areas because we are interested in that. For other ones, because of the privacy requirements, Centrelink can record only certain sorts of information that is necessary for making the payment. So they may have information, for example, by postcode but they will not necessarily collect information by industry or by local government area unless that is necessary for making the payment. Regional breakdowns may well be limited to postcodes.

Senator O'BRIEN—Is there any reason why this committee could not see those reports?

Mr Thompson—I would have to check with Centrelink on that because, as you would appreciate, payments of this nature involve some privacy considerations. I will just check with them to establish what their policy is.

Senator O'BRIEN—I do not want to see any names.

Mr Thompson—I understand that, but some regions and some states do not have a lot of people in them, so they become apparent. We will check with Centrelink. There certainly will be no problem in providing that detail at a state level.

Senator O'BRIEN—Okay. In any case it would be interesting to see an example of the format of the reports that you get from Centrelink.

Mr Thompson—Yes.

Senator O'BRIEN—It would be good to see the actuals, but if that is a problem I would appreciate seeing a format with details that might identify anything.

Mr Thompson—There would be no problem in providing the details or the format of the nature of the things that come forward. I am sure that there is some way we can provide adequate detail and give an example of what is in there. So we will take that question on notice.

Senator O'BRIEN—I understand that the Advancing Agricultural Industries program helps the agricultural, fishery and forestry industries to develop self-reliance, resilience and an ability to officially manage change. Can the department indicate what the breakdown of this program is between agriculture, fishery and forestry support for the current financial year and prospectively for the coming financial year?

Mr Thompson—Mr Bowen might be able to provide the breakdown for the previous financial years. We do not have the breakdown between industry sectors for future financial years. It is a program that operates in relation to a range of calls made to industry, or for industries that approach us for stocktakes or action grants. So it would just be pure conjecture looking into the future. We can take on notice whether we have a breakdown between the industry sectors. We have a list of every industry and project that we have funded, but I am not sure whether we have added them together. Bruce, do you have that?

Mr Bowen—I have some data here but it is spread across industries. It would probably be easier if we could give it to you on notice.

Senator O'BRIEN—Yes.

Mr Bowen—Support is certainly given through that program to the fisheries industry and also to the forestry industry. If you would like, we can come back to you with a breakdown by sector.

Senator O'BRIEN—I accept that you will supply me with some information on notice. Is it possible to get an approximation of the industry proportions?

Mr Thompson—Just at an accrued level, the bulk of the money goes to agricultural industries. Within those industries a large proportion of it would go to industries related to horticulture, vegetable production and those sorts of things. Fisheries, forestry and wood products are a smaller component of it.

Senator O'BRIEN—Are details of the grants provided in their location on the website, or can you supply that on notice?

Mr Thompson—We can supply that on notice. The details of each grant and related activities are announced in media releases at the time and a summary of those projects is on the website. I am not familiar with the detail that is there, but the nature of the projects and related activities are the sorts of things we include in reports from time to time. If we have not got them there we can certainly provide that on notice.

Senator O'BRIEN—In 2005-06 this program was allocated \$3.9 million; in 2006-07 it was allocated \$5.3 million; and in the coming financial year it is allocated \$8.6 million. It is now called the Industry Partnership Program. Can you tell us the reason for the growth of the program?

Mr Thompson—The growth of the program has been a planned expansion to provide increased assistance in this area to allow industries to take a stocktake of what they are doing and then to undertake some action as to what they are doing. We have also introduced a new component to allow regional scale industries to take a stocktake and do an action such as a smaller scale old industry partnerships activity. Instead of saying, as it was before, that it is just a national program, we have said that regional or sub-national scale industries that have a national significant impact can also be addressed. For a program like this, demand would always exceed supply. So the increase in numbers has been estimated to be able to help a certain number of additional industries focus on issues that are impacting on them. Mr Bowen probably has some information about the estimated number to which we will now be able to provide assistance, as opposed to the numbers that we have provided in the past.

Mr Bowen—Senator, as Mr Thompson said, there are four components to that program. In the new program that has been commenced there is an industry stocktake component, which will look at helping industries understand their situations—those that are under pressure for adjustment—or look at opportunities for the future. The demand for that will depend a bit on industries coming forward. We will be calling for expressions of interest from industries that want to go through that process. Basically that involves an external consultant working with industry across the whole supply chain, getting people together, trying to work out where their strengths and weaknesses are, where they want to go forward, and where they want to invest their dollars in the future.

An action grants component is designed to help industries that have identified certain directions but do not have all the resources to move forward and, by working with government, they may be able to push forward quicker than they could to address a challenge or an opportunity that is coming ahead. There will be a round for that, so the numbers will vary. The funding depends upon the projects that are put forward. There is also the Advancing Agriculture Fund, a new focus to the program, which is also providing relatively small grants on a matching basis with producer groups. It will operate more at the local level, again to see how it can help manage change and adjustment in the future at that level. There is also a component that we have had for some time in the previous program—a rural leadership development component—which targets support towards helping young people, women and Indigenous people take a greater profile and role in their communities and in their industries.

Senator O'BRIEN—That is the program going forward?

Mr Bowen—That is the program going forward. As you said, previously it was called industry partnerships.

Senator O'BRIEN—Have those components remained the same?

Mr Bowen—The only new component, in the sense that there are some name changes, is the Advancing Agriculture Fund. As Mr Thompson said, the eligibility has changed. Now we can provide some of this focus on regional industries as well.

Senator O'BRIEN—Is there a cap on the amount that can be granted under any of the aspects of the program?

Mr Bowen—Yes, there is. The Advancing Agriculture Fund has a cap on matched grants of up to \$50,000; that is, for the producer groups. The action matched grant component can be up to \$1 million over two years, and the industry stocktakes up to \$200,000.

Senator O'BRIEN—How have those caps altered in the coming financial year? Have they changed at all?

Mr Bowen—The stocktakes and the action grants are similar to the old program. In both those cases the caps have been increased.

Senator O'BRIEN—From what to what?

Mr Bowen—In previous stocktakes, in practice, there were round about \$100,000 to \$150,000. That was the sort of level at which we were operating. The action grants were about \$350,000, although they were able to vary a bit. But it was partly determined by budget constraints, to be honest. There was a limited amount of money in the program and, therefore, you were operating on a basis of about that. But the amount provided to industries, of course, varies depending upon the proposal that is put forward.

Senator O'BRIEN—If you have up to \$1 million for the action grant component you would not need too many of those to decimate the program. In practice, what sorts of grants have been made in that area?

Mr Bowen—Again, that will depend upon the proposals that are put forward. But looking back on the previous program, the grants have varied, as I said earlier, from an average of about \$350,000.

Senator O'BRIEN—How many applications have been considered under predecessor programs?

Mr Bowen—I do not have that information available. I would have to take that question on notice.

Senator O'BRIEN—Could you provide us with how many were considered, how many were approved and how many were rejected?

Mr Bowen—Yes.

Mr Thompson—Senator, you asked earlier what was the breakdown between industry sectors and I gave you a broad answer that the bulk of it was in horticulture. While Mr Bowen answered those questions I added up a few numbers and I can give you a more approximate breakdown of those figures, if you would like to put those on the record. Since the

commencement of the program in 2004-05, it is 73 per cent on horticulture, 9.8 per cent on seafood, 4.6 per cent on meat and livestock, and 2.4 per cent on grains and crops. Then a group of various ones make up 10 per cent, including eggs, forests, organics and timber. Of those, roughly about 2.4 per cent was to the timber and forestry industries.

Senator O'BRIEN—What was that number again?

Mr Thompson—Around 2.4 per cent.

Senator O'BRIEN—Inside that 10 per cent?

Mr Thompson—Inside that 10 per cent. But, as I said, the bulk of the money, or 73 per cent, has been for horticultural related industries.

Senator O'BRIEN—Will you get details of the number of applications and the number of approvals?

Mr Thompson—Yes, we can do that.

Senator O'BRIEN—Who makes the final decision on the grant applications?

Mr Thompson—It is a grants program. The final decision is made by the minister.

Senator O'BRIEN—Of the moneys in the funding for 2006-07, how much of that has been committed to date?

Mr Thompson—Are you talking about this financial year?

Senator O'BRIEN—Yes, the current financial year.

Mr Bowen—Of the \$4.5 million that is available, leaving aside some adjustments and departmental running costs, about \$4 million has been committed.

Senator O'BRIEN—How many applications are currently being considered?

Mr Thompson—At the present time we are preparing for a round of applications for the new funding that goes into the future. But, in a sense, the program allows for the continuous assessment of projects. We have been in negotiation with a range of industries about the sorts of activities that could assist them. So it is a bit hard to say which ones are under consideration because we are having discussions with seven industries at a time, some of which may turn into stocktakes and some of which may be held off until the industries have sorted out how they want to move forward.

Senator O'BRIEN—Do you know whether the \$0.5 million that is not committed will be committed this financial year, or simply rolled forward?

Mr Thompson—We expect it to be committed this financial year. A number of proposals are actively being considered at present for projects to commence before the end of this financial year and to continue into the future. I do not have the exact number. Bruce, do you know the number that we are currently looking at?

Mr Bowen—As Mr Thompson said, about five or six proposals are currently being considered. Also, of course, agreements are being signed at the moment. They are being negotiated with some industries. I might just correct the record: I said about half a million dollars but I think the current situation is probably closer to \$300,000.

Senator O'BRIEN—That remains?

Mr Bowen—That remains.

Senator O'BRIEN—So about \$4.2 million is committed?

Mr Bowen—Yes, it is about that. That covers across all the leadership, capacity building and other elements of the program.

Senator O'BRIEN—Do people apply for an amount of money, or is it a bit of a bargain as to what is available?

Mr Thompson—No, it is not a bargain for what is available. People hold initial discussions with the department, whether they are talking about a \$500,000 project or a \$50,000 project, to get it into a respectable scale. Normally, we receive an application that sets out what people are doing, what they seek to achieve, what budget they need to achieve that, what funding they have from other sources, and what funding they need from the government to undertake a certain activity to make that overall project work. Most of the projects we implement are part of a larger activity by the industry group. So the government might be paying for one component of it. So they do ask for a specific amount of money for a specific activity, but they get some guidance as to whether we are talking about \$1 million projects, or something of a smaller scale. We do not want people wasting millions.

Senator O'BRIEN—Have you had many \$1 million applications?

Mr Thompson—I am not sure whether we have because no projects of that scale were within the criteria before. But there have been some projects of \$300,000 or \$400,000 in the past where people have done major pieces of work employing, staff, consultants and undertaking projects.

Senator O'BRIEN—I am interested in the self-reliance development. How many projects could be categorised as focusing on developing self-reliance?

Mr Thompson—I would say that the majority of the projects are, because self-reliance is about industries having the capacity to identify their own issues, improve their market position, assist participants, better access markets or change production systems, or improve their skills or network working in certain areas. Post the program we would expect industry players to have a better understanding of our supply chain dynamics, a better understanding of their operating environment and to be in a position to take their own decisions and move forward. Some of these things will possibly take a little while to come to fruition and to be able to prove but, anecdotally, we have seen some examples when we worked with industry groups to identify what their problems were. We came to the realisation that, for example, continuing to grow wine grapes on 10-hectare blocks with a decreasing amount of water probably did not have a real future for some areas. There were alternatives in other crops and alternatives in other activities in those areas. So they work it through. That is what we mean by self-reliance—that they move towards making their own decisions. So I would say that most of the projects are.

Senator O'BRIEN—You said that you were preparing for a round of applications but, on the other hand, it is an ongoing program. Could you explain that a bit more? Is there a date on

which applications are supposed to be in, or is it just a series of prompts for applications at particular times?

Mr Thompson—Again, the arrangements for the program into the future are still being settled, but projects in the past have come from two sources—one where industries have reported to a call for applications, and others where industries experiencing particular problems or issues have approached the government with proposals within the framework of the guidelines. So it operates at both levels as a continuous round of applications but also a prompt for those industries that may not otherwise come forward. The ones that tended to come outside or around, so to speak, are those that have been hit by particular crises, such as the vegetable industry, parts of the wine industry, or the citrus industry that were hit by sudden shocks from market changes or climatic events.

Senator O'BRIEN—I am still not clear how the round of applications for which you are preparing comes about? Why is it that you are preparing for a round? Has someone been running around saying, 'Now is the time to get in; we are coming up to an election,' or something like that?

Mr Thompson—No. As Mr Bowen said, the amount of money available next year that is uncommitted is quite small. So we were in no position to do a call for new projects until the money was announced and committed in the budget only a month ago. Now that we have new funds in the budget for continuation of the Advancing Agricultural Industries Program we will prepare new application forms, place advertisements in the rural press and send out letters to key stakeholder groups letting them know that a round has been advertised and that we have funding under the new program guidelines and arrangements into the future.

Senator O'BRIEN—What is the budget for advertising?

Mr Thompson—I am not sure what that is, Bruce.

Mr Bowen—Senator, it is very modest. I do not have the number off the top of my head, but it is just newspaper advertisements and normal capital city—

Senator O'BRIEN—Public notices or a spread in the news area?

Mr Thompson—The way we have advertised in the past has been a four-inch by five-inch advertisement in the *Land*, the *Weekly Times*, the *Stock Journal*, and those sorts of things, notification through departmental newsletters, notification on the website, and a media release. We have not found that we have needed to advertise very widely by placing it in the rural press and notifying key stakeholders. Most industry groups seem to become aware of it.

Senator O'BRIEN—Is any of this program administered outside the department?

Mr Thompson—The program is administered solely within the department.

Senator O'BRIEN—Can you give us a breakdown of the administrative costs?

Mr Bowen—Yes. The second line in table 2.2 in the portfolio budget statement shows a breakdown of administrative expenses and departmental outputs.

Senator O'BRIEN—How many staff are engaged in managing this program?

Mr Thompson—The program uses approximately 13 staff, and that includes staff running what we might call the advancing industries partnerships type approach with industry, but also the smaller leadership activities as well.

Senator O'BRIEN—So that number apparently will increase substantially in 2008-09?

Mr Thompson—The number of staff may increase a little bit in 2008-09, but for each of the programs we have also built-in costs. Those costs cover the staff. They cover the cost of that communication. They also cover some of the associated costs with running some of the leadership programs. But with the increase in 2008-09 we will be making provision for a review of the program towards the end of the program to judge its effectiveness and, depending on the government at the time, whether they wish to continue with the program. So it builds in evaluation towards the end of the program.

Senator O'BRIEN—Could you give me a breakdown of that? The number has doubled, basically, in the out years.

Mr Bowen—I could add to that point that has been raised also that the 2007-08 figure, of course, shows the new money allocated to the program. There is some existing money under the current program.

Senator O'BRIEN—What is the real number that I should focus on?

Mr Bowen—The departmental output in 2007-08 will be \$1.1 million so it is in line with the other years because we need to add in that.

Mr Thompson—This year has old money and new money.

Mr Bowen—Yes.

Mr Thompson—2007-08 has old money and new money.

Senator O'BRIEN—So you are expecting more applications in this financial year.

Mr Thompson—We are expecting more applications because, in addition to the money that we had from the last year of the previous program, we have the additional money for the first year of the new program. We are expecting more applications which will require more staff to assess them and work with those industries on them.

Senator O'BRIEN—Are you expecting to commit most of the money in the first half of the year or the second half of the year?

Mr Thompson—We would expect to commit most of the money in the first half of the year but expenditure is likely to ramp up as contracts are signed.

Senator O'BRIEN—Yes. We can expect a rash of announcements in the first half of 2007-08?

Mr Thompson—It is hard to say. It has varied from year to year. While we can make a call for projects in July and have our timetable of when they come in, finalising contracts can sometimes depend on the preparedness of the industry to move quickly.

Senator O'BRIEN—I would be prepared to have a small wager with you that there will be a lot of announcements in the first half of the financial year 2007-08. Is there built-in provision for money in the unlikely event that it is not committed in 2007-08 to roll forward?

Mr Thompson—There is no special provision other than the normal government arrangements that if projects or programs are underspent and there is good reason for the underspend and the government is committed to those activities, they may roll them forward, but that is just the normal government process. We do not have any special provision in this program.

Senator O'BRIEN—And where moneys are set out in a financial year's appropriation—let us say, for example, a contract is signed for a program in 2007-08 and it has milestones of achievement for payment and they overlapped the year—would it be normal for the money to follow that program?

Mr Thompson—Yes, it would. We need to get specific approval to commit funds beyond the financial year. Where a contract is put in place my experience in programs is the government does honour those contracts. So if money is committed and it is only a milestone delay under a contract, that is one of the reasons where one can carry forward money, or seek agreement from the government to carry forward, to a future year. It is money that is uncommitted that, as I said, is just subject to the normal government processes. But committed money would normally be provided for.

Senator O'BRIEN—To date this suite of programs has not been audited or assessed?

Mr Thompson—We undertook a review of the program, along with other AAA programs, in the last quarter of last calendar year. That could only assess projects that had really commenced in 2005 and gone to the last part of 2006. It was a very preliminary assessment of almost the interim year of the program. There was not much of a longitudinal profile, but the outcomes of that review indicated that the program was effective in having industries confront their issues and was effective in moving toward self-reliance. The evidence suggested that it was one of the better approaches we have at the moment but it was not able to be conclusive about what happened to those industries because of the time frame involved. Do you have any detailed evidence?

Mr Bowen—Mr Thompson is correct. That was the sort of finding that came out of the review.

Senator O'BRIEN—Can you give me a thumbnail sketch of the industries that have had the benefit of this assistance? You said horticulture, but that is pretty broad.

Mr Thompson—We can run through them. There were the apple and pear industry, dried fruits, tropical fruits, the grape industry and wine-making industry, table grapes, citrus, olives, summer fruits—which is the current term for nectarines, apricots and those sorts of fruits—cherries, vegetables, the turf industry, wild flowers, honeybees, the wine, citrus and vegetable industry in the Riverland-Sunraysia area, horticulture, fisheries in general, southern rock lobster, wild-catch prawns, cattle industry, wool industry, beer, grains, fodder, rice, eggs, organics, timber, and forest and wood products.

Senator O'BRIEN—Let us take the wine industry: what sort of body would you be looking to fund? There is the Winemakers Federation, for example. There is a grape grower organisation. There are state based as well as national organisations. What is the focus?

Mr Thompson—We have a number of projects in the wine industry. One was with the Wine Grape Growers Association. A lot of that was involved in getting them to have a better understanding from the grower's point of view of what was going on in the wine industry. We have had one with the Winemakers Federation as well. Some of these projects are involved in getting this multitude of industry groups to work together in a cooperative way. They are seeking to get a bit of information which can broker improved relationships between them. But it is bodies like wine grape growers or winemakers, peak industry bodies like the Apple and Pear Growers Association—those sorts of people are the ones we work with.

CHAIR—What about the MIS industry?

Mr Thompson—We have not had a project with those.

CHAIR—And you have not had a crack at sandalwood?

Mr Thompson—No. There have been some discussions with people from sandalwood but we have not had projects with them.

CHAIR—Because there are some very extravagant claims about future earnings—much like the Great Southern Ltd early plantations that are maturing now and they are having to prop them up with 50 per cent outside the investment dividends to give them a return, which I think is a matter that ASIC ought to be looking at.

Senator Abetz—They are assertions.

CHAIR—They are not assertions. They are actually a matter of fact, Minister.

Senator Abetz—We have been through that.

CHAIR—It is in their prospectus and in their annual report.

Senator Abetz—Yes, but the way they discuss it and talk about it is different from the way that you present it. I do not think it is appropriate for the officials at the table to have to talk about these prospectuses.

CHAIR—I am not asking them to. I am asking them about sandalwood. It is a matter for ASIC.

Senator Abetz—If you are talking about sandalwood—

CHAIR—It is being referred to ASIC, Minister.

Senator Abetz—Let us not refer to Great Southern Ltd and let us stick to the specifics.

CHAIR—I am just concerned that we do not repeat the mistakes in sandalwood.

Senator Abetz—That is your view. Whether the gentlemen at the table want to get into a discussion as to whether it is a mistake or not, I do not think is something that they should do.

CHAIR—I am not saying it is a mistake.

Senator Abetz—You just said so. You said 'mistake' just then.

CHAIR—With great respect I said that if we had done research into sandalwood so that we do not make—

Senator Abetz—The *Hansard* record will speak for itself.

CHAIR—But the answer is no, they have not.

Senator O'BRIEN—With the olive program, who is funded?

Mr Bowen—Senator, the Australian Olive Association.

Senator O'BRIEN—How much money is provided there?

Mr Bowen—They undertook one project here for \$200,000.

Senator O'BRIEN—Who was that for?

Mr Bowen—In most cases, these sort of projects have followed from out of what we call the stocktake exercise where the industry has got together and identified where they are going in the future with the help from an outside consultant and then followed through that and identified a number of strategies they would like to do.

CHAIR—That is the olive growers' peak body, is it?

Mr Bowen—Yes.

CHAIR—Could you give us a list of who makes up the members of the olive growers peak bodies?

Mr Thompson—We would have only what is in our records.

CHAIR—You are doing their work so we just thought we would like to know who you are supplying the money to because they represent the members.

Mr Thompson—We can provide what information we have on who are the members of the Australian Olive Association, but I think their articles of association or incorporation would be the normal sort of thing on the public record. We tend to deal with their executive.

Senator O'BRIEN—Their executive officers, yes.

CHAIR—But it would not be a frightening question.

Mr Thompson—No, it is not a frightening question.

Senator O'BRIEN—Presumably the Sunraysia funding is to a community organisation in Sunraysia of some sort.

Mr Thompson—We have been working with the Mildura City Council which has been heading a consortium of people there that involves the industry people in that area on the local councils in that region, so I guess it is community based. They approached us with problems in that area.

Senator O'BRIEN—Water, size, crop—all those sorts of things were probably the issues there.

Mr Thompson—The issues there were the fall in the citrus price, the water shortages and changes, the salinity that was present in the region and the falling wine prices and difficulties they were having with wine companies at the time. Their longer-term issues were the scale of operation plus a whole lot of planning issues associated with agriculture in close proximity to urban areas.

Senator O'BRIEN—What was the olive project? How would that be described?

Mr Bowen—Senator, a range of issues were identified through their taking-stock exercise that they wanted to follow through on. Amongst the issues were developing codes of practices in the industry, looking at food safety types of issues.

Senator O'BRIEN—Anything to do with processing?

Mr Bowen—Not that I am aware of, Senator.

Mr Thompson—Parts of the action partnership, which is the \$200,000 one, involved looking at how the industry might structure itself to better present and market. They wanted to develop an industry code of practice relating to code of conduct and quality in food safety through the supply chain, and they wanted to do some work on how they might go about raising awareness in the Australian market of Australian olive products, both domestically and internationally vis-a-vis the more established international brands.

CHAIR—Do you look only at the economic effect of all of this? You do not look at the supply and demand?

Mr Thompson—The process would normally be that industry does a stocktake, which is sort of a strengths-weaknesses analysis and what their operating environment is: is it international competition, is it environmental pressure, is it changed inputs, is it price pressure, competitors, whatever else, and then, having done that, they may then come back to government and say, 'One of the issues is something that we ourselves cannot handle and you maybe able to work with us on,' which might be some more economic analysis or some of the social issues with it, and then we do that. We are not putting in place plans for the industry. It is industry telling us what they are on about.

CHAIR—Good.

Senator O'BRIEN—Has the Country Women's Association applied for funding for their emergency aid funding program?

Mr Thompson—I have not seen a formal application yet from the Country Women's Association for additional funding, but there have been ongoing discussions with them about the level of expenditure under their program. They have drawn that to the attention of government ministers, and ministers have said that they will keep the expenditure by the Country Women's Association on that program under close review and would consider providing additional resources, should the need arise.

Senator O'BRIEN—How much have they been allocated this financial year?

Mr Thompson—For the remainder of the 2006-2007 financial year it is \$4 million.

Senator O'BRIEN—And how much for 2007-08?

Mr Thompson—At this stage there is no allocation for 2007-08.

Senator O'BRIEN—And that \$4 million is paid to the Country Women's Association?

Mr Thompson—It is paid to the Country Women's Association in each state. So it goes to the state associations.

Senator O'BRIEN—So it has been paid.

Mr Thompson—It has been paid.

Senator O'BRIEN—At this stage there is no intention of paying anything further in the coming financial year?

Mr Thompson—No, I would not say that, Senator. I would just say—

Senator O'BRIEN—Why is it not in the budget?

Mr Thompson—It was a matter that was not considered in the budget process. The expenditure by the CWA was being monitored. The likely output and demand was also being monitored. Ministers said at the time they provided the additional top-up this year, because the initial allocation was \$2 million this year and \$2 million next financial year, that because of very high demand towards the end of last year the \$2 million for 2007-08 was brought forward to 2006-07. At that time ministers indicated that they would continually monitor expenditure to determine whether additional funds needed to be provided.

Senator O'BRIEN—So as at the budget process it was felt that it was unnecessary to make an allocation?

Mr Thompson—I cannot say whether it was felt unnecessary or not. All I can say is that in the budget process no additional allocation was made. The position is being monitored.

Senator O'BRIEN—I think that is the same thing. What requests have been made by the Country Women's Association about the coming financial year?

Mr Thompson—From the discussions we have had with them and the discussion they have had with ministers, demand remains high.

Senator O'BRIEN—As far as the department is aware, has the Country Women's Association expended all of the \$4 million for the current financial year?

Mr Thompson—As far as we are aware, as at 31 March they had spent \$3.39 million of the money available, so they are very close to having fully expended the money.

Senator O'BRIEN—Have they told you they will expend it all in the financial year in which it was allocated?

Mr Thompson—That is the indication that they have provided, yes—that they will expend it all.

Senator O'BRIEN—The indication is that they will be out of money by 30 June?

Mr Thompson—The program will be fully expended by 30 June, certainly.

Senator O'BRIEN—They have got the money.

Mr Thompson—They have got the money, but in terms of them expending the money that we have given them, yes, they will expend that too.

Senator O'BRIEN—But the government has made no commitment for a further allocation at this stage?

Mr Thompson—Not at this stage, but it is under consideration.

Senator O'BRIEN—What circumstances have changed which would indicate that additional moneys would not be required?

Mr Thompson—The circumstances of the drought have not changed all that dramatically, but what has happened is that the additional money was brought forward from the next financial year to this financial year.

Senator O'Brien—Because it was needed this financial year.

Mr Thompson—And we still have a couple of months of this financial year to go and, like a lot of drought programs, they are continually monitored and changes are made.

Senator O'Brien—I think we have about a week and a month of this financial year left—five or six weeks to go. Has there been a request for additional funds for the coming financial year?

Mr Thompson—I have not seen a formal request from the CWA but, as I have said, we receive regular reports from them. We meet with them on a regular basis so we have the information from them that demand remains high and they are expending the money. They have not run out of money at the present time but we have not had a formal request, so to speak.

Senator O'Brien—Watch this space. Under the drought assistance professional advice program I understand that farm businesses in areas that have been in exceptional-circumstances declared regions for at least three years are able to receive professional advice and planning grants of up to \$5,500. How many EC areas have been in that three-year category so far?

Mr Thompson—Senator, I do not have the number off the top of my head that have been in that EC period for more than three years. I could calculate it off our tables that show the number of areas and how long they were in EC, but essentially it would be most of the areas in New South Wales, most of the areas in Queensland if not all of them, probably most of the areas in Victoria and perhaps one area in Western Australia.

Senator O'Brien—How long has this program been running?

Mr Thompson—EC, or the professional advice program?

Senator O'Brien—The professional advice program.

Mr Thompson—The professional advice grants for EC were introduced in October last year.

Senator O'Brien—How many applications have been received?

Mr Thompson—I do not have them.

Ms Cupit—With the professional advice and planning grants, there have been 3,122 applications received.

Senator O'Brien—Since October?

Ms Cupit—Since October.

Senator O'Brien—How many applications have been processed and approved?

Ms Cupit—One thousand seven hundred and seventy-four have been granted. That amounts to \$4.1 million in approvals.

Senator O'BRIEN—How many are currently under assessment?

Ms Cupit—There are 1,244 that are pending, of which approximately 700 are awaiting further information from the client. They have gone through the first part of the process. They are still waiting for more information.

Senator O'BRIEN—Are applications being received on a continuing basis?

Ms Cupit—Yes, that is correct.

Senator O'BRIEN—Of the pending or awaiting further advice, would there be more recent applications or have some applications been considered over a longer period of time?

Ms Cupit—The information we have is from Centrelink. I am not quite sure if we have got dates and times of when they have first received them, and I am not quite sure if Centrelink would be able to provide that information. I am not certain.

Senator O'BRIEN—How much is available in the current financial year for grants?

Ms Cupit—The current financial year for 2006-07 is \$13.769 million for professional advice and planning grants.

Senator O'BRIEN—That is the one program?

Ms Cupit—I am sorry. I have got the wrong ones.

Mr Thompson—I think the figure has been buried. I think you are looking at the supplementary additional estimates statement there.

Senator O'BRIEN—Yes.

Mr Thompson—I think the current figure is a subset of one of those figures on page 5 and the final 2006-07 estimate is \$8.6 million for this financial year. Again, it is one of those demand-driven programs, so it varies.

Senator O'BRIEN—So the average grant is something less than \$3,000 today.

Mr Thompson—Is that right?

Ms Cupit—When a person comes in to apply for a grant, they are able to come in and get any amount up to the \$5,500. There is usually a sort of staggered process: \$1,000 is available for an initial viability, then they can use the remaining allocation for any of the professional advice that they may need to use. So at this stage we have not got an average figure but that is in general.

Senator O'BRIEN—So what is being spent reflects perhaps staggered payments of the approved grants to date?

Ms Cupit—Yes, that is correct.

Senator O'BRIEN—You would have spent the program on those applications approved already, wouldn't you, if they all received \$5,500?

Ms Cupit—They do not all receive that full amount. They can receive up to that amount and it depends on the advice that they are receiving. It is on receipt of the advice from the professional, either the accountant, the agronomist or whatever.

Senator O'BRIEN—I guess you can see my point: if all of the applicants were successful and used the maximum available, and that is subject to them saying they have that need and engaging someone to do it, you are looking at something a lot closer to \$20 million than \$8 million.

Mr Thompson—Yes, but we have done the revised estimates on the basis of the amount of take-up that we have had to date and the sort of payment that we have made and looking at projections. That is why the number has been slightly reduced for this financial year. But our continued funding is available into next financial year for those regions. So in that sense, expenditure could increase next year. I think the number there is a bit larger than the \$8.6 million.

Senator O'BRIEN—A bit?

Mr Thompson—Yes, or quite a bit.

Senator O'BRIEN—It is almost getting to the stage of the 2006-07 allocation combined, is it not?

Mr Thompson—There will be two factors that affect that. One will be increased awareness and potential uptake of the program. If drought conditions improve in some areas, people will be seeking advice as to what options they then have as conditions improve. Thirdly, with the elapse of the financial year, more areas will start to qualify for the three years in EC.

Senator O'BRIEN—What happens when demand outstrips the numbers in the PBS?

Mr Thompson—That is a matter that the government will be looking at, at that time. Drought funding is under continual review.

Senator O'BRIEN—So is this—

Mr Thompson—It is a demand-driven program.

Senator O'BRIEN—This is a demand-driven program.

Mr Thompson—Yes.

Senator O'BRIEN—So the department expects that whatever funding is required will be provided.

Mr Thompson—Within the bounds of probity and competent program administration.

Senator O'BRIEN—Yes.

Mr Thompson—Because one of the things that we have to look at with a program like this is it does not turn into \$5,000 grants for every consultant, financial adviser and accountant in the country.

Senator O'BRIEN—How do you guard against that?

Mr Thompson—The assessment by Centrelink about the farmer's need, the nature of the advice being sought and used.

Senator O'BRIEN—But you were saying that, with the emergence from the drought, you are expecting a lot of farmers to come forward and talk about the need for professional advice as to where they go from here.

Mr Thompson—We would be expecting, as people come out of drought or conditions change, farmers will have to make some decisions. Our understanding is that as you come out of drought some banks' attitudes toward the amount of money they will lend and how they lend will change. Farmers have to make decisions about whether they will take a risk on another crop. Land prices may change and farmers may want to look at opportunities to lease, sell, buy or whatever. So historically it has been a time of much change in agriculture. Change happens after the drought, not during it.

Senator O'BRIEN—So a very large number of farm properties in the areas you talked about would qualify.

Mr Thompson—There would be.

Senator O'BRIEN—Do you know how many potential applicants there could be?

Mr Thompson—When calculating these figures we take into account the numbers of farm businesses in the area—on the basis of ABS and ABARE information the number of farm businesses that may qualify.

Senator O'BRIEN—What is the means test?

Ms Cupit—It is operated in a similar manner to the interest rate subsidies and the income support measures as well, so there still are income and asset tests and farm work tests that they must meet.

Senator O'BRIEN—How many potential applicants are there?

Mr Thompson—I do not have that figure with me. We will have to take that on notice. There was a number that was used when the calculation was done but it is at best an estimate.

Senator O'BRIEN—But you would know how many farm properties are eligible for interest rate subsidies.

Mr Thompson—We know how many farm properties there are. We know on average what their financial position is, but because of the drought, we are not sure what their current financial position is. So there is an element of judgement in it.

Senator O'BRIEN—Not wishing to be cynical or to say that the program is not necessary in many circumstances, you can also envisage there would be a lot of consultants who would see this as a great opportunity.

Mr Thompson—Yes. That is one of the issues that we look at carefully and liaise with Centrelink on what sorts of things people should be seeking and what would be the amount. While the amounts being paid are less than the maximum grant, I think there was an indication there that the program is being prudently administered.

Senator Abetz—Can I just indicate that, as I understand it, this is a demand-driven program. When you ask how many potentials are out there, that is very difficult because until somebody actually applies and you then know their assets and circumstances—and we, as a government, thank goodness, have not got to that stage yet—you do not know all the

circumstances about individual people. Therefore we cannot make an assessment, and therefore, being demand driven, it is a bit like in our home state. We have the Bass Strait Passenger Vehicle Equalisation Scheme. It is demand driven. You could ask: what is the potential number of beneficiaries, and it is absolutely every Australian citizen who might want to cross Bass Strait. But how many of them are actually going to do it is the question. That is where the officials then put their best—am I too rude if I say their best guess on it—but keeping in mind, and that is what the Australian people need to keep in mind, it is demand driven. But for the sake of a budget there should be a figure in there. As a result we give it our best shot.

Senator O'BRIEN—I think it might be a little bit easier to ascertain potential applicants for this because they are already numbers known for the number of people in the areas who are eligible for and obtain interest rate subsidies. That would give you a subset of potential applicants. That is why I asked for that number. Certainly you could say in relation to the slots crossing Bass Strait, how many vehicle slots are there, and that is the potential, and it would be the same subset. Although, in drought circumstances, farm businesses may be more likely to use the slots available in this program than every potential Australian in the program you mentioned.

Senator Abetz—That is fair comment. I just did not want any criticism to be falling on the officials on the basis of the sort of flexibility within the figures, that is all.

Senator O'BRIEN—I was not directing any criticism at the officials. I am seeking to understand firstly the numbers allocated to the program and, if it is demand driven, what the upper end potential is for expenditure to exceed that amount which is set out in the PBS.

Senator Abetz—In that case, we are both happy.

Senator O'BRIEN—Yes. We will be happier when we get the numbers so we can make that assessment. As I say, one of the issues that would no doubt arise is how other businesses drive their business's success by encouraging application to this program. What is the amount allocated in the out years?

Ms Cupit—The program is only going to go to June 2008, which was the figure before, and \$12.2 million is budgeted for 2007-08 for professional advice and planning grants.

Senator O'BRIEN—Does Centrelink administer this?

Mr Thompson—Yes, they do.

Senator O'BRIEN—How much is Centrelink being paid to administer it?

Mr Thompson—We have an aggregate figure for Centrelink's administrative costs of the drought assistance programs. We do not break it down item by item because we are dealing with similar clients, so they have been put together. The total Centrelink cost for drought administration for 2006-07 is \$21.6 million.

Senator O'BRIEN—That is all of the programs?

Mr Thompson—That is all of the programs and they administer the income support payment and the professional advice and planning grants.

Senator O'BRIEN—The New Industries Development Program received \$2.6 million in 2005-06. It fell to \$1.7 million in 2006-07 and it is then proposed to rise back to \$2.5 million in 2007-08. That is a dip in the funding. Why is that?

Mr Thompson—I am not able to answer that question because we do not administer the New Industries Development Program in rural policy. It is administered in the food and agriculture division. Unless someone else here has some information about it, we will have to take that question on notice.

Dr Samson—We will take that question on notice.

Senator O'BRIEN—You do administer exceptional circumstances?

Mr Thompson—Yes, we do.

Senator O'BRIEN—I will ask you some questions about that, as you would have expected. The funding in the coming financial year for EC is projected to be \$335.5 million. Which of these parts of available support does that money cover? I will run through them. Does it cover income support?

Mr Thompson—Yes.

Senator O'BRIEN—Business support?

Mr Thompson—Yes.

Senator O'BRIEN—Farm management deposit?

Mr Thompson—No.

Senator O'BRIEN—Rural financial counselling?

Mr Thompson—No.

Senator O'BRIEN—Professional advice and planning grants?

Mr Thompson—If they are the drought-related ones, yes.

Senator O'BRIEN—So they would be different from the ones that we have just been talking about?

Mr Thompson—No, they are the same as the ones that we have just been talking about. Professional advice and training is also part of the Farm Help package for those people who are on that Farm Help package. Essentially, they are a part of the case management program for people who are receiving Farm Help to make a decision as to whether they will stay in agriculture or move out. A separate calculation is part of the Farm Help program.

Senator O'BRIEN—So how much of the \$335.5 million is available for that aspect in EC?

Mr Thompson—The amount of money for professional advice and planning grants in EC in 2007-08?

Senator O'BRIEN—Yes.

Mr Thompson—We are estimating \$12.2 million for professional advice and planning in 2007-08—for professional advice and planning under drought.

Senator O'BRIEN—What about the Drought Force?

Mr Thompson—The Drought Force is not administered in this portfolio.

Senator O'BRIEN—Are there any tax relief measures in exceptional circumstances areas?

Mr Thompson—No.

Senator O'BRIEN—The Farm Help program?

Mr Thompson—The Farm Help program is not part of drought, but there are forward estimates for that in 2007. It is not part of that number.

Senator O'BRIEN—But it is not in the \$335.5 million?

Mr Thompson—No. I am not sure whether we are talking about the same numbers. We are estimating that we will spend a total of \$668 million on drought in 2007-08. I think you are looking at the additional money that has been provided on top of the money that was already provided. That amount of \$335.5 million sounds like the amount of money that was appropriated in this year's budget that was not already there from previous years.

Senator O'BRIEN—So is the Farm Help in the \$668 million?

Mr Thompson—No, it is not; it is additional.

Senator O'BRIEN—FarmBis?

Mr Thompson—FarmBis is not in there either.

Senator O'BRIEN—Small business grants?

Mr Thompson—Small business grants will be. We are estimating \$126.6 million for small business.

Senator O'BRIEN—Clearly there is no CWA money in it?

Mr Thompson—No.

Senator O'BRIEN—Social and emotional counselling money?

Mr Thompson—That is not administered in this portfolio.

Senator O'BRIEN—Or employment services?

Mr Thompson—Employment services are not either.

Senator O'BRIEN—So it is income support, business support, professional advice and small business grants?

Mr Thompson—Yes.

Senator O'BRIEN—How much is budgeted for income support in that \$668 million?

Ms Cupit—Are you referring to income support for farmers?

Senator O'BRIEN—Yes, not the business.

Ms Cupit—It is \$233.678 million for 2007-08.

Senator O'BRIEN—And the business support?

Ms Cupit—Business support for farmers is \$284.917 million for 2007-08.

Senator O'BRIEN—Those four numbers roughly add up. So what were the comparable figures, or what do you expect to be the comparable figures in 2006-07?

Mr Thompson—In 2006-07? I can give you the total expenditure that we have spent to date, 30 April. We have spent \$526.7 million. That comprises \$333.3 million for interest rate subsidies and \$193 million for income support, both interim income support and exceptional circumstances relief payments. That is to 30 April. It would be conjecture to say how much we will spend by the end of the year because numbers have increased quite rapidly over the last few weeks.

Senator O'BRIEN—If it continued on the same trend you would add about another \$40 million?

Mr Thompson—Yes, something like that.

Senator O'BRIEN—Which is roughly what you are projecting for the coming financial year?

Mr Thompson—Yes.

Senator O'BRIEN—Is the interest rate subsidy of \$337 million expected to continue at the same rate?

Mr Thompson—Yes, we would expect it to continue at about the same rate.

Senator O'BRIEN—So that will go up to about \$400 million?

Mr Thompson—Yes.

Senator O'BRIEN—Do you think that will decline substantially?

Mr Thompson—The estimates for drought are done for fixed periods. Areas are declared for a fixed period and the estimates are done to the end of that period. The EC areas are then reviewed. If continuation occurs, new budget estimates will be prepared. So, in a sense, we have not formed a judgement as to what might happen in the future. Essentially, we have done estimates to the end of the current declaration periods. In many areas drought declarations on the present declarations cease in March-April 2008. That is why the drop off is there. In past practice, should the drought continue and areas remain in drought, as a demand-driven program supplementation through additional estimates could be expected. But that is a decision for the government in the future. These estimates are based on current declarations.

Senator O'BRIEN—And how much for professional advice and planning grants in 2006-07?

Ms Cupit—Currently expended?

Senator O'BRIEN—Yes.

Ms Cupit—It is \$73,000, but the amount that has been committed to date has been \$4.1 million.

Senator O'BRIEN—So projecting that forward, you might get to \$5 million?

Ms Cupit—It is hard to say, yes.

Senator O'BRIEN—When you say the amount has been committed, within what period is it expected to be paid over?

Ms Cupit—We are anticipating it to be paid by the end of the financial year. It is totally dependent on when the farmer produces the final product to Centrelink.

Senator O'BRIEN—But the expectation is \$12.2 million for the coming financial year?

Ms Cupit—The amount of \$12.2 million was for 2007-08.

Senator O'BRIEN—Yes. So you are expecting it to be roughly treble?

Mr Thompson—We would expect it to end. Under the current one they gave us only until October 2006. So, essentially, it was only half a year really to apply. Our natural expectation would be to double it in a full financial year and, as we discussed before, there are a number of reasons why one might expect an increase on top of the normal trend.

Senator O'BRIEN—How much has been expended to date in 2006-07 on small business assistance?

Mr Thompson—To date we have spent \$1.9 million on small business income support and on the interest rate subsidy we have spent \$6.98 million, or \$7 million.

Senator O'BRIEN—So it is about \$9 million in total?

Mr Thompson—Yes.

Senator O'BRIEN—What are you projecting to 30 June?

Mr Thompson—I think we are expecting about \$10.5 million, \$11 million, or \$12 million to the end of the year, or something of that order. It is a new program so it has been a little difficult to get the estimates accurate on that one.

Senator O'BRIEN—It is not that new, is it?

Mr Thompson—It was introduced only in October.

Senator O'BRIEN—It has been amended, has it not?

Mr Thompson—No, it was a totally new program in October.

Senator O'BRIEN—So are you saying that there were no small business grants beforehand?

Mr Thompson—There were different sorts of small business grants back in 2002. This was a new program that was commenced in 2006, with different arrangements. I think, as we discussed earlier, estimating the financial position of farmers and what uptake might be has been difficult enough, and we have reasonable data on them. Small business is even more difficult because the nature of the small business can vary from one employee to a larger number, they are widely dispersed, and we do not have an ABARE farm survey to help us.

Senator O'BRIEN—But you are expecting a twelve-fold increase in costs in the coming financial year?

Mr Thompson—That is a continuation of the estimates that were derived at the beginning of the program. We are continuing to look at the level of uptake, the nature of people receiving the assistance, and whether the businesses that are receiving assistance fall within

the broad nature of the policy target of farm dependent businesses affected by drought. So there is a bit of work going on estimating that and the nature of the program itself. We left the estimates as they were when we did the original calculations.

Senator O'BRIEN—How much is rolled forward?

Mr Thompson—Again, it is a demand-driven program, so the amount of money that is available will be subject to consideration by government. The amount of money that was available at the beginning of the program will continue to the end, but I could not say at this stage whether or not we spent it all.

Senator O'BRIEN—So we are talking about \$140 million for the whole program, what you spent and what is projected for the coming financial year?

Mr Thompson—Something of that order, yes.

Senator O'BRIEN—The program has been running since October?

Mr Thompson—Since October.

Senator O'BRIEN—And it is due to end by the end of the coming financial year?

Mr Thompson—It is due to end at the end of 2008.

Senator O'BRIEN—So it goes into the following financial year?

Mr Thompson—The year 2007-08 is the second and final year of the program.

Senator O'BRIEN—The end of the 2007-08 financial year?

Mr Thompson—The end of the financial year, yes.

Proceedings suspended from 10.35 am to 10.56 am

CHAIR—As we are back in session I will now hand over to Senator O'Brien.

Senator O'BRIEN—Can you give me a breakdown of the administrative costs for EC in those numbers we have been talking about for the current and coming financial year?

Mr Thompson—The administrative costs for output 2 associated with drought are \$1.7 million in 2006-07.

Senator O'BRIEN—Is this departmental?

Mr Thompson—That is departmental. They are not the total figures for the administration of drought, Senator. I would have to take the total ones for drought on notice. I know that they are not the total amount as we spend more than \$1.6 million on administration. There are Centrelink costs in there, which we can provide.

Ms Cupit—It is approximately \$21 million for this financial year.

Senator O'BRIEN—What is projected for the coming financial year?

Mr Thompson—Within the department I do not have to hand detailed departmental total administrative costs, or total costs for the drought program. We would have to take that question on notice. As I said, we have within the department the Centrelink costs and the departmental costs, but we do not have departmental costs for administration, though the bulk

of administration is undertaken in Centrelink. We just have a modest staff doing assessments, and monitoring and reviewing the large component is Centrelink.

Senator O'BRIEN—Clearly, other departments would administer other aspects of available support?

Mr Thompson—Yes, small amounts are in other departments associated with the health care card and the youth allowance. But, again, Centrelink does the assessments of individual applications for the health care card and youth allowance. So the Department of Education, Science and Training and the department of health would have quite modest resources applied to drought, with the bulk of the work again being done by Centrelink.

Senator O'BRIEN—Would employment services be another department?

Mr Thompson—With Drought Force, yes.

Senator O'BRIEN—Where is Drought Force?

Mr Thompson—Drought Force is in Employment.

Senator O'BRIEN—What about the tax relief issues?

Mr Thompson—The only tax related EC provisions are the farm management deposits. Essentially, their administration is part and parcel of the operations of the Australian Taxation Office. So how people report on them is hard to separate from their annual income assessment. It is just part of those forms.

Senator O'BRIEN—Is it possible to get a breakdown of support provided through each supported program in this department by EC region?

Mr Thompson—Which support?

Senator O'BRIEN—Support provided through this department?

Mr Thompson—I think we provided material on this at previous estimates hearings. We have data on assistance provided in relation to income support and interest rate subsidies, broken down by EC region.

Senator O'BRIEN—Can you table that?

Mr Thompson—We can table that.

Senator O'BRIEN—So this document 'EC's currently active only', sets out the applications received and, of those, the applications approved, that is, the interest rates subsidy.

Mr Thompson—That sets out the number of farms in the area, the current ones receiving assistance, and the number of approved applications. I do not think it sets out the number of applications received and the number rejected, Senator. I think we provided some answers to that on notice after the last estimates hearing when we went through applications received, rejected et cetera.

Senator O'BRIEN—Can we get that answer updated?

Mr Thompson—Yes, we can.

Senator O'BRIEN—Have any regions that have come out of EC status been able to fall back into EC status within a 12-month period?

Mr Thompson—If we look at it historically, yes, there were a number during 2006. The end of 2005 was an average year and a number of regions were then reassessed during 2006 when they experienced a particularly bad autumn. They were assessed essentially as not meeting the criteria for recovery at that time, so they reverted to EC. Quite a number of areas in New South Wales fell into that category.

Senator O'BRIEN—Is there a minimum time before an EC area can be redeclared as EC?

Mr Thompson—In normal circumstances one would expect that, if an area had met that requirement of returning to normal business operations, it would be 12 months to two years before they could be reconsidered because they would have to be reconsidered on the basis of the new exceptional circumstances event. But, in current climatic conditions, we have had five years of very dry conditions when areas had perhaps not much better than an average season or an average season. Then the succeeding season was extraordinarily bad and water does take longer to recover. The decision was taken that, while every indication at the earlier time was that these areas were on the path to recovery, because of the severity of the event in 2006 on top of the previous four years it was deemed that they did not have to wait for a new event; that the five-year period in itself was exceptional.

Senator O'BRIEN—So that is a discretionary power under the existing program?

Mr Thompson—There is discretion there to talk about it. The event has to be rare and of prolonged duration. While the normal provision is an event affecting income for longer than two years—and we planned the policy around a two-year event—this five-year period has been exceptional in its own right. So that discretion was exercised within the terms of the existing policy.

Senator O'BRIEN—What does ECRP stand for in one of these documents?

Mr Thompson—Exceptional circumstances relief payment—the income support line.

Senator O'BRIEN—When an individual ceases receiving support due to EC status lapsing or being rescinded and the region then becomes EC declared again within a short period, does that person need to reapply for each of the support programs he had previously been on?

Mr Thompson—Yes, people do need to reapply.

Senator O'BRIEN—Has the department received any complaints from people living in EC declared areas about difficulty in qualifying for the different support programs available?

Mr Thompson—Yes.

Senator O'BRIEN—What sorts of complaints?

Mr Thompson—We receive complaints about the complexity of forms. We receive issues relating to the nature of income and asset tests. There are issues about the proportion of time that people devote to the farm or the proportion of their time and business, which are dependent on the farming enterprise. Those are the main ones, aren't they?

Ms Cupit—Yes.

Senator O'BRIEN—Do you know how many applications were rejected in the last 12 months on the grounds of a failure to meet the income and asset test?

Mr Thompson—I have the total numbers for the interest rate subsidy and I have the total numbers of approvals and declines as at April this year. I do not think we have them for income support.

Ms Cupit—No.

Mr Thompson—But we do have the interest rate subsidy. Essentially, the interest rate subsidy does not have an income and asset test. But for income support, the main reasons for rejection have been an assessment that the business was not in need. There were some declarations in the past that required you to have two failed crops or to be in certain industries. That excluded some people up until this year. A number were rejected because less than 50 per cent of their income comes from farming; that is, predominantly they have off-farm sources of income. I do not have the numbers for income support.

Senator O'BRIEN—Can you take that question on notice?

Mr Thompson—We can take that on notice and see what we can provide.

Senator O'BRIEN—Given the difference in eligibility requirements for each of the available support programs, has the department undertaken any reviews to investigate what streamlining would be possible to improve the accessibility of the support programs?

Mr Thompson—Yes. We regularly review the nature of the assets and income tests to see that they are appropriate. The income and assets tests for income support essentially are in line with those for other welfare payments, with some relief being provided to assets tests to recognise the different nature of farming. We exclude essential farm business assets. There are differences in purpose between income support and the business assistance provided under the interest rate subsidy, in that the income support tests essentially are about ensuring that those families most in need of assistance for day-to-day living can have their needs met, whereas the interest rate subsidy, which is about business support, essentially is looking at the health of the business and whether the business both requires the money to maintain its financial position and be able to recover it in the future, but does not have such assets that it can be expected to draw those down first. So, in many senses, a business or family would be in a healthier condition receiving an interest rate subsidy, but they may not be able to receive income support. So we end up with a category of farmers receiving business support through interest rate subsidies who probably would have higher levels of income and assets than the ones receiving income support. But accessibility is looked at.

Senator O'BRIEN—What has been the impact of the changes?

Mr Thompson—As asset limits have changed, numbers have increased.

Senator O'BRIEN—Have applications increased at the same time?

Mr Thompson—Yes, but a bigger factor with application increase is when we raise awareness and encourage people not to assess their own businesses. There have been quite a few myths about what sort of people can access assistance and who should access assistance. Essentially, we have been telling people by word of mouth and by some advertising, 'Do not assess your own business. Go and get some advice and seek assistance.' People in some

industries have had difficulty working out what their projected future income might be and they have taken off some of the costs of their business. So they have assessed themselves as too wealthy, whereas in fact they were not.

CHAIR—That is the dream that keeps us all alive out in the bush—that we are wealthier than we are. It is a great place to raise a family; it is a bugger of a place to raise a quid.

Senator O'BRIEN—If you could, would you let me know how much money is expended on advertising for the suite of EC and other measures that we have discussed in this session?

Mr Thompson—Yes, we can do that. There is a small amount of advertising for Farm Help and those types of programs. The drought advertising campaign, we can give you the numbers for that as we understand them. It is a program that is administered on a whole-of-government basis by the Department of Human Services because it covers our drought programs, the Drought Force and so forth. The total cost of this campaign—for which you may have seen some advertisements on television—was \$6.761 million.

Senator O'BRIEN—Is that this financial year?

Mr Thompson—No, it was over two financial years—2006-07 and 2007-08. It was \$4.731 million in 2006-07 and it is projected to be \$2.03 million in 2007-08. In addition, there is a further \$2 million focusing on water issues in the Murray-Darling Basin.

CHAIR—I have to say that that is money well spent.

Senator O'BRIEN—I am prompted to ask: does that include the bus?

Mr Thompson—No, it does not include the bus. The bus is a Centrelink-funded service. There are about three buses now. The buses are essentially a mobile Centrelink office. They have generated quite a deal of additional business.

Senator Abetz—Great concept, very popular and a good service.

Senator O'BRIEN—So the cost of that will be built in the Centrelink costs that you will advise me of, will they, or will you be advising them separately?

Mr Thompson—We can. I think with the cost of the buses, some of the earlier ones may have been part of the cost we paid to Centrelink, but the newer buses have been part of additional supplementary funding. We could obtain those figures on notice, Senator. I think someone said the buses have been successful. We have gone to 200 towns, and 70 per cent of the customers had never been to Centrelink before.

CHAIR—Exactly right. They do not have the stomach for it and I cannot blame them. It is a great concept.

Senator Abetz—That will be another advertising plan that undoubtedly Mr Rudd will target.

Senator O'BRIEN—Is that right?

Senator Abetz—Well, to make his budget better he has sworn to get rid of all this.

CHAIR—Settle down, boys and girls.

Senator O'BRIEN—I am interested in your prescience, Minister. Who is going to win the Melbourne Cup?

CHAIR—Well, you would not have picked Queensland last night, would you?

Senator O'BRIEN—I thought the minister did, so maybe he had his money on Queensland.

CHAIR—Did you back Queensland last night?

Senator Abetz—Of course, coming from Tasmania, I do not know what the game is about.

CHAIR—The Leader of the Opposition is missing today. You have not seen him, have you?

Senator Abetz—Yes, I saw him on the front page of the *Herald-Sun*.

CHAIR—Come on! Someone ought to give me a slap. Senator O'Brien, give me a whack.

Senator O'BRIEN—No, no.

Senator Abetz—You might have bipartisan support on that one, Bill.

Senator McEWEN—He might not wish to get his hands dirty!

CHAIR—I can understand that, Senator McEwen.

Senator O'BRIEN—So 70 per cent of people who go to the Centrelink buses have not been to Centrelink before. That is a collected statistic they have given you.

Mr Thompson—Yes.

Senator O'BRIEN—How did they ascertain that? It is just a recorded statistic from face-to-face interviews?

Mr Thompson—From face-to-face interviews because when people approach the Centrelink bus and apply for assistance, they need to assess whether they are an existing Centrelink customer.

CHAIR—Yes. And it is a journey to a Centrelink. It might be 100 kilometres to come to your little local town and to the bus.

Senator O'BRIEN—I just want to know if they have to fill in a form.

Mr Thompson—They do not have to fill in a form to fill that out but they are asked whether they are an existing client of Centrelink in some shape or form. Each of those mobile offices is connected to the Centrelink network via computer links and so it is exactly the same as going to a Centrelink office. Really it is a Centrelink outreach service.

Senator Abetz—It is fulfilling a huge community need.

CHAIR—Are you the chair now?

Senator O'BRIEN—I am very glad that they are behaving sensitively in this area.

Senator Abetz—You might like to commit a future Rudd Labor government, should that happen, to keep these buses.

CHAIR—Senator O'Brien is a great supporter of the rural industry and he keeps the Ganmain chaff industry alive.

Senator O'BRIEN—Not at the moment.

Senator Abetz—Enough side chat! What is the next question?

Senator O'BRIEN—I am trying to find regional assistance. Does regional assistance fall within this division's responsibility?

Mr Thompson—I am not sure what you mean by regional assistance but there are a number of small residual regional assistance programs that fall within this.

Senator O'BRIEN—What are they?

Mr Thompson—There are a number of remaining programs that commenced some years ago relating predominantly to West 2000, which was a program of adjustment and property improvement in western New South Wales. Those programs are now in their last years.

Senator O'BRIEN—Their last years, or year?

Mr Thompson—There were bits of extensions of the programs as some of the commitments have been prolonged and run out. Essentially the function of some of those programs has actually been picked up by other programs.

Senator O'BRIEN—Is money to be expended on the basis of precontracted commitments, or are commitments still being made?

Mr Thompson—They are essentially either existing contracts or existing commitments and a smallish number of new ones.

Senator O'BRIEN—I am sorry, what was the last comment?

Mr Thompson—The majority of it is completing some existing contracts to parts of those regions. There are a couple where there are some existing allocations of money for some regionally based commitments.

CHAIR—That have not been expended.

Mr Thompson—That have not been expended, yes.

Senator O'BRIEN—So will some of that expenditure go over into the coming financial year?

Mr Thompson—I think the last chunk of expenditure goes into the next financial year and then it is finished.

Senator O'BRIEN—How much is that?

Mr Thompson—There is \$500,000 this year and \$259,000 next year. It is on page 27 of the PBS.

Senator O'BRIEN—Yes. And that is the end of it?

Mr Thompson—That is the end of it, yes.

Senator O'BRIEN—Would you expect it to be concluded by the end of this calendar year?

Mr Thompson—On past experience, no. I would expect some of those small projects to drag on over the whole year.

Senator O'BRIEN—And you expect the \$500,000 to be expended in 2006-07?

Mr Thompson—Yes, we do expect that to be expended.

Senator O'BRIEN—So there will be no need for a carry forward?

Mr Thompson—No, I would not expect so.

[11.23 am]

CHAIR—Thank you very much for your assistance. We will now move to natural resource management. Let the record note that Senator McGauran has privileged the room with his presence.

Mr Pahl—Yesterday morning we undertook to provide to Senator O'Brien some additional expanded tables. The tables are set out at pages 25, 26 and 27. They are tables 2.7 and 2.8. Senator O'Brien asked whether we would be able to expand and bring those into the out years for you, which we have now done, if you would like to have those tabled.

Senator O'BRIEN—I would like it if we could have those tabled or incorporated in *Hansard*. I will study them with interest.

CHAIR—I am sure we will ask questions on something that has become topical in recent weeks about the connectivity of the groundwater to the surface water. Is it you who can answer the question on the resource operating plans and the Commonwealth's role? We were told in the Environment hearing by the Water Commission that the Commonwealth's role, besides the environment and obviously Ramsar, is to look at the process of an ROP. I am greatly troubled, as probably everyone knows, by the draft ROPs for the Warrego and the Condamine-Balonne. Are you able to make any comments on that for Land and Water Australia?

Senator Abetz—Was that earlier in the week as in Environment, or not?

CHAIR—It was in another room.

Senator Abetz—I happened to be in the seat as well for Environment and Water. I think that is the area you should have been asking these questions in.

CHAIR—I did.

Senator Abetz—I am not sure that we can help you any further but I might be wrong.

CHAIR—It just seemed to me that you do not put your foot in it if you do not have to.

Senator Abetz—Yes.

CHAIR—Minister, it seems to me that in a situation where an ROP has developed and the document has on the top 'this is not government policy', which the ROP for the Condamine-Balonne has on the top of it because it is the policy of the users, of the instructing committee, there is no science. They are trying to bluff their way with Peter Cullen's science on the Condamine-Balonne. I am hopeful that the Commonwealth might have the wisdom to do some proper science. But the document troubles me greatly in that the chairman of the independent process is a joint beneficiary with Cubbie Station on the licence for a licence that will issue to the extent or 469,500 megalitres of water in a system that has a mean flow of 800, a median flow of 1,200 gegalitres and a variability of 800 per cent. I just think it is fundamentally flawed. I just wondered whether Land and Water Australia has a view.

Senator Abetz—We will note that that is your view.

CHAIR—But is there no-one here who can offer guidance as to the implementation of an ROP, given that the Commonwealth is in the business at the present time of negotiating with the states? Minister, my trouble in the longer term is that if you issue a whole range of licences during the period in which the Commonwealth is negotiating with the states for some more capacity to manage the system across borders we may well issue licences—which by the way are based simply on the earthworks that were put there. I do not know just whatever the earthworks were. I think there are only seven major beneficiaries. If we issue these licences, Minister, I am wondering if it might not be a fraud on the public purse if we then do the science and have to buy them back.

Senator Abetz—I hear what you are saying but cannot offer any comment or opinion on that. If you have issues, I am sure it is not too late to put them on notice to the environment committee.

CHAIR—Land and Water Australia would be able to comment on the recharge of the aquifer?

Senator Abetz—I suppose it depends on what area. But once again it is more a matter of consulting.

CHAIR—I will test that with great patience and your indulgence. One of the proposals that troubles me about this sort of planning is that three years ago there was a proposition in that area of the Murray-Darling Basin to invent things called A and B licences. The A licence was based on bunding off flood country. We took evidence in Toowoomba—I think Senator Siewert may have been there—where they said they had not done the science on the effect to bund off country. They calculate the volume of water that may have been absorbed by that flood country and put that into a water licence and say that, because the country did not get the benefit of it, you can put it in storage. I just wondered whether Land and Water had a view that if that became policy without a study on the impact on the groundwater recharged you could bund off country that was recharging the aquifer. Wouldn't that be a risk to the aquifer, a scientific risk? If it is out of your area, it does not matter.

Dr Robinson—Yes, it is out of our area. We could commission work in that area but I do not believe that we have, in that specific example.

CHAIR—You commissioned some work that recently got some publicity, though.

Dr Robinson—The Richard Evans work on surface groundwater interactions. Yes, we have commissioned that.

CHAIR—I would have to say, and you would agree, that some of that has been taken slightly out of context in that it was a view that because there is approximately a 40 per cent contribution across the average of the Murray-Darling Basin, that was interpreted to mean that we have delegated by 40 per cent. Obviously it does not mean that.

Dr Robinson—I must say the interactions between surface and groundwater are certainly complex issues. It is pretty hard to make generalisations and it is easy to be misinterpreted. The report that we commissioned is basically around the general principles of that interaction and raises the issues of double accounting and double allocation.

CHAIR—That study also picked up the problems in the west coast of the United States, did it, as a part of the study?

Dr Robinson—In the full technical report, yes, there are a number of case studies, including from that area.

CHAIR—There are some great lessons for Australia in that report in terms of what happened in the fifties and sixties in America when suddenly some of their major streams went dry. They have been tied up with lawyers' fees for 20 years in the courts trying to sort it out. Hopefully we will avoid that here, and hopefully with your assistance we will certainly go nowhere near those mistakes when we look at the development of Northern Australia. You will be participating in that in a big way, I take it?

Dr Robinson—We certainly hope to. I guess that is why we commissioned this report—to contribute the science to it at this stage.

CHAIR—It would be fair to say that in the north the contribution because of the seasonal effect is even higher than in the southern parts of Australia, that is, the groundwater contribution to the long-term stream flow.

Dr Robinson—My expertise is not sufficient to make that call.

CHAIR—I think it is more in the 50-odd per cent share.

Senator O'BRIEN—Talking about the Dr Evans report, he is described as the principal hydrogeologist from Sinclair Knight Merz. It was a process that you put to tender, was it, or did you select SKM as the proponent from a short list? How was it determined?

Dr Robinson—We ran a program where we select senior research fellows on an annual basis—either two or three. We have been doing this for three years. We select senior research fellows who I guess are at the height of their powers as scientists in a particular field that may be of interest to NRM. Dr Evans was one of those senior fellows who were selected in the very first round.

Senator O'BRIEN—So Land and Water Australia selected him?

Dr Robinson—We short-listed a number of applicants and he came through that process.

Senator O'BRIEN—When was that work commissioned?

Dr Robinson—I think we commissioned that in 2004. Contracts might have been signed in 2005 and a report has only just been released publicly this week.

Senator O'BRIEN—What has the process been? A brief was prepared, presumably?

Dr Robinson—The applicants all prepare a proposal for consideration by the Land and Water Australia board. The board then goes through a process of assessing those short applications against the strategic directions of the organisation. Where it aligns and the quality of the work is appropriate—there is a range of criteria we go through—selections are made for senior research fellows.

Senator O'BRIEN—How many such projects are on the go, including Dr Evans's work, which has just been published?

Dr Robinson—I believe we have six current senior research fellows and a further three about to be contracted.

CHAIR—And very meritorious it is, too.

Senator O'BRIEN—How much is allocated on average to these sorts of projects?

Dr Robinson—The senior research fellow scholarship is worth \$100,000 to that organisation, for example, SKM in Dr Evans's case. We would contribute a small amount, in the order of \$10,000 or \$20,000 extra, I guess, to increase adoption, uptake and delivery of that work at the end of a project. But the scholarship itself is worth \$100,000.

Senator O'BRIEN—And there are three further that are likely?

Dr Robinson—No. We basically are doing two or three a year. We have just entered the third round so we have selected the third round of three senior research fellows and they are going through a contracting process at the moment. Including Rick, we have six active.

Senator O'BRIEN—So when was Dr Evans contracted?

Dr Robinson—Either 2004 or 2005. At the end of their process we go through a peer review process of the work, which is why it has taken some time before it has been released. We also have run a series of briefings under an adoption strategy before we release it.

Senator O'BRIEN—Does that mean there have been previous iterations of the established work?

Dr Robinson—Yes. It has gone through several drafts, but no previous iterations have been released.

Senator O'BRIEN—No. So how many drafts of Dr Evans's proposal have there been?

Dr Robinson—I do not have that information. I can take that on notice. It certainly has gone through an internal review and an external review, including an international review process.

CHAIR—Other than a peer review?

Dr Robinson—Yes.

Senator O'BRIEN—How many versions have gone through that process?

Dr Robinson—I do not have that exact number. I can certainly obtain it. I guess the number of reviewers means it is an evolving document.

CHAIR—It is very much the standard way of doing business, though, without exception.

Dr Robinson—Absolutely.

Senator O'BRIEN—So at what point has Land and Water Australia become involved in that process? Is it a peer review that takes place before it comes back to Land and Water Australia?

Dr Robinson—No, the Land and Water Australia board basically every three months gets an update on the progress of the work during the core development of the work. The board has commissioned the review process so basically gets continual updates throughout the life of the project.

Senator O'BRIEN—So is it the case that a number of sections of the report have been changed or been removed during this peer review process?

Dr Robinson—I cannot comment. I do not know.

Senator O'BRIEN—Can you take that on notice?

Dr Robinson—I can take that on notice.

Senator O'BRIEN—If so, could you let us know what parts were changed or removed?

Dr Robinson—Yes.

Senator O'BRIEN—Would Land and Water Australia know the reasons for the reports being changed or parts removed?

CHAIR—Can I interrupt? If the report is subject to peer review, would it be the business of the public to know if a flawed piece was taken out?

Senator O'BRIEN—If it was flawed it might be controversial.

CHAIR—That is what a peer review is all about.

Dr Robinson—It certainly would not be Land and Water Australia's preference that flawed work go in the public domain.

CHAIR—If you did this to every piece of research, it would be a nice old golliwog set-up. I just caution that—

Senator O'BRIEN—Who has been responsible for reviewing it? Has Land and Water Australia been part of the peer review process?

CHAIR—If the question is, 'Have the government or Land and Water Australia manipulated the report?' that should be the question.

Senator O'BRIEN—I just asked the question, 'Did Land and Water Australia play a part in reviewing or assessing what should be in or out of the report?'

Dr Robinson—Land and Water Australia is responsible for the report. We are responsible for implementing a review process, which includes some internal review.

Senator O'BRIEN—Okay. Could you tell us which aspects of the report have been changed or removed in previous drafts at the initiation of Land and Water Australia?

Dr Robinson—I do not know. I do not know if we can track all the various versions.

Senator O'BRIEN—Would Land and Water Australia normally have that role?

Dr Robinson—In peer review?

Senator O'BRIEN—In the peer review process, in determining what was in or not in the document?

Dr Robinson—We would normally have responsibility for the peer review process that we implement on work that we have commissioned. It is in our interests to ensure the quality of the work.

Senator O'BRIEN—So Land and Water Australia would have a determinative role, would they, in the peer review process?

Dr Robinson—I am sorry. What was the question?

Senator O'BRIEN—So Land and Water Australia would have a determinative role in what was in or what was changed in the document during the peer review process; is that true?

Dr Robinson—Essentially, based on the advice of the review process that we commission, as part of our standard procedures.

Senator O'BRIEN—I understand you are going through a review process. What I want to know is: does Land and Water Australia ultimately say what is in and what is not in?

Dr Robinson—We have ultimate responsibility for what is in, but we base that on advice of the experts that we have commissioned.

CHAIR—In other words, if you think something is dubious, you would have it taken out.

Dr Robinson—We rely on the experts to tell us what is not good scientific information.

CHAIR—You would have a lot of work to do on me, if I ever had a document!

Senator O'BRIEN—I do not think that is very likely, Mr Chairman. I really want to understand this process which effectively is funding for a piece of work. It goes through national and internationally based experts. They communicate their view to whom—in this case to Dr Evans or to Land and Water Australia?

Dr Robinson—They communicate directly to us and we pass that on to Dr Evans. Dr Evans was able to see, in this case as a standard procedure, and respond to all reviewers' comments.

Senator O'BRIEN—Okay. Do you know whether this report was changed? I withdraw that. I think we all accept that there were some changes in the iterations of the document leading to the current document. Do you know whether Dr Evans concurred with all requested changes to the document during the process?

Dr Robinson—No, I do not know the specifics of all the issues and how Dr Evans responded to them.

Senator O'BRIEN—I want to know whether, in the peer review process, a document with Dr Evans's name is entirely what Dr Evans wanted to appear in the document?

CHAIR—But is that not what a peer review is all about?

Senator O'BRIEN—Maybe. Sometimes peer reviews suggest changes and the author accepts or does not accept them, and sometimes a peer review occurs after a document is published. But in this case the peer review occurs before the document is published, so I want to know if Dr Evans concurred with the changes that Land and Water Australia made to the document.

Dr Robinson—Dr Evans, as I understand it, made changes to the document on the basis of the peer review process that occurred and he is comfortable with those changes that he had made, as is a fairly standard scientific review process.

Senator O'BRIEN—That is why I asked the question of whether he supported all the changes.

Dr Robinson—My clear understanding is that he is very comfortable with the final document.

Senator O'BRIEN—Did earlier iterations of the document reach conclusions about the size of the impacts that groundwater extractions were having on water flows in the Murray-Darling Basin?

Dr Robinson—I do not have the full information on the previous versions. Senator, you might not be aware that I have been with the organisation six months—

Senator O'BRIEN—No, I was not aware.

Dr Robinson—and so I am not privy to the exact nature of the previous versions. I understand the process that would have been gone through on this project but am not privy to exactly the detail of previous versions.

CHAIR—By the sound of it, the imputation is that Evans may have been talking to people with a set of questions on whether he agreed with it or not. But what happened during the period of Evans's study is that a lot of work has been done, for instance, in the Murray aquifer, the Murrumbidgee aquifer and the Hillston aquifer. There have been horrendous cutbacks. Up to 80 per cent of people's legitimately acquired water rights for groundwater extraction were just taken away. I know one bloke who lost \$15 million worth of water, just with the stroke of a pen. It is a state government issue. The state government issued a policy on this based on history of use, certainly in the Murrumbidgee, where it appears it was a bit like the wheat thing. There was a hell of an argument among the landowners and the users and the people who were coming in late to the industry with new technology—Rootzone—who appear to have been disadvantaged by the strength of the argument of the historical users who would have used guzzle-gully type irrigation and been the major beneficiaries. I have a great sympathy for the people who are trying to move to better technology.

All of that was happening while this work was going on. So the interconnectivity predictions—that is why I say the *Australian Financial Review* and others got it slightly wrong, even though it may have been well intentioned, to directly implicate the scientifically acquired knowledge to the outcome of the river, without taking into account work that is actually going on. The states have been in a very difficult position and they wish that they did not have to make those decisions. But the Namoi aquifer is a classic example where some young blokes up there have bought lucerne farms with all the keenness and good intention in the world and suddenly some of them lost 85 per cent of their water allocations from the Namoi aquifer or certain divisions of the Namoi aquifer. This is a policy that was instigated under Paul Landa in Neville Wran's time. Sadly, it was continued in Nick Greiner's time so that governments of all persuasions have been in on it. The outcome is some young blokes have had to go along to the bank and explain to the bank, 'Sorry, sir, but I have just lost 85 per cent of the water rights.'

All of that work has been going on. That is why I think there needs to be great caution over alarming people that suddenly there will be a catastrophic decrease. I am sorry to go on but I just think it needs to be said. Some of this water has not been aged. We do not know the rate of travel to the river—it could be 50 years, it could be 80 years, or some of it could be two years, some of it—but we need to proceed with great caution. We do not want a whole range

of people out there contemplating jumping off a cliff somewhere because of some over-responsive reaction to what is very good work, very necessary work. Its design was always going to be controversial but it is very necessary work. It is obviously work we will be interested in for the north, but at the same time we do not want to end up where the United States has ended up—with no solutions and a lawyers' feast. Sorry about that.

Senator O'BRIEN—Back to the questions.

CHAIR—It needs to be said because people are alarmed. And living in the area, I understand it under the fingernails.

Senator O'BRIEN—I am really trying to find out whether there has been a discussion about something which appeared in Dr Evans's work about the impact of groundwater extraction on water flows in the Murray-Darling. By implication, that could have been there. It is consistent with the work. I would really like to know if, for some reason, calculations on the impact of groundwater extractions on the Murray-Darling Basin flows were in the document and had been removed.

Dr Robinson—I am sorry, Senator; I do not have that information on hand.

Senator O'BRIEN—Could you take on notice?

Dr Robinson—Yes.

Senator O'BRIEN—It may well be controversial—it probably is, from the sound of Senator Heffernan's intervention—but I would be interested in knowing, if it was there, the basis for its removal.

CHAIR—I would not like to think that anyone thought there is something funny going on here, Senator O'Brien.

Senator O'BRIEN—I hope not. I certainly hope not, but I do believe we need to ask the questions.

CHAIR—I think it is well known through the CSIRO that there is a margin of about 35 per cent of variation in what is going to happen in the Murray-Darling Basin due to five or six major points, from farm dams to whatever.

Senator O'BRIEN—Yes.

CHAIR—The groundwater is, shall I say, one of the contributors to that equation. It is not the interception of farm dams that is the major contributor.

Senator O'BRIEN—That may be, and we can have a debate at this table, but I just am interested in this aspect because it is relevant to this report.

CHAIR—No-one is more interested in prosecuting the case than I, sir.

Senator O'BRIEN—Well, you will be very happy if I can get the answers to the questions that I am asking because I would be interested to know, and I suspect a lot of people would be.

Dr Robinson—Senator, there are some estimates in them.

Senator O'BRIEN—Which ones relate to that matter of a calculation of the effect of groundwater extractions on water flows in the Murray-Darling Basin?

CHAIR—I am sorry to do this, Senator O'Brien, but one of the complications with groundwater extraction is that, for instance, in the Gwydir aquifer three years ago when Craig Knowles was the minister, I went to him quietly—I had a working relationship with him—and I said, 'I think 25 per cent of the groundwater licences are sleepers,' unlike the Murrumbidgee where you got issued with the licence and if you did not use it, you lost it—use it or lose it—and 50 per cent of the licences were what we call mature groundwater licences whereby blokes were there, getting the most out of every year—'and 25 per cent of the licences are phantom licences which, for whatever reason, have been issued to people who do not have capacity to get the water out of the aquifer on their farm.' So when we went in July three years ago to separate the water title from the land, I thought it would be a fraud on the public purse and just a bad way to do business to free up groundwater licences which, for all sorts of reasons, were issued to people who did not have the capacity to get water out of the ground.

In the calculations for the aquifer, those licences were put into the calculation as if they were active licences for the allocation of the water that was being sucked out of the aquifer, which completely disturbs the data on how you calculate the number of licences that have been issued, the number of extracted gegalitres of water and how that impacts on the river flow.

Senator O'BRIEN—This could be an application for funding! Have you got any more available for Senator Heffernan?

CHAIR—It is pretty complex but I am happy to stand here and argue for three or four days about the complexity of water.

Senator O'BRIEN—I am sure you are, but it is not helping us to get through this program.

CHAIR—But it needs to be understood.

Senator O'BRIEN—But we are here to ask questions of Land and Water Australia. If you get a slot in the program, I would be happy to ask you.

CHAIR—My understanding is that there are 1,500 gegalitres of groundwater licences that have been issued which would then say that at the present time, if all those licences were being extracted, there would be approximately a 700-gegalitre intervention toward the river, and 50 per cent is the figure used. I presume some of that work is in the paper.

Senator O'BRIEN—Dr Robinson, you were probably referring to the passages on page 12?

Dr Robinson—Senator, there are two reports. There is a technical report and a summary report.

Senator O'BRIEN—It is the technical report. It says technical report on the cover anyway.

Mr Quinlivan—Senator, there is a more extensive discussion of the paragraph you refer to on page 12 of the summary report in the technical report. I think we are puzzling a little bit over whether you think there was a broader discussion or a longer analysis of this problem that is not now there. But there are some quite specific numbers quoted in the technical report. We have a copy here. We would be happy to show it to you now, if that would be helpful.

Senator O'BRIEN—I do not think I will have a chance to assimilate the information in a matter of minutes.

Mr Quinlivan—Okay.

Senator O'BRIEN—It probably would be helpful in a less time-constrained discussion. I guess what I wanted to know is if that aspect of the report has been—and you probably need to take this on notice—the subject of substantial change in its iterations leading to the final report, particularly in terms of calculations of impact of groundwater extraction.

Dr Robinson—And the specifics you are referring to on page 12 are the extractions predictions by 20 to 50 and the connection between groundwater, service water, net reduction in the Murray's flow of 275 to 500 ggalitres?

Senator O'BRIEN—Yes.

Dr Robinson—I am happy to take that on notice, to see if it has changed substantially.

Senator O'BRIEN—Okay. Thank you for that. What are other works which Land and Water Australia has funded and which we can expect in the next 12 months?

Dr Robinson—Currently I think across the portfolio we have in the order of 280 to 300 different projects.

Senator O'BRIEN—Okay. Perhaps you will take that question on notice?

Dr Robinson—I am happy to provide our annual operational plan to you which explains the areas.

Senator O'BRIEN—How many roughly are water based?

Dr Robinson—Again, I will take that on notice. I think it is in the order of 80 or 120—of that sort of order.

Senator O'BRIEN—You talked about the type of project that Dr Evans was on, the \$100,000 grant, and you talked about six of those, including Dr Evans's work as being ongoing, and another three. What are the six? Can you identify them, excluding Dr Evans's work, of course?

Dr Robinson—To be honest, no, I cannot recall the details of all six. Again, I am happy to take that on notice. I am happy to also include the three new ones which were selected late last year.

Senator O'BRIEN—Senator Siewert might have questions of Land and Water Australia.

Senator SIEWERT—I have questions about broader natural resource management.

Senator O'BRIEN—In terms of Land and Water Australia's funding, which I think is set out at the back of the PBS, firstly you are projecting a deficit of \$5.304 million in 2006-07. That is on page 268 of the PBS. Can you explain that?

Mr Aldred—I may be able to help. We work with Land and Water Australia through our division. Essentially, as page 268 advises, Land and Water Australia enters into a number of collaborative arrangements with partners who provide funding. The timing of the whole range of the 280-odd projects that Dr Robinson has mentioned is not always exactly aligned with

the cash flows contributed. In some years a surplus is advised. Then to continue the projects, the organisation draws on its reserves but then has to declare an operating loss in that year.

Senator O'BRIEN—So it is a matter of bringing money forward?

Mr Aldred—That is correct.

Senator O'BRIEN—Is it possible to draw on future years for that purpose?

Mr Aldred—I do not know technically whether it is, Senator. I doubt it. But from recollection, it has not been something that has occurred.

Dr Robinson—To my knowledge, it is not something that we do.

Senator O'BRIEN—There is projected growth on page 269 in revenue from goods and services. Could you explain that for us, please?

Dr Robinson—Essentially those are our partnership contributions where we invest with a range of different partners, particularly the RDCs. We attract funding to supplement our own government appropriation so at that stage we were projecting a slight increase in those incomes.

Senator O'BRIEN—That is the growth of four or five per cent a year. Is it just an inflation calculation, or is it based on something else?

Dr Robinson—I cannot recall the details, but essentially where our partnership money comes from is from the other RDCs. We currently manage 12 programs. Most of them cross RDCs. They are our forward budget models based on the programs that we have got locked down and the likely programs that we will take on in that period.

Senator O'BRIEN—How many employees are engaged by Land and Water Australia?

Dr Robinson—Currently we have about 50.

Senator O'BRIEN—Is that projected to grow?

Dr Robinson—Not substantially. We have not done the projections beyond the next 12 months so I cannot comment beyond that.

Senator O'BRIEN—You are projecting a reduction in supplier costs of approximately \$4.5 million in the coming financial year. Why is that?

Dr Robinson—I am sorry; I cannot give you the details of that one. I will take it on notice.

Senator O'BRIEN—Is Land and Water Australia engaged in work on the federal government's water initiative, which was announced in January this year?

Dr Robinson—As I understand it, we are having discussions about initiatives that may flow from it, but as yet we have not been engaged on anything.

Senator O'BRIEN—Mr Quinlivan, can you give us a full copy of Dr Evans's report?

Mr Quinlivan—Yes, by all means.

Senator O'BRIEN—Thank you for that.

Mr Aldred—I wish to refer to a previous question about the projected reduction in suppliers for the two years. Essentially, I think that will align with the deficit that has been

anticipated in 2006-07. While a number of the suppliers' research projects are well under way and are being paid for this year—and that has meant a drawing on reserves—there will be a slight reduction in the number of projects that will conclude. So I think that probably answers the question.

Senator O'BRIEN—I have a couple of other questions relating to the previous iterations in Dr Evans's report, which no doubt you will want to take on notice. Were there ever specific numbers on the amount of buybacks required of groundwater and surface water licences in Dr Evans's previous iterations in his report? Similarly, were there numbers in the original draft on the amount of double counting that has occurred for ground and surface water, which differs from the final report? In each case, if so, what were they? I am happy to concede the call to Senator Siewert, as I have been going for three hours.

CHAIR—I say to Land and Water Australia that the technical report is very comprehensive. I think they ought to be congratulated on commissioning the work. It points to one of the things about which I have been worried, that is, the Gumley Gumley scheme at Wagga which supplies Temora, West Wyalong and a whole range of other areas, including my farm, in which I declare an interest. It states that, within five years, 88 per cent of the water going out of that bore will be water that will not make it to the river because the bores are adjacent to the river, which highlights this issue. It also deals in great detail with the Western Australian problems—a template of what has happened in America, which hopefully we can avoid. So I congratulate the wise head who gave this man \$100,000 to do the work.

Dr Robinson—Thank you, Senator.

Senator ALLISON—I want to open up the question of organic carbon in topsoils in Australia. Is this regarded as a natural resource under this portfolio? Is organic carbon in soil a natural resource?

Mr Aldred—Senator, I am not quite sure whether you are addressing that to Land and Water Australia, or whether it is a broader question. Are we finished?

Senator ALLISON—I am happy for anyone to answer the question. I thought that was the subject of this session?

Mr Aldred—Senator, I am trying to clarify whether the committee is finished with Land and Water Australia at this point.

Senator ALLISON—I thought we were still on that program?

Mr Aldred—No. Land and Water Australia is one of the research and development corporations. Dr Robinson was called for a particular session today. He does not normally attend estimates hearings, Senator.

Senator ALLISON—Can I ask this question of you, Dr Robinson? Is it something over which you exercise any authority?

Dr O'Connell—I think that, broadly speaking, soil is a natural resource and the constituents of soil are a natural resource, so we might just concede the point, so to speak, and see what the next question is on it. That might help.

Senator ALLISON—Good. It is my understanding that a mapping has been done by the Australian Soil Resource Information System on the distribution of organic carbon in topsoils in major river basins. Are you aware of that mapping?

Dr Robinson—I am broadly aware of that mapping and detail.

Senator ALLISON—If you are broadly aware of it, are you aware that it has been done, or are you not aware of the details? Can you just expand on your answer?

Dr Robinson—I am broadly aware that it has been done but I am not aware of the detail.

Senator ALLISON—Does that indicate that it is not of interest to your organisation?

Dr Robinson—Not necessarily. I am not across all the projects that we have commissioned. I am sure that we certainly have some work in the area of organic carbon and soil organic matter, but I am not across the individual projects.

Senator ALLISON—Are you able to inform the committee about the factors that reduce organic carbon in soil?

Dr Robinson—There is a range of factors, but I guess I would rather leave that to the soil experts than comment on it myself.

Dr O'Connell—Senator, I might just state that Dr Robinson was drawing to your attention the fact that he had some 180 projects underway in Land and Water Australia. So it is probably quite difficult for him to be able to pin down each specific project. Taking that question on notice might be the most useful way for him to get an accurate response to you.

Senator ALLISON—How do you determine what those 100 projects focus on? Is there a priority in your organisation for this issue or not?

Dr Robinson—We have an extensive strategic planning process where we commission areas of work. As I said earlier, we have some 12 programs of work that we manage. Many of them are partner based programs. They are based on an extensive strategic process and the decision made by the board about an area of research. Normally, we establish a steering committee or a subcommittee of the board to look into the detail of the particular projects in which a program will invest.

Senator Abetz—Senator, there has been a suggestion by the department that this might be a better line of questioning for the BRS. They have departed but, in the event that you would wish a private briefing on detailed studies, et cetera they believe that that could be made available to you, if that would assist.

Senator ALLISON—That might be useful because the question that I put on notice relating to these issues was answered with great brevity, if I can put it that way.

Senator Abetz—You are saving paper, Senator.

Senator ALLISON—I am attempting to establish in various departments, including the CSIRO, the level of priority that organic carbon has. It would be useful if Mr O'Connell could just indicate whether or not this is something that his department has as a priority, where the responsibility, if you like, or the interest or the innovation in it lies away from departments.

Dr O'Connell—I think the interest will lie across several parts of the portfolio and indeed several of the RDCs—the research and development agencies or companies. I think perhaps the most useful thing would be if we provided you with a more substantial briefing, pulling together the elements across the portfolio on the issue and how it is managed, otherwise what we will give you will probably be very patchy at best. We would need to get the Bureau of Rural Sciences and probably grains R&D work would also be relevant here.

Senator ALLISON—Could you refer the appropriate department to my question No. 3112? I am seeking an expansion on that.

Senator O'BRIEN—In relation to the soil carbon issue, which I think is what Senator Allison was asking about, I asked questions and I was told by the BRS that it was doing no research on the matter.

Senator ALLISON—That is the usual answer.

Senator O'BRIEN—Yes. So I think you would find that a private briefing from the BRS will not answer your questions.

Mr Aldred—Senator, I think Dr O'Connell advised that we will check across the RDCs and the portfolio and consult with others. I think the answer is absolutely correct that BRS—

Senator O'BRIEN—I thought the answer was that it was more likely to be the CSIRO, but it may have been the RDCs.

Mr Aldred—Senator, we might need to go across to the CSIRO.

Senator SIEWERT—I notice that the budget line items include NHT3. I am looking at the Environment one because it includes both DAFF and DEWR. There is only one line item for NHT3 of \$395 million and that is it. The other day I asked Environment how that would be broken down, and I was not given a lot of detail. It was suggested that I ask my question here. Several of these questions are ones that they said I should ask in the rural and regional committee. What is the process for breaking down how that money will be spent? What are the individual programs? How much will be national, how much will be regional and how much will be envirofund, if that is to continue? What is the process and what is the timeline? When will it be announced and which stakeholders will be involved in the discussions?

Mr Aldred—Those decisions are made by the natural heritage board. The ministers for environment and water resources and the Minister for Agriculture, Fisheries and Forestry comprise the board. They will determine the broad allocations within the envelope, and they will determine the different distribution across the states which will, of course, include negotiations with our state colleagues. As you are aware, the thing largely operates as a partnership between the Australian government and the states and territories.

Senator SIEWERT—What is the timeline for that?

Mr Aldred—We are hopeful of concluding as many of the bilateral agreements as we can by the end of this calendar year. We have commenced initial discussions with South Australia and Queensland, and we have a few others with whom we will start talking quite quickly.

Senator SIEWERT—So the bilateral agreements will be signed off by June 2007 for the next—

Mr Aldred—No, I said at the end of the calendar year.

Senator SIEWERT—At the end of the calendar year—I am sorry.

Mr Aldred—We are anticipating that discussions will take a few months with each of the jurisdictions.

Senator SIEWERT—In the other committee I asked who was involved in discussions on bilateral agreements. As I understand it, it is the Commonwealth and the state. If you are already in bilateral discussions surely there must be indicative figures on the table about programs and what will go to each region and state?

Mr Aldred—No, Senator. I indicated that we had had some preliminary discussions with those states and that has included things like who is making up the negotiating team, when we will meet over the next few months and what is the timing that we are looking for. We have not discussed funding allocations at this point.

Senator SIEWERT—How are you going to do that and when will it come up?

Mr Aldred—I would expect it to come up quite quickly with our state counterparts. I guess what we are interested in is what our state counterparts can also contribute to the process. So we are not going out with a set allocation to say, ‘This is your set allocation,’ or ‘This is an indicative allocation.’

Senator SIEWERT—Do you have priorities that you are negotiating? I notice that the National Action Plan for Salinity and Water Quality has been rolled into NHT3. So all we now have is NHT3. I will ask about similar programs later. But, under the national action plan, water quality was obviously a priority.

Mr Aldred—Yes.

Senator SIEWERT—What are the priorities now for NHT3?

Mr Aldred—The priorities or five key themes are listed in the framework for future NRM programs, which was agreed through the ministerial council last November. That is on the framework document, which is about eight or 10 pages, agreed across jurisdictions. It basically sets out the structure of the future program, the key themes and additional areas that we will be trying to address.

Senator SIEWERT—Do I understand it correctly that the framework is now the basis from which the bilateral agreements are being discussed?

Mr Aldred—It is certainly a core part of it. I think, as we discussed previously, we started the process of evaluating the current programs and looking at how we might take them forward 18 months or more ago. That has been done as a joint exercise with our state and territory colleagues. So we are trying to get as much of it out and into the public as early as possible.

Senator SIEWERT—How do you determine the priorities with the states? For example, of the priorities that are in the framework, what happens if a state says, ‘In our state we want to prioritise this or that out of the framework’?

Mr Aldred—There will be a discussion between the parties. In a lot of cases we will not necessarily have widely divergent views, I would expect, but I cannot say that with certainty.

There was certainly strong agreement across the jurisdictions on the broad themes, but they are quite broad. It was recognised that we would then start narrowing them down in the bilateral discussions. The other point I would add is that we are, in effect, going through a transition into a new program to which we are not making any dramatic changes. Therefore, the continuation of regional plans and investment strategies across 56 regions will also assist us, and that will have to be part of the discussion as well.

Senator SIEWERT—That is a good segue. You mentioned investment. We had a fairly lengthy discussion about this last time.

Mr Aldred—Yes.

Senator SIEWERT—I noticed that the communique out of the ministerial meeting which was held only a couple of weeks ago said:

Salinity in Australia: Next Steps

Council considered a paper on Salinity which reviewed the significant measures taken by jurisdictions to address salinity, including through the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust. Council agreed to a set of principles which will guide investment in salinity in future NRM programmes.

Is it correct to assume that we are talking about some of the principles that have arisen out of the SIF process?

Mr Aldred—Yes, Senator. I think last time we spoke I indicated that Kevin Goss, the head of the CRC, had made a number of presentations. Subsequent to the last estimates hearing, he also made a presentation to the standing committee, and then a subsequent presentation was made, not by Mr Goss, to the ministerial council. A lot of the key themes were consistent and came through the work of SIF and so on.

Senator SIEWERT—Is it possible to get a copy of those principles? Is that publicly available?

Mr Aldred—Yes, we can provide those.

Senator SIEWERT—If you could, that would be much appreciated. How then will that reapply through the regional process and government decision making? Is it being included in discussions on the bilateral agreements? If you could answer that, because then I want to ask how a decision will be made about national funding, regional funding and all that sort of stuff.

Mr Aldred—Largely, the regional funding is the key element that we agree jointly through the joint steering committee process—between each jurisdiction and the Australian government. That is the main driver through there, although we do align and discuss other elements with our partners. Are you asking how we will then drive that down to the regional level?

Senator SIEWERT—Yes.

Mr Aldred—I think there will be quite a variety of ways across different jurisdictions. I think that the New South Wales structure is quite a good example, with the Natural Resources Commission. It uses a standards process and then a series of steps or criteria against which it assesses regional plans and investment strategies. If I take an example relating to the best use

of scientific knowledge, the NRC standards would then list through the thought processes that the council would expect to see documented in the way that the regional plan was developed.

Senator SIEWERT—Through the principles, will all the regional groups be—I am trying not to use the word ‘required’, although that would be my preferred approach—

Mr Aldred—Encouraged?

Senator SIEWERT—Encouraged.

Mr Aldred—One of the things that we have organised—and we are still struggling with to date—is the work of Dave Pannell and Anna Ridley in respect of the SIF. We have also organised a presentation by Dave and Anna to the NRC in Sydney so that we can start to bring together a couple of the frameworks that we think hold great promise.

Senator SIEWERT—My understanding of the feedback from Dave and Anna and the work that is being done is that it is not just necessarily a question of informing regional groups about how to do it. As you are aware, it is quite a complicated process. It seems to me that it gets down to whether you provide resources to enable the groups to do it and then to enable them to take up the process?

Mr Aldred—Yes.

Senator SIEWERT—Has that been included?

Mr Aldred—We would like the regions to say, ‘In our investment strategies, here are some of the things that we like to do’, and so they put up their funding proposals through the normal course of events, rather than us putting a special new bucket of money out to then try, as you say, to require regions to do that.

Senator SIEWERT—The next obvious question is: in the past there have been some restrictions on how much money can be used for the process; will they be able to apply for funding to get the additional assistance to do that?

Mr Aldred—They can certainly put it in their investment strategies, absolutely. We will have discussions with our colleagues about any sorts of fences that we put around and how much has to go onto what sorts of things. I think there is a growing sense of needing to ensure that we have the science and the processes right.

Senator SIEWERT—How will the buckets between national and regional funding and the Envirofund be determined? You must have something in mind when you go out to talk to the states about how much money is available for them.

Mr Aldred—As I indicated, that sort of indicative discussion is a matter for the NHT Board. That is how those allocations will be made.

Senator SIEWERT—So an announcement on that will be made in the future?

Mr Aldred—There will not necessarily be an announcement about a split. We have extremely strong partnerships with our state and territory colleagues. Nevertheless, we will be negotiating bilateral agreements. That means we will not necessarily be throwing allocations on the table. Depending on what funding our state colleagues bring to the table, that may determine how much regional partnership funding we put on the table as well.

Senator SIEWERT—I presume there is money that has been put aside—for example, for the Envirofund?

Mr Aldred—Our expectation is that the Envirofund will stay more or less as is, and that is about \$20 million a year for the last few years.

Senator SIEWERT—What about things like World Heritage?

Mr Aldred—Where those sorts of subprograms are drawn from the trust they would need to come from the national component.

Senator SIEWERT—I ask again: How will you determine that? Are you just saying, ‘We will not worry about World Heritage funding until after the states have said that they will put up however much?’

Mr Aldred—No, Senator. I am saying to you that the board will need to make decisions about indicative allocations, but that they will not necessarily be widely public, in the sense that it affects our negotiations. The matters that you are raising will certainly be factored into those indicative allocations.

Senator SIEWERT—At the moment there are no allocations to World Heritage, the national reserve system and even the Envirofund, which you have said is likely to continue. But we have no idea what the future allocations will be to World Heritage and NRS.

Mr Aldred—There are some ongoing commitments.

Senator SIEWERT—For next year?

Mr Aldred—I do not have the details of those.

Senator SIEWERT—I understand that one is for \$6.6 million and the other is for \$7.5 million for both World Heritage and NRS, but that is only for next year. Beyond that we have no idea.

Dr O’Connell—The Natural Heritage Trust Board has to make those decisions. You are talking about for 2008?

Senator SIEWERT—Yes.

Dr O’Connell—Those decisions are still to be made by the Natural Heritage Trust Board.

Senator SIEWERT—Do they bear in mind that Australia has made a commitment to have the CARR system by 2012?

Dr O’Connell—Absolutely. You would not want to come away with any idea that what happens is that there is a residual amount after we decide on regional and that is what is left for all that was national. It is quite a complex process of bringing together all the interests that the government has in the regional and national streams and making an assessment of priorities across those. Those would include things like the commitment made for, say, the reserve system and World Heritage commitments and the rest. What are the objectives we are trying to achieve in all those areas? They will all get managed together with the board considering the set of priorities overall for those, including the regional elements as well. That is all part of the mix. In other words, it is a relatively large budgetary process in itself.

Senator SIEWERT—With the regional process, you are hoping to wind up the bilaterals by the end of the year?

Mr Aldred—We would like to get as many done as we can.

Senator SIEWERT—Is it fair to say that the conclusion is that there will not be any final decisions on NHT3 until after the end of this calendar year in terms of the allocations for NRS and World Heritage?

Dr O'Connell—No.

Mr Aldred—No, not necessarily. In some ways there will sort of be parallel processes going on in terms of looking at the requirements for national funding and doing the negotiations with the states.

Dr O'Connell—From the time that the budget has been agreed, the work is underway on assessing what is needed for 2008 onwards. The board will make these decisions over this period.

Senator SIEWERT—Why do we still have a Landcare program? All the programs have been rolled into one. When I asked Environment, they told me to ask you.

Mr Shaw—As Ms Pearce indicated in the Environment hearing the other day, Landcare basically targets individual farmers and community groups, which is a different audience to that which the NHT is targeting. Among that audience, the National Landcare Program has been seen as quite an iconic program throughout rural and urban Australia. It has about an 85 per cent brand awareness and substantial membership. In addition to that, some independent reviews recently have recommended the continuation of the NLP as a separate program, basically because of its value in engaging the farming community in NRM and linking the profitability and sustainability innovation.

Senator SIEWERT—That is essentially the same thing we are trying to achieve with NHT3. The Gilligan report said basically the same thing for the national reserve program, but that has been rolled into NHT3 and NHT2. You could run that same argument for any of those other programs—bushcare, for example. I would have loved to have kept that as a separate program, but that was rolled in, as were rivercare and coastcare. My experience with NHT2 is that there has been a decrease in the number of people involved in coastcare and they have had to work very hard to get that back up again. You could have used that same argument for any of the programs.

Senator Abetz—At the end of the day, I suppose whether there is a separate Landcare program is a matter of policy for the government. I dare say, with respect, it also gives half of the title to Mr Shaw's job: if we were to abolish Landcare he would have only half his title! Seriously, the government is of the view that Landcare, for all the reasons Mr Shaw has outlined, is an iconic program. It has not only a high recognition rating but also an acceptance rating which has grown out of a volunteer movement on the land that was genuinely grassroots driven. We think it is worthwhile maintaining it as a separate entity. I can understand that people can put arguments against that, but it is the government's decision, for the reasons that Mr Shaw and I have outlined, that it continues.

Senator SIEWERT—I accept that it is a policy issue. I am not having a go at Landcare, by the way. I just think we need some consistency here. Have there been discussions about how NHT will operate with the new national water plan—the \$10 billion from the national water plan for things like water efficiency and those sorts of things? Are there any discussions between the two groups?

Mr Aldred—There are some preliminary discussions, but we have not knuckled down on the detail to determine the way that the various programs work together. But it is absolutely a key one for us as we start to work through to the new program.

Senator SIEWERT—What type of things are you looking at in terms of operating together? Are regional groups going to be involved in the approach taken under the water plan?

Mr Aldred—I cannot say. It has been more of a recognition between the various program areas that we need to make sure that we work across areas to make sure we are not cutting across each other and so on. We will be looking at making sure that we are not duplicating investments, that we do not have one set of regional plans that overrides or cut across others and those sorts of things. There are a lot of issues that we have to cover to make sure that the policies and the programs align and are complementary.

Senator SIEWERT—I want to jump back to the numbers again. I have noticed that the weeds program, Defeating the Weeds Menace, and the national weeds response programs and Protecting Australian Industries and Environment from Potential Weed Threats are finishing next year. Where does the weeds funding go after that?

Mr Aldred—Future arrangements are of course a matter for the government, but funding for Defeating the Weeds Menace goes through until the end of 2007-08. On page 55 of the portfolio budget statement there is a statement flagging an evaluation of the program that will commence in September.

Senator SIEWERT—Okay. And the decisions will be made after that?

Mr Aldred—Yes.

Senator Abetz—If I have anything to do with it, hopefully there will be some money for it.

Senator SIEWERT—Okay. Would that be a separate program or would it be rolled into NHT?

Senator Abetz—We have not gone that far as yet.

Senator SIEWERT—CSIRO is carrying out a sustainable yield process. Are the regional groups involved in that?

Mr Aldred—Are you talking about water allocations?

Senator SIEWERT—Yes.

Mr Aldred—That is a matter that would need to be answered in the environment committee. The Department of Environment and Water Resources are doing that one.

Senator SIEWERT—So you do not know about what the regional groups are up to?

Mr Aldred—No. I am not aware of the arrangements there.

Senator SIEWERT—I do not know if this issue is an Australia-wide issue or a Western Australian issue, but some people have concerns about the balance between agency and community in terms of discussions and negotiations related to funding at a regional level. Has that issue been raised with you? Is it an issue that is Australia wide, or is it one that concerns Western Australia only?

Mr Aldred—It has not been raised with me personally. I think the reality is that the Australian government and the state and territory governments are joint funding partners. So the state and territory representatives or jurisdictions have considerable sway, as you would imagine, in any partnership. I think the regions across Australia are continuing to mature—something about which we have spoken before. They are developing their own sorts of processes to share information and approaches. I think the model is pretty robust, and I think the discussions and the negotiations are pretty robust.

Senator SIEWERT—I refer to drainage. Have you carried out an analysis or an evaluation of the drainage programs that have been funded to date?

Mr Aldred—Not to my recollection have we done a full evaluation of drainage to date. I would expect that, included in any of the drainage arrangements we have entered into, there will be evaluations or scientific input.

Senator SIEWERT—Will you be reviewing those before you fund any further drainage programs?

Mr Aldred—It is hard to say. We will certainly be reviewing successive projects and project reports on success. I guess our approach to the drainage issue is that it may have some applicability in different areas, but it needs to have pretty robust science, economics and certainly broad community consultation and support for it.

Senator SIEWERT—When large drainage proposals are on the table do you require that they meet state environmental impact processes?

Mr Aldred—If a large proposal is on the table it would automatically have to meet the relevant state and Australian government processes. It is not something that we necessarily have to ensure; it is simply part of the process.

Senator SIEWERT—I understand that you try not to fund anything that does not meet state processes. Are they required to do that before you hand over the money? In other words, are they required to do that before they apply?

Mr Aldred—As you would be aware, large projects are often done in stages. We might, for example—and this probably tended to be our approach—agree to an investment that does the feasibility studies and establishes some form of coordination committee. We would get to that point before we would go on to a second stage.

Senator SIEWERT—Does that imply that you will fund the environmental assessment process?

Mr Aldred—Not fully or not specifically. It would depend on the sorts of proposals that were put up. I would expect that, if we were funding particular feasibility studies, those things would contribute to environmental regulatory processes. But we do not say, 'Here is a cheque to get you through the processes.'

Senator SIEWERT—Who carries out a preliminary assessment to establish whether something is a hare-brained scheme, or whether somebody thinks it is an immediate solution, before you decide to fund the feasibility assessment?

Mr Aldred—In a number of cases it would probably go through the state agencies, because they would have more expertise at doing those sorts of things than we would, or a region may undertake a feasibility study.

Senator SIEWERT—Is direct departmental information for the big projects provided to you, for example, by the joint steering committee?

Mr Aldred—It would be available to our joint steering committee representatives. If I take Yilgarn as an example, there is a technical committee and one of our officers sits on that technical committee. Then there is a steering committee, or a coordination committee.

Senator O'BRIEN—I want to ask about the estimated costs of defeating the weed menace in the portfolio budget statements. The 2006-07 portfolio budget statement estimated the cost of \$9.4 million in 2005-06. In the current 2007-08 portfolio budget statement the program was estimated at a cost of \$11.4 million in 2006-07 and \$7.5 million in 2007-08. Can you tell me what would be the cause of this increase and decrease in funding?

Mr Aldred—Could I ask you to repeat the first part of your question?

Senator O'BRIEN—The 2006-07 portfolio budget statement said that estimated expenditure in 2005-06 was \$9.4 million. The 2007-08 portfolio budget statement said that the estimated cost in 2006-07 was \$11.4 million and that the projected expenditure for 2007-08 was \$7.5 million.

Mr Aldred—The variation in the amounts is effectively a profiling of the sort of program it is. It is normal for programs such as this, where we might be entering into two-year or three-year contracts, to be slightly lower in the earlier years, to build up and then to drop off towards the end.

Senator O'BRIEN—So the end of the program is the end of the coming financial year?

Mr Aldred—Yes. Funding for defeating the weeds menace concludes in 2007-08.

Senator O'BRIEN—I understand there is a review in the coming financial year of its performance for the life of the program. When will that be completed?

Senator Abetz—I think Senator Siewert asked about that, did she not?

Senator O'BRIEN—I am sorry, I was talking about weeds.

Mr Aldred—Senator, page 55 of the portfolio budget statement says that it is due to start in September and conclude in March 2008.

Senator O'BRIEN—So there is no allocation of funds for that in the out years?

Mr Aldred—No.

Senator O'BRIEN—And to continue the program would require all new money?

Dr O'Connell—Yes.

Senator O'BRIEN—What was the amount of expenditure in 2004-05?

Mr Aldred—I will check to see whether Mr Shaw has that figure.

Mr Shaw—I am sorry, I do not have that with me. Can we take that question on notice?

Senator O'BRIEN—Yes. In the 2006-07 portfolio budget statement the National Action Plan for Salinity and Water Quality received \$7.9 million in funding, but for the year 2005-06 the 2007-08 portfolio budget statement said that funding for estimated expenses rose to \$12.1 million in 2006-07. It then falls again to \$6 million, which is projected for 2007-08. Can you explain that for me?

Mr Aldred—Senator, I think you are referring to the first bill, because there are allocations for the national action plan in both the first and second bills. The first bill relates to the salinity mapping and water sampling program—the community water sampling program that is managed on our behalf by the Bureau of Rural Sciences. Again, it is pretty much a program implementation profile. For example, in 2006-07 quite a deal of aerial survey work was undertaken and that would account for a substantial amount of the funds.

Senator O'BRIEN—Is there funding in the out years for that program?

Mr Aldred—No. Funding for that program concludes in 2007-08.

Senator O'BRIEN—Has it been determined which states have a gross need to address salinity and water quality issues?

Mr Aldred—I guess it varies across the different jurisdictions. In particular, we have had a lot of work in New South Wales and some in Victoria, South Australia and Western Australia. They are probably the predominant ones.

Dr O'Connell—Just to give you a full picture, while the National Action Plan for Salinity and Water Quality ceases in 2007-08, the objectives have moved into the NHT3. So we will see those objectives continue to be funded through the NHT3. That gives an equivalent amount of funding for both the previous NHT and the national action plan on an average basis.

Senator O'BRIEN—So what is the profile for the spending of the \$6 million in 2007-08?

Mr Aldred—I am not sure whether I have that specifically. Again, I would expect most of it to be flying. So it would align with whenever the flying is done.

Senator O'BRIEN—After lunch I will ask some questions about the second bill.

Proceedings suspended from 1 pm to 2 pm

CHAIR—Thank you very much, ladies and gentlemen. We are back in session. We are continuing with some very deep and meaningful questions from Senator O'Brien.

Senator Abetz—Before we do that, I think Mr Aldred would like to correct something.

Mr Aldred—Chairman and committee, as we have been preparing for these, it has come to our attention that we may have provided some incorrect information previously to the committee. I would like to correct it if I can. At the previous estimates, I think Senator O'Brien asked how much funding was uncommitted from the national component of the National Landcare Program. The response that we gave was that there was about \$600,000 uncommitted. There was a further sum of \$900,000 that had been allocated to the sustainable

industries initiative but had not in fact been contracted. So in the sense we take 'committed' to be contracted commitments, I would like to correct that.

CHAIR—Thank you very much.

Senator O'BRIEN—Is it contracted now?

Mr Aldred—No. It is not.

Senator O'BRIEN—What is the status of it if it is committed but not contracted?

Mr Aldred—It is uncommitted. It remains uncommitted. At the moment, we have the \$600,000 and a further \$900,000 that is not committed. It has been allocated to sustainable industries initiative projects, if you like. We are in discussions on a number of potential projects but they have not been concluded or contracted.

CHAIR—You say sustainable. I struck a bloke the other day from Dubbo who is getting together what he calls the better farmers in all districts and looking to get them dealing with climate change and how we are going to farm differently and what new crops—this is in the Murray-Darling Basin—we have to grow and what markets we would have to create for those crops. Would that be the sort of stuff?

Mr Aldred—Potentially.

CHAIR—I must get on to him.

Mr Aldred—Send him on down.

Senator O'BRIEN—I will move to Appropriation Bill No. 2. The 2006-07 PBS stated that this program would receive \$160.6 million in 2005-06. In this year's PBS, that figure drops to an estimated actual of \$128.8 million in 2006-07 and \$91.7 million in 2007-08. Can you explain that, please.

Mr Aldred—Yes. Again, it is a profiling issue with the funds for the national action plan for salinity and water quality and reflects the profiling or funding of investment strategies out of the 20 regions that receive national action plan funding.

Senator O'BRIEN—Is the estimated actual in the PBS considered now to be fully committed?

Mr Aldred—We expect it to be fully expended by the end of the financial year.

Senator O'BRIEN—Is it committed now?

Mr Aldred—I think we have got investment plans that would see most of it committed. I would have to take on notice exactly what we have got committed in 2006-07. At the moment, we have got a further \$39.8 million in commitments that are to roll out, but I have not got the split between the last month of this financial year and next financial year with me.

Senator O'BRIEN—So you do not know what the profile is for spending in the coming financial year?

Mr Aldred—In the coming financial year we have not got a specific profile across month by month. My expectation is that it would be broadly split evenly across the first six months and the last six months. It may be skewed slightly to the first six months. Because it is the final year of funding in the national action plan, in the current funding allocation for the

national action plan I expect there would be a number of projects or investments that are concluding.

Senator O'BRIEN—Have you got applications at the moment?

Mr Aldred—Again, across all of the regions, we basically have three-year rolling investment plans. There would be a range. They do not come in in one. It is not like one grant round across the country. They come up at various times through the joint steering committee process and then are considered by two ministers from the jurisdiction and two ministers from the Australian government before they are signed off. Then we contract them. That is the sort of process we have.

Senator O'BRIEN—So what is the process of liaising with the ministers in the jurisdiction?

Mr Aldred—The state officials who work with our officials on the joint steering committees are responsible for putting up their recommendations to the two ministers in their jurisdiction. Likewise, Australian government officials come back and put up the proposals to our ministers.

Senator O'BRIEN—So do the officials meet and decide what they are going to put to their respective ministers?

Mr Aldred—Yes.

Senator O'BRIEN—And it is sort of recommended at official level and then goes to the ministers?

Mr Aldred—That is right. Because we are working with the regions, we largely try to iron out any particular issues and problems with the regions and try to get agreement between the state officials and the Australian government officials before making recommendations to ministers.

Senator O'BRIEN—Are agencies outside of this department involved in administering the program?

Mr Aldred—Both the Department of Environment and Water Resources and DAFF run a joint team, so we actually have collocated people who run the Natural Heritage Trust and the national action plan.

Senator O'BRIEN—Are administrative funds included in the amounts we have just discussed?

Mr Aldred—In those funds, no, the \$128,797 and then \$91,745 are actually administered funds.

Senator O'BRIEN—So what are the costs of this department in administering the national action plan?

Mr Aldred—For 2006-07, departmental costs associated with the national action plan were \$3.1 million. For 2007-08, it is \$1.945 million.

Senator O'BRIEN—You are reducing staff in that area?

Mr Aldred—That is the contribution of the national action plan funds to the joint team that we run. We also have funding from the Natural Heritage Trust and appropriations funding within the department. So we will be planning not to reduce staff in 2007-08 because we are running through into the new program starting in 2008-09.

Senator O'BRIEN—In relation to the National Landcare Program for payment to the national resource management special account, the 2006-07 PBS said this program received \$7.9 million in 2005-06. The 2007-08 portfolio statement suggests this program had actual estimated expenditure rise to \$11.7 million in 2006-07 and then falls again to \$9 million. Can you explain that for us, please.

Mr Aldred—The difference between those two figures, again, sort of relates to differences in program expenditure across the Landcare program. There was some movement of funds between years so that we could do a call for sustainable industries initiative projects or to do some of that funding. So actually we moved to funding forward from 2007-08 so that we could run some projects.

Senator O'BRIEN—So how much was transferred? Is that the difference between \$7.9 million and \$11.7 million?

Mr Aldred—I suspect it is. I must admit I have not got my 2006-07 PBS with me so I will have to take it on notice. I can provide the shifts in funding there. From recollection, it may actually be on the *Hansard*. I may have advised the committee of those changes previously, but I will check.

Senator O'BRIEN—Thanks for that. Has the continuation of this program been previously foreshadowed by the government?

Mr Aldred—I am not sure that I understand the question. The Landcare program has undergone a review and was considered through the budget process and announced in the budget.

Senator O'BRIEN—It was not foreshadowed before that, was it? Do you want to take that on notice?

Mr Aldred—Not to my recollection.

Senator O'BRIEN—Do you want to take that on notice?

Mr Aldred—Yes, I will.

Senator O'BRIEN—How many staff in the department are allocated for administering this program?

Mr Shaw—18.8 ASL many staff are allocated to the NLP.

Senator O'BRIEN—At what cost?

Mr Shaw—I am sorry I do not have those figures here. I can take it on notice, if you like.

Senator O'BRIEN—Do any other agencies administer the program?

Mr Shaw—No.

Mr Aldred—I might add, though, that in the case of the bill 2 for parts of the National Landcare Program, the state and territory jurisdictions actually do assist in administering the program with us, but not Australian government entities.

Senator O'BRIEN—Thanks for that. I have concluded my questions on this division.

Senator Abetz—Thank you.

Senator IAN MACDONALD—How are the NRM bodies around the country working? Is that operating well?

Mr Aldred—We think they are. We have certainly observed a significant maturing of the model, if you like, over the last few years. Certainly some regions are more mature or sophisticated or developed than others. But certainly all of the evaluations that we have undertaken give us a high degree of confidence.

Senator IAN MACDONALD—Queensland and I think the Western Australian bodies are community based where the others are state government appointed. Is that correct?

Mr Aldred—It varies a bit. A lot of the others are statutory.

Senator IAN MACDONALD—A complaint that often comes to me is that as more money flows through the NRM bodies, less seems to come from state governments, which traditionally had responsibility for a lot of the things that the NRM bodies are now funding. Have you heard that complaint at all?

Mr Aldred—It may be a reflection of the fact that through the partnership arrangement, through the regional arrangements, both the Australian government and state and territory governments are directing their funding largely through regional bodies.

Senator IAN MACDONALD—But in Queensland the state government is hardly putting any money into the regional bodies, or has that changed? They put a bit to run them—\$1 million or something—but the actual funding to on-the-ground works is all Commonwealth money. Or has that changed?

Mr Aldred—No. I think it has changed. I have not got the specific contributions that the Queensland government is making with me here.

Senator IAN MACDONALD—That figure is available, though, is it?

Mr Aldred—Yes.

Senator IAN MACDONALD—Could you on notice get me details of what each state government is contributing and what the total is that each NRM body either spent or is budgeted to spend, whichever figures are more easily accessible. I am just trying to get a comparison between what the Commonwealth is contributing to these and the states. I know in one of the gulf ones there is a guy on there doing GPS work. I said to him, 'What did you do before you were employed by the NRM body to do this same work?' He said, 'I was doing the same thing.' I said, 'Why did you change?' He said, 'Oh, well, the Queensland government stopped funding me so I came and did the same work being funded by the NRM body.' I am just curious as to how consistent that sort of situation is. Perhaps if you give me those figures that will help me assess that.

Mr Aldred—Certainly.

Senator IAN MACDONALD—Thanks very much.

CHAIR—Thank you. We would now like to talk to fisheries and forestry. Does anyone want to make an opening statement or identify themselves?

Senator Abetz—In due course everybody will identify themselves when they first speak, so let's get into it.

CHAIR—Do you want to start with the first question, Minister?

Senator Abetz—I am continually asking these poor people questions, so I dare say they are sick of me.

CHAIR—Senator O'Brien would probably like to lead.

Senator O'BRIEN—I can do that. According to you, Minister, the sightings of motorised illegal foreign fishing vessels in northern Australia are down 90 per cent compared with the first four months of 2006. This is on top of a 40 per cent decline in 2006 over 2005. At estimates in May last year, the department advised that the 2005 data on sightings 'may include multiple sightings of the same vessel by different flights'. DAFF also advised at the time that CSIRO was working with Coastwatch to devise a method to remove the effect of possible double-counting. Have the CSIRO and Coastwatch finished that work?

Mr R Wilson—CSIRO has finished that report on estimating the number of FFVs inside the AFZ. The report has not been released at this point in time, though.

Senator O'BRIEN—Why not?

Mr R Wilson—We have only just received it.

Senator O'BRIEN—When did you receive it?

Mr R Wilson—We had a briefing on it early this week. I recall maybe three or four weeks ago we received it, from memory.

Senator O'BRIEN—Does it tell you anything? You have had it for three or four weeks and you have had a briefing. Does it tell you something? Is it illuminating?

Mr R Wilson—Yes, it is.

Senator O'BRIEN—How does it help?

Senator Abetz—I have not even been given a copy of this yet, so in fact—

Senator O'BRIEN—So we can both learn at the same time. How appropriate.

Senator Abetz—No. I think we should wait for it to be digested.

Senator O'BRIEN—Don't you trust CSIRO?

Senator Abetz—I think it is appropriate that I become aware of these matters.

Dr Rayns—I want to clarify Rohan Wilson's comments. We did receive a briefing from CSIRO early this week. It is a draft report at this stage. They were seeking our feedback on it along with a number of other agencies, who of course are interested in that report. So it has not been finalised yet but it is in a good draft form at this stage.

Senator O'BRIEN—Does this year's data include double-counting?

Mr Hurry—There is no reason why the counting would have changed over time. They should be consistent across years at this point. The idea of the CSIRO report was to try to give us a way to take the noise out of the data so we better understood it.

Senator O'Brien—Is there a possibility that previous double-counting gives the false impression there has been a reduction in sightings?

Mr Hurry—I would not have thought so.

Senator Abetz—As I understand it—I do not know what CSIRO have done for us—the idea was that some computer model or something might be able to be developed that would assist you. When you had the raw data of sightings, you could then run the model over it, which would then give you a more actual, accurate figure. Given that that report has not actually been read and digested as yet, it stands to reason that if that is what they are suggesting, a particular methodology has not been employed as yet to deal with current figures.

Senator O'Brien—The reference in the minister's media statement of 10 May refers to a dramatic drop in sightings. Can you just refresh me what 'sightings' means in that context?

Mr R Wilson—That data is Coastwatch data and data from the Australian Defence Force. But it excludes all type 2 vessels.

Senator O'Brien—Type 2 vessels?

Mr R Wilson—Type 2 vessels—sail powered vessels, not motorised vessels. However, that is for the Coastwatch data. For the Australian Defence Force data, it includes the type 2 vessels. So there is a mixture of types of vessels in that data. But that same formula has been used consistently throughout our reporting.

Senator O'Brien—Is it fair to say there is no way of knowing how the mix between motorised and non-motorised vessels changes?

Mr R Wilson—There may well be, but the data is provided to AFMA by the board of protection command, so I guess it would be a matter for them to further analyse the mix.

Senator O'Brien—There are anecdotal reports—

Senator Abetz—I want to confirm that, with the non-motorised vessels, that is only applicable to the MOU box. They are allowed in that area, but if non-motorised vessels were on, let's say, Ashmore Reef pulling off trochus shells, they would be illegal.

Mr Hurry—Yes.

Senator Abetz—So when we are making that distinction, we are talking only about the MOU box area. It is a sizeable area but, nevertheless in the scheme of things, relatively small.

Senator O'Brien—You are closer to land.

Mr Hurry—They are closer to their port base.

Senator Abetz—To their port base in the MOU box.

Mr Hurry—In the MOU box, yes.

Senator Abetz—I just did not want the impression to be that there might be a whole lot of sailing boats in our EEZ pulling out shark et cetera that we were not counting.

Senator O'BRIEN—Anecdotal reports are telling us that illegal foreign fishing vessels are coming much closer to the Australian coastline. A very experienced and well-respected local fisherman from the Gulf of Carpentaria, Mr Gary Ward, says that illegal fishing vessels are coming closer and closer to the Queensland coastline. What is the data telling us about the geographical distribution of illegal foreign fishing vessels?

Senator Abetz—Can I say first of all that in relation to anecdotal evidence I would reject that. The Western Australian minister for fisheries and myself were just out at One Arm Point near Broome in Western Australia and the Indigenous community there were telling us that for the past six months they have not sighted any illegal fishing vessels in recent times. When I say recent times, I got a letter from the Northern Shark Fishery industry association president, Rob Lowden, indicating that his members had not seen an illegal fishing vessel in months.

Senator O'BRIEN—That is in the same waters off Broome, is it?

Senator Abetz—Sort of, yes. A bit further up. In relation to Gary Ward, it would be fair to say that Gary has been a very strong advocate for his fishing mates for the sector and has always been highly critical. But in fact just recently on the radio he acknowledged that an impact was being made. So for Gary Ward to have conceded that—he was the most vociferous critic—I thought was an indication that things are in fact moving. So I am not sure you could assert that the anecdotal evidence is that there are more. In fact, we will—

Senator O'BRIEN—No. That is not what I said. That is not what I said he said. So (a) he was talking about the Gulf of Carpentaria, not the waters you are talking about, and (b) he said that illegal fishing vessels are coming closer and closer to the Queensland coastline.

Senator Abetz—Yes.

Senator O'BRIEN—So I want to know what the data is telling us about the geographical distribution of illegal foreign fishing vessels.

Senator Abetz—But the premise of the question I have engaged with because I do not think that is correct. I do not want that to stand on the record as being accepted or not engaged with. Now in relation to those—

Senator O'BRIEN—There is nothing you said that contradicts what he said—that they are coming closer to the coastline. Whether or not they are having an impact or not—

Senator Abetz—Your introduction said, 'Anecdotal evidence suggests.' I think it is written out in front of you. You might like to read it out again.

Senator O'BRIEN—It is written out in front of me. But you know what you are refuting. Perhaps you could tell me what you are refuting.

Senator Abetz—No. Read it out again.

Senator O'BRIEN—No.

Senator Abetz—I know why you are not. The *Hansard* record will decide.

Senator O'BRIEN—I ask the questions. If you want to play a game about it, then be sure what you are playing a game about.

Senator Abetz—No. When you have long prefaces to your questions, you do have to expect the preface to be engaged with as well. Otherwise I know what will happen. It will be asserted that we did not contradict the prefacing remarks.

Senator O'BRIEN—Do not judge me by your own standards.

Senator Abetz—Why would you put the preface to the question if it had no relevance? Stop being smart.

Senator O'BRIEN—Well, is Queensland part of the Australian coastline?

Senator Abetz—That is a silly question. Can you move on.

Senator O'BRIEN—Why would I put the preface? Because Queensland is part of the Australian coastline and because Gary Ward said illegal fishing vessels are coming closer and closer to the Queensland coastline. But I am not leaving it at that. I am asking what the geographical distribution is.

Senator Abetz—Of what?

Senator O'BRIEN—Illegal foreign fishing vessels—that is, the sighting thereof.

Senator Abetz—Irrespective of their closeness to the coastline?

Senator O'BRIEN—No. The geographical distribution. I guess that is broad enough for you to answer the question if you want to.

Senator Abetz—First of all, you were saying you were only interested in Queensland.

Senator O'BRIEN—No, I did not.

Senator Abetz—Now the Australian coastline will take us right around the Australian coast, including Western Australia, One Arm Point, Broome and the Northern Shark Fishery, which you were trying to say before is irrelevant.

Senator O'BRIEN—It is irrelevant to what Gary Ward said because what I was quoting was Gary Ward in relation to the Gulf of Carpentaria. But you introduced the other fishery. I was quoting him there and, arising from that quote, I am asking what the geographical distribution is. It is a pretty simple question.

Senator Abetz—We will have to take that on notice. For what it is worth, we give all this data on a six-monthly basis to the Queensland, Northern Territory and Western Australian ministers as well.

Senator O'BRIEN—I guess I am asking you here because I have not sought that data from them.

Senator Abetz—Yes. I am more than happy to make it available.

Senator O'BRIEN—Thank you. The government has commenced discussions with the Indonesian government concerning the management of illegal foreign fishing vessels. Has the government discussed the issue of licensing Indonesian fishing vessels to operate in Australian waters?

Senator Abetz—No.

Mr Hurry—The only area where we are interested in making sure we get some licensing arrangements in place for Indonesian vessels is in that traditional MOU box area, where we are concerned about the sustainability of the stock and want some way of monitoring the vessels in and out.

Senator O'BRIEN—So that is the only area we have raised?

Mr Hurry—Yes. Absolutely.

Senator O'BRIEN—So that part of the Australian waters we have suggested licensing for?

Mr Hurry—Yes. We wanted some rigour in the process from the Indonesian side so they begin to take some responsibility for their nationals operating in there.

Senator O'BRIEN—Has the Indonesian government requested the Australian government consider the issue of licensing Indonesian vessels?

Mr Hurry—I do not recall any discussions on it. I am reasonably sure the answer is no because I do not think they would have an interest in fishing in here. They have raised the issue about nationals fishing on our vessels and under some immigration arrangements at the moment there is Indonesian labour employed on Australian fishing vessels. But I have seen nothing to do with licensing Indonesian vessels to fish officially in our water. I can take that on notice and check for you to make sure, but I am fairly sure I am right.

Senator O'BRIEN—Thanks for that. I appreciate your taking it on notice. Indonesian and Australian vessels catch a range of different species, but mainly targeting shark and mackerel occurring throughout the Indo-Pacific. In September 2005, the Department of Environment and Heritage published an assessment of the Northern Territory shark fishery. Whilst the study found that the Northern Territory fishery management regime was sustainable, it also concluded that little is known about the stock structure of these primary shark species. Further, the extent to which Indonesia, Western Australia, Queensland and the Northern Territory share the resource has not been determined. Many of the sharks and rays caught in this fishery have relatively high vulnerability. Could overfishing be one of the reasons why sightings of illegal fishing vessels are down? In other words, the stock has declined?

Mr Hurry—I will get Dr Kalish to comment on the stock structure. But I would have thought the main impact on illegal Indonesian fishing has been the visibility of the Australian patrol effort up there and the fact that we are getting a lot of boats and we are hurting economically the operators on the Indonesian side of the border. If you lose a number of your ice boats or you lose a lot of your boating fleet, it makes a big difference to your bottom line. They are not getting their boats back and it is beginning to have an impact. I think that is the big difference in this fishery. But Dr Kalish can explain to you the structure of the stocks as we know them.

Dr Kalish—As has been suggested, there is some uncertainty about the structure of the stocks, but we have information collected by scientists from the Australian Institute of Marine Science on reefs in the MOU box and just adjacent to the MOU box that show that the densities of sharks in the Australian fishing zone are far greater than those in the Indonesian

zone. Certainly the incentive to fish here for shark would not have declined due to a reduction in abundance. The abundance is far greater than in Indonesia so the incentive is still there.

Senator O'BRIEN—So they are not areas close to the Australian coastline, which would not explain if fishers were coming closer to the coastline?

Dr Kalish—The surveys that they have been doing have been on the reefs and the MOU box and adjacent. So it is looking specifically at the impact of fishing in that area where Indonesian fishers do have access if they are operating with sail powered craft.

Senator O'BRIEN—Is the issue of the geographic distribution of illegal foreign fishing vessels the subject of ministerial council discussions?

Senator Abetz—Sorry, ministerial?

Senator O'BRIEN—Council discussions. Commonwealth-state ministers.

Senator Abetz—Yes. We have relatively regular meetings between me and the state ministers. We discuss the figures and the figures speak for themselves. Is there anything in particular?

Senator O'BRIEN—Does the Commonwealth present papers on the geographic distribution of illegal foreign fishing vessel sightings?

Senator Abetz—Sorry. What are you talking about? I may have misinterpreted what you were saying. The ministerial council as in COAG?

Senator O'BRIEN—As in the ministerial council which you chair. Do you know that one? The ministerial committee, I should say.

Senator Abetz—Which one are we talking about, then?

Senator O'BRIEN—The ministerial meetings which you chair. I presumed it was a council. It may be a committee.

Mr Hurry—There are small ones where we discuss all the figures. But they are not NRM ministerial council meetings.

Senator O'BRIEN—No.

Mr Hurry—I am thinking of the other context.

Senator Abetz—Right. So I was on the right train. Thank you for the suggestion. These informal meetings, if you like, that I have with the state ministers, is that what you are referring to?

Senator O'BRIEN—If they are formal or informal, yes.

Senator Abetz—Yes. But they do not form part of the COAG or NRM structure et cetera.

Senator O'BRIEN—No.

Senator Abetz—Right. Yes.

Senator O'BRIEN—So the department presents material on the geographic distribution?

Senator Abetz—Yes.

Senator O'BRIEN—So is there any reason the committee cannot see that material?

Senator Abetz—No. I think I offered that earlier as well. Yes, I am happy to. Especially in recent times the picture is looking a lot, lot better.

Senator O'BRIEN—Mr Kalish, when was the material that you are referring to—the studies of shark presence around certain reefs in the MOU area—completed?

Dr Kalish—I do not have the precise dates. We can certainly access that report from the Australian Institute of Marine Science. It refers to Scott Reef and Mermaid Reef and another reef outside of the MOU box. I believe around 2003 is the last survey that I am aware of. But they are planning follow-up surveys.

Senator O'BRIEN—You see, Mr McLachlan said in February at estimates:

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.

Dr Rayns—I can perhaps best respond. That is correct. It was a three-phase project. The first part of that has actually been completed. That was to find a field test for identifying shark fin off foreign fishing vessels when we apprehended them. So that is available. That project was completed in December 2006. That is also related to the work that you mentioned earlier in terms of working with CSIRO to get a better measure of the illegal fishing activity that is going on within the Australian fishing zone and in proving those sightings data. The third part of that project which will commence shortly is to bring that information together so we can look at it as an ecosystem issue and look at the impact on our shark stocks overall. We are part way through that project at the moment.

Senator O'BRIEN—So until that is completed, we are not really certain what the status of shark stocks is?

Dr Rayns—I think it would be fair to say that for some species that is the case. I know, for example, the Northern Territory has done regular stock assessments of their shark stocks. They publish that information, which is available to us.

Senator O'BRIEN—The Department of Environment and Heritage assessment of the Northern Territory shark fishery made a number of important recommendations. Recommendation 1 was that formal stock assessments for target species need to be conducted on a regular basis. Has that work commenced?

Dr Rayns—I am unsure. But what I can tell you is that the three northern states—WA, the Northern Territory and Queensland—are cooperating and working on stock assessments where those stocks straddle their boundaries. There is a regular process of meetings through the North Australian Fisheries Committee that reviews those stock assessments across those jurisdictions. As far as I am aware, that is continuing.

Senator O'BRIEN—The second recommendation is that the reliability of stock assessments needs to be improved through improvements in data collection. What effort has been made to improve data collection, or is that a matter for the Northern Territory government?

Dr Rayns—No. It is part of the project. I have already mentioned that three-phase project. The identification of shark fins through denticle identification and so forth, which is the spikes on the shark itself and identifying those to species level combined with laboratory work and DNA tests for various shark species, is underway. So that is definitely happening, yes.

Senator O'BRIEN—So the way we are assessing the stock is to assess the shark catch on illegal foreign fishing vessels that have been intercepted. Is that how it is done?

Dr Rayns—That is correct. That is where we get some of our data from for those northern shark stocks—from that source.

Senator O'BRIEN—What other sources?

Dr Rayns—We have domestic fisheries which target the same species. So of course there is an interaction between the data we get from our domestic fisheries and the foreign fishing vessels.

Senator O'BRIEN—So the data has been collected. It is to be assessed?

Dr Rayns—It is to be assessed. But it will continue to be collected as part of our ongoing program.

Senator O'BRIEN—Recommendation 6 said, there is:

No assessment of the risk posed to these species by increased effort, particularly in the longline sector of the fishery;

Is that risk assessment to be done in this process as well?

Dr Rayns—Sorry, I cannot answer that question. I am not sure if others may know. But I am not aware of that one, sorry.

Senator O'BRIEN—Recommendation 7 is that there is:

Limited data is available on by catch and interactions with endangered, threatened and protected species.

What effort has been made to better understand by-catch and threatened species interactions?

Dr Rayns—I can answer on behalf of AFMA for the Commonwealth fisheries. We have and are increasing our observer program at the moment in the north in fisheries like the Northern Prawn Fishery, Torres Strait and so forth, which will examine those interactions in more detail than we have done in the past. But a number of those fisheries are managed by the states as well so I would have to defer to their arrangements. But from AFMA's and the Commonwealth's point of view, we have taken that on board and we are increasing our observer effort in the north.

Senator O'BRIEN—Do you know if the Australian government has undertaken or commissioned any studies to assess the threats posed by illegal foreign fishing to endangered, threatened or protected species in Northern Territory waters?

Dr Rayns—Not specifically, no.

Senator O'BRIEN—I refer you to an answer from additional estimates in February. It relates to question AFMA 05. According to the table in that answer, the total percentage of

trips inspected between 2002 and 2006 remained relatively constant. However, there is a significant increase in the percentage of offences detected, up from 9.72 per cent of the trips inspected to 15.66 per cent. Despite a 15.66 per cent increase in offences, AFMA's total actual spend on domestic compliance increased by 16 per cent over that period. During this period, the number of species classified as overfished or subject to overfishing has more than doubled from 11 in 2002 to the current level of 24. Why did AFMA reduce its domestic compliance program while offences were rising and overfishing was increasing?

Senator IAN MACDONALD—I assume—these are some of the areas where I have observed—

Senator O'BRIEN—Can I have an answer to my question before you butt in, please?

Senator IAN MACDONALD—Well, it depends.

Senator O'BRIEN—Hang on. Mr Chairman.

Senator IAN MACDONALD—How long have you been going?

Senator O'BRIEN—I have been going a long time and you just arrived.

Senator Abetz—No. He was here earlier.

Senator O'BRIEN—No, he was not.

CHAIR—Anyhow, have this question and Senator Macdonald will then get up.

Mr R Wilson—The compliance budget for domestic fisheries is based on the level of risk that is assessed to compliance arrangements in the fishery. There is not necessarily a linkage between the budget and the amount of money put into vessel inspections. There are other aspects of the compliance budget that are put into non-inspection activities—investigations and that sort of thing.

Senator O'BRIEN—But, in that period, the percentage of voyages on which you discovered offences increased. So the response has been that you have reduced the expenditure on compliance.

Mr R Wilson—We may have increased it—I do not have the figures—in targeting—

Senator O'BRIEN—It is in the answer.

Mr R Wilson—vessel inspections and that sort of thing at the expense of other non-inspection activities.

Senator O'BRIEN—So that is your explanation, is it?

Dr Rayns—Can I also add that the drawing of a relationship between the number of overfished species and the domestic compliance budget is probably not an accurate way to make a link. The number of overfished species also depends on the management arrangements in each fishery and the assessments of those fish stocks. That is a science based process. I recall from the BRS report that a number of species had moved from being uncertain to being overfished in some cases. That reflects the fact that we have actually done the research to find out what the true status of those resources is. So the domestic compliance—

Senator O'BRIEN—I understand all that and I did not say it was the total cause. I am just asking for an explanation as to why in the context of that data and the fact you have increased the number of compliance offences discovered by voyage you would at the same time cut the effort in compliance enforcement.

Mr R Wilson—All I can say is that in previous years the compliance budget may have included large amounts of funding for other non-inspection activities. As those activities switch around according to risk, it may increase or decrease the overall budget, not necessarily be directly related to the amount of activity that we put into inspections.

Dr Rayns—Just to back up Mr Wilson's point, it is also about the effectiveness of targeting our compliance budget. We have more vessels on VMS, or vessel monitoring systems, with tighter arrangements and so forth every year. It means that the way we actually do compliance changes in response to that so that we are more targeted and more efficient in how we do our compliance. That sometimes can lead to increased or better compliance and more people being caught and at the same time our getting a better outcome for the fishery.

Senator O'BRIEN—And vessel costs go up at the same time as your expenditure is going down. So you multiply the reduction in the efficiency.

Dr Rayns—Sorry, I did not follow the argument there.

Senator O'BRIEN—If you spent \$4.125 million in 2002-03 and \$3.466 million in 2005-06 at the same time as you have reduced your expenditure by about \$650,000, the costs of running vessels and the costs of your operation have gone up. So that increases the reduction in your compliance effort.

Dr Rayns—I might ask Mr Wilson to respond to this as well. We very rarely or we do not use vessels as a primary means of getting compliance in these fisheries. We use much more technology than we have done in the past with vessel monitoring systems and other remote forms of detection, as I have said, and have a lot of in-port works, such as checking boats before they leave and when they return to port.

Senator O'BRIEN—So it is just your labour costs that have gone up?

Dr Rayns—I will ask Mr Wilson if he can respond.

Mr R Wilson—There are a number of cost factors in the budget. But it is a risk based budget. The number of inspections may go up and down each year. If there is more value in performing some other types of compliance activity, we will put the resources into that at the expense of inspections.

Senator O'BRIEN—Do you want to ask a question now, Senator Macdonald?

Senator IAN MACDONALD—Thank you. That is very generous of you.

Senator O'BRIEN—It is extremely generous of me.

Senator IAN MACDONALD—After an hour.

CHAIR—This is a family institution here. We are cooperative.

Senator IAN MACDONALD—It is obvious I have not been here for about 18 months. It never used to be family in my day.

Senator O'BRIEN—That is right.

Senator IAN MACDONALD—The talk about overfishing led to the subject I want to pursue. As I understand it, each year there is an assessment made on whether Australian fish stocks are overfished or classified as overfished where overfishing occurs. What are the latest reports on those? Are they done regularly?

Dr Rayns—Yes, they are done by the Bureau of Rural Sciences. Their latest report is the 2005 one, which we have here. It gives an assessment, as you have said, of overfished and overfishing in particular fish stocks and others where it is either uncertain or there is not any overfishing or overfished status. We feel that we are travelling fine and it is fully fished, or words to that effect.

Senator IAN MACDONALD—Perhaps I should have asked the BRS this.

Senator Abetz—Yes. That one has been released. We hope to have the next one out relatively soon—I do not want to put an artificial timetable on myself or BRS—in about two months. A former minister gave a very good ministerial direction which I think has assisted in the management of fisheries. It will be interesting to see what the latest report will disclose.

Senator IAN MACDONALD—You think within the next couple of months that report will be out?

Senator Abetz—Yes.

Senator IAN MACDONALD—Obviously I do not want to pre-empt that. Perhaps I should have asked the BRS this. Is there any feel of whether there is an improvement as a result of actions the government has taken over this year and previous years?

Senator Abetz—Possibly. It is best if you ask me rather than them. The scientists at BRS would say, 'This is the data,' and then you can get the feel for it from that. With the trends concerning the new total allowable catches et cetera I am confident that that ministerial direction will have the benefits that were hoped for at the time it was provided.

Senator IAN MACDONALD—Just to benchmark for a couple of months when that report comes out, what did the 2005-06 figures show—just in overfished?

Dr Rayns—Overfished or overfishing?

Senator IAN MACDONALD—Classified as—

Dr Rayns—Overfished or overfishing?

Senator IAN MACDONALD—There are two different terminologies here, aren't there? One is overfished as a description of the stock. The other one is a measure of the effort going into a particular fishery. That is called overfishing. Is that right?

Senator Abetz—They are put together in the category. In the category that is provided, they lump them in together—overfished and overfishing. So you can be overfishing a stock without it actually being overfished.

Dr Rayns—That is correct.

Senator IAN MACDONALD—Or vice versa.

Senator O'BRIEN—Or it means—

Senator IAN MACDONALD—Hang on, this is my question. Excuse me. Mr Chairman.

CHAIR—I do not want too much family interaction. Calm down, boys. Calm down.

Senator IAN MACDONALD—It seems to be one way, Mr Chairman. I was trying to help Senator O'Brien before.

Senator O'BRIEN—Yes.

Senator IAN MACDONALD—The standard of questioning has not improved in the last 18 months.

CHAIR—Pull together, boys.

Senator Abetz—It is important to properly understand the situation and know what the terminology means.

CHAIR—Senator Brown, do you want to make a contribution?

Senator IAN MACDONALD—I have not finished yet, Mr Chairman. But there is a distinction made in the report between what is overfished and what overfishing is taking place; is that correct?

Senator Abetz—Yes.

Senator IAN MACDONALD—I look forward to that report with some interest. While I have the floor for my hour, I assume—

Senator O'BRIEN—I think not.

Senator IAN MACDONALD—You get an hour and nobody else gets any time?

CHAIR—I am afraid I am going to have to draw our attention to getting focused on the question.

Senator IAN MACDONALD—I want to ask Mr Hurry about the Western and Central Pacific Fishing Commission. Are you still chairman of that?

Mr Hurry—I am.

Senator Abetz—A very distinguished chairman, if I might say.

Senator IAN MACDONALD—Talking about enforcement work there, what is the latest on international action to try to enforce regulations being made in relation to gene stocks in the Western and Central Pacific?

Mr Hurry—We have probably got a range of measures in at the last meeting that involve putting in place proper monitoring, control and surveillance arrangements in the commission. We got a sign-off on an observer program that we are in the process of developing at the moment. We have hired an MCS expert out of the Forum Fisheries Agency. Karl Staisch, the new compliance manager, is now based in Pohnpei to start working with the countries to put this in place. There is a meeting in Pohnpei either this week or next week to bring together regional experts to begin to work up a program. There is one other meeting. There is an agreement to put a boarding and inspection regime in place in that fishery as well. So we have over the last three years probably got the fundamentals in place to start to manage the fishery properly provided that the countries that are involved want to get the right result out of it. So

there is still a bit of distance probably between the expectations of the responsible countries and some of those who are still trying to flag vessels in there through the flag of convenience outlets. But we are improving.

Senator IAN MACDONALD—The boarding and inspection seems to be a unique arrangement. Does it happen anywhere else in the world?

Mr Hurry—No. I think this is the only one that has actually got an agreed set of boarding and inspection procedures in. But part of the text of the UN fish stocks agreement said that all fisheries had to abide by the boarding inspection schemes in the fish stocks agreement two years from when it came into force unless they had agreed to something different. I am reasonably sure that that two years would have now passed. So there is a trigger there to enforce them, but you actually have to have a framework in place and the people in place to make sure they work.

Senator IAN MACDONALD—Who can be inspected and boarded? Only signatories to the convention, or any boat in the area?

Mr Hurry—There is an interesting difference in the Western and Central Pacific, where we actually passed a regulation to say that unless you have a vessel flagged to a country who is a member or a cooperating member of this commission you are not to fish for tuna in the area of competency of the Western and Central Pacific Fisheries Commission. That is quite different to other commissions, who basically say anybody can fish there. You are supposed to be a member, but, if you fish there with a vessel from a different country, you are unregulated in the sense that you are fishing. This one has a kind of tighter control, but I guess testing it is going to be a—

Senator IAN MACDONALD—Who can board and inspect?

Mr Hurry—I think where we left it is that we have got to have another meeting to work out how the process works. You actually need a set of protocols and you need training for your inspectors. That was to be the subject of work throughout this year so that at the next meeting we could agree on it and kick off and go forward.

Senator IAN MACDONALD—Is it anticipated that the inspectors will be officers of the commission, or can an Australian patrol boat in that area—

Mr Hurry—No. The nationals of the countries involved—nationals of members of the commission. But if John and I, for instance, are inspectors from Australia our names and credentials have to be presented to the commission. So it is a matter of record in the commission that this country has got 10 inspectors and will be using these vessels for inspection processes.

Senator IAN MACDONALD—So you can actually board and inspect any vessel in the Western and Central Pacific Fishing Commission area, whether they are flagged to members or not flagged to members? You have a right to, by force, board and inspect?

Mr Hurry—That is the intent of the change. I guess part of that is that you are supposed to notify the country involved that you are inspecting. But if it is agreed inside the commission that these are the protocols and this is how it will work, then, yes, you are supposed to be able to board and inspect.

Senator IAN MACDONALD—That is a remarkable initiative in fisheries management throughout the world.

Mr Hurry—Yes. It is a good change. Actually, there is one other. The NAFO arrangement in the North Atlantic has a boarding and inspection procedure as well, but it is a bit different. I think vessels from Canada and the UK are used there as inspection vessels. But it has one, so there is actually two and not one, as I previously alluded to.

Senator IAN MACDONALD—I know you are not always overoptimistic on these things, Mr Hurry, but there has been concern that the last decent stock of tuna in the world in the Western Central Pacific was about to be attacked, as they have been elsewhere. Is there a general feeling in the commission and in the circles that we are in time? Do we think we can actually regulate the tuna stocks in the Western Central Pacific in a sustainable way?

Mr Hurry—We are reasonably confident. We are probably about 10 per cent over. There is overfishing on yellowfin and bigeye at the moment. There was quite a discussion at the last meeting and an agreement to actually take some concrete decisions at this next meeting. But we took 2.15 million tonnes of tuna out of that fishery last year. If you want to equate that to feeder steers going into feedlots, about 5.5 million feeder steers a year in protein comes out of that fishery. So over 50 per cent of world tuna resources at the moment come out of that Western and Central Pacific fishery. There is a lot of interest in it from countries all around the world because it is the last really good stock of fish that we have got. But I think so long as the forum fisheries commission bloc holds together and insists that they want proper regulations over the fish that are taken out of their domestic waters. Probably around 45 per cent to 50 per cent of this fish actually comes out of the EEZ of the Pacific island countries and about another 40 per cent comes out of the waters of the Philippines and Indonesia. With so much of it controlled as take-out from inside the actual EEZ member countries, if you can hold those countries together and there is the will within them to make sure that a decent dollar is paid for the resources that are extracted from their fisheries and there are proper leasing arrangements for vessels to come in and fish, I think we are probably in time and we probably have just about got the framework right to manage it. But I think the next probably three years in this fishery are fairly critical.

Senator IAN MACDONALD—Well done. I just have two other series of questions, Mr Chairman.

Senator Abetz—Before you move off that, I want to compliment Mr Hurry and the delegation for the excellent work they did on the CCSBT. When was it? October?

Senator IAN MACDONALD—That was the next of my series of questions.

Senator Abetz—It was a very good result for Australia.

Senator IAN MACDONALD—You have pre-empted me just a fraction, Minister, in that I was going to say well done, on what I read. But how is it operating? What are the consequences?

Mr Hurry—It is a fairly difficult relationship with the Japanese at the moment, where there is a constant attack on our fishery in Port Lincoln, which we believe is very well monitored and very well managed.

Senator IAN MACDONALD—What do you mean by a constant attack?

Mr Hurry—They have a belief that we cannot possibly grow out our fish to the size we grow them out in the time that we have them in the fishery. Dr Kalish has done some papers on this. The growth rates are reasonably consistent with fisheries around the world. Our counting of the fish is probably better than anywhere else in the world. So there is a fairly difficult relationship there. They have now imposed quite strict import documentation controls over all southern bluefin going into Japan. We have said to them that we are quite happy to comply with all that. We are quite happy to have barcode readings on all the fish that we send up there. I think the relationship will stay difficult probably for a couple of years while they work through this issue with their industry and probably move on a bit in their thinking. In our mind, I guess we have had the fight. We have highlighted the problem that there are 178,000 tonnes of fish overcaught in this fishery and it needs to be dealt with. Getting them to accept that inside Japan and move on from there to a point where you can actually sit down and negotiate a settlement that takes you forward has been a difficult issue for us to deal with. I am going to Japan again in a couple of weeks for another set of discussions on it. I kind of hope we can find some common ground to move forward because it is the one difficult fisheries issue we have with Japan. In places like the Western and Central Pacific and Indian Ocean, we actually work reasonably well together. So southern bluefin tuna as a fishery has been kind of the one difficult relationship we have had with them over fisheries over a number of years. It looks as though we have got another couple of years to go before we can sort it out.

Senator IAN MACDONALD—Congratulations to you and your team and to the minister for what I know is a fairly difficult situation that has been going on for quite some time. The other issue that I assume is not so pleasant—but I am just interested to get an update on—is the IOTC.

Mr Hurry—I will leave that to Dr Kalish. He enjoyed it last week. He can give you an update.

Dr Kalish—I was at the Indian Ocean Tuna Commission meeting in Mauritius last week. One of the things about the Indian Ocean Tuna Commission is that it now has 26 member countries so it is the second richest in terms of countries of any of the tuna RFMOs.

Senator IAN MACDONALD—Including Taiwan?

Dr Kalish—No. That is one of the issues. We were seeking to agree to adopt amendments to the IOTC agreement but that was not successful. There are certain procedures that the FAO, or Food and Agriculture Organisation, is insisting that we go through based on their interpretation of the FAO constitution and the existing agreement to the IOTC. So there are differences of view in how the agreement can be amended. Unfortunately, due to the view of many of the coastal states, we will have to go through a longer process than we had hoped. It will be some time before we can adopt amendments to the agreement and increase the efficiency and effectiveness of the organisation. Ultimately we hope to include fishing entities as well.

Senator IAN MACDONALD—I just forget the surrounds of what you are saying. Does the FAO still have its tentacles—I can use that word; you cannot. Does the FAO and, through

that, the UN still have its tentacles into the IOTC, or have we been able to manage to cut them off? For those of you who do not understand, that is for the purpose of allowing Taiwan to come into the commission.

Dr Kalish—No. The IOTC is still intertwined with the FAO, so it is a body constituted under the FAO constitution. So it is still essentially an FAO body.

Senator IAN MACDONALD—But the African coastal states—or the undeveloped world coastal states—would have been keen to sever the ties, wouldn't they?

Dr Kalish—No. There is no evidence of that. That is one of the issues. It is actually quite variable. For example, Kenya was very outspoken about separating. Others were more ambivalent. Some other African coastal states were against it based on the current process.

Mr Hurry—That is different to the first situation we had when we put this proposal on the table, where there was universal agreement to go down this path of separating the IOTC away from the FAO so we could deal effectively with Chinese Taipei or Taiwan in this fishery. In the intervening period between when it was first put on the table and now, the minds of these countries seem to have changed a bit from where it originally was. So there is going to be quite a battle, I suspect, from those who want to put this commission under a different convention so that we can deal with Taiwan. The FAO seem on the one hand to say that they are happy to support us doing that. On the other hand, I suspect they are not keen to keep it, but obviously there is a relationship between them and some of the countries that is likely to be difficult.

Senator IAN MACDONALD—Did the Europeans change their mind?

Mr Hurry—No. The Europeans are still very much in—

Senator IAN MACDONALD—Okay. I should move on. Thank you.

Senator O'BRIEN—In terms of the AFMA compliance program, AFMA has failed to spend its domestic compliance budget in each of the past six years. Why is that?

Mr R Wilson—The budget is a risk based budget based on a forecast of what we expect AFMA will require to manage those risks. It is a dynamic environment. For whatever reason, if the risks may change throughout the year, or that sort of thing, we will adjust activity according to the risk in each particular fishery.

Senator O'BRIEN—Apparently they have declined every year for the past six, if your answer is to be accepted in the context of my question. Is that right?

Mr R Wilson—The risks or the budgets?

Senator O'BRIEN—You have underspent the budget. Presumably you calculated the risk and made your budget. Then you have underspent it. On the basis of your answer, you are saying you underspend it because the risk has declined.

Mr R Wilson—Well, it may be that or it may be that we have found other ways. We have not conducted as many investigations as we forecast that we would and therefore have not spent the resources in not only the detection of offences but the investigation of those offences. So, if we do not investigate as many offences as we first forecast or estimated, that part of the budget would have declined as well.

Senator O'BRIEN—But the number of offences has actually increased. The point that I am making is that in a period where you are discovering more offences you are cutting back your compliance effort.

Mr R Wilson—Well, we are discovering more offences as a result of our vessel inspection and monitoring component, but there are aspects to the compliance program other than just vessel inspections. We respond to information beyond just what we see on board boats.

Senator O'BRIEN—Of course.

Mr R Wilson—So the relationship between the number of offences that we detect as a result of our vessel inspections is only one component, as I was saying earlier, of the overall compliance budget. We may find more or fewer offences as a result of non-inspection activities.

Senator O'BRIEN—So I am to accept that AFMA has underspent its compliance budget every year for the past six years without an impact on its ability to detect the non-compliance with the law and in an environment where the BRS fishing status report released only in February tells us that the number classified as overfished or subject to overfishing in the same period as that budget that I was talking about has increased from 11 to 24 species?

Dr Rayns—The issue around overfished and overfishing is as much to do with how much catch is taken and TACs that are set as anything else. The reality is that a lot of those total allowable catches have come down over the past few years, quite substantially in many cases, to better match a more sustainable extraction of the resource. The other thing I would add is that in terms of the compliance budget and what we are doing, over the past five years our observer effort on fishing vessels has essentially doubled. We are moving from having 1,500 observer days in 2002-03 to next year having 3,000 observer days on our fishing vessels. While observers strictly do not do compliance work, they are there to observe species interactions, by-catch and so forth, what is going on in the fishing boat in terms of discarding and those sort of issues. The reality is that they do have an effect on the fishing industry in terms of compliance levels. Clearly, if you have an observer on your boat or you know you are likely to have one, you are going to play the game a lot more than if you do not.

Senator O'BRIEN—You wait until the next voyage if you are going to do anything wrong.

Dr Rayns—Well, it is a bit more than that. The size of this program is substantial and covers all our major fisheries, in fact. That has certainly helped in getting better compliance and, indeed, better stock assessments for our fisheries.

Senator O'BRIEN—Does AFMA plan to spend its whole budget for domestic compliance this year?

Mr R Wilson—At this point I believe we are on target for expenditure.

Senator O'BRIEN—What is the budget this year?

Mr R Wilson—The budget for the current year is \$4.4 million.

Senator O'BRIEN—So your budget is roughly \$1 million more than last year's spend, then? I have forgotten what your budget was. Your budget in 2005-06 was \$4.4 million and you spent \$3.4 million, roughly.

Mr R Wilson—That is correct.

Senator O'BRIEN—So your budget for 2006-07 is \$4.4 million. You are saying you are on target to spend \$4.4 million.

Mr R Wilson—I can tell you that at the moment, as at 31 March, the compliance expenditure for 2006-07 was \$2.8 million. Because we contract states to undertake a considerable amount of fieldwork on behalf of AFMA and they then invoice AFMA, there may be considerable invoices still to come in to add to that. But, as far as I am aware, we are on track.

Senator O'BRIEN—That number would have you on track with last year's spending, not the budget, I would have thought. Three-quarters of a year. In other words, another third on top of that is about \$3.5 million.

Mr R Wilson—As I said, there are a number of large invoices still to come in from the states for the work that their field officers do on behalf of AFMA.

Senator O'BRIEN—So you know that there are substantial categories which have been incurred that you have not paid?

Mr R Wilson—I know there are commitments still to come into that expenditure figure from 31 March.

Senator O'BRIEN—Historically, how much would that involve?

Mr R Wilson—I would have to take that on notice.

Senator O'BRIEN—Does AFMA remain committed to administering its domestic compliance program as a function of its finance and audit committee?

Mr R Wilson—We conducted a review of the domestic compliance program over the last 12 months. As a result of that review, we have revised the way that the compliance activities will be performed and the risk management of compliance will be undertaken as well. In effect, what it means is that we will in future conduct a certain level of surveillance and monitoring through vessel inspections and the like. But as a result of a risk assessment which will cover all fisheries, not individual fisheries, the compliance team will identify key priority risks and present a risk management plan or an operational plan to manage those risks. The expenditure undertaken under that operational plan will be scrutinised by the AFMA board's finance and audit committee and, I guess, applying some accountability back to industry through that committee.

Senator O'BRIEN—Just going back to the 2006-07 domestic fisheries compliance budget, you said it was about \$4.5 million?

Mr R Wilson—\$4.4 million.

Senator O'BRIEN—Your annual report for 2005-06 says it was \$5.095 million. So you have reduced it?

Mr R Wilson—That may be. As we said earlier, the reductions can be for a range of reasons, including where there are new technologies to be implemented or whatever. There may be a spike in costs one particular year. There may be a more efficient way of conducting surveillance and monitoring and that sort of thing. I cannot tell you off the top of my head just the exact reasons for those reductions as an aggregate. But the compliance costs for some fisheries as a matter of course will go up and down from year to year. I think we cover around 20 different fisheries. There would be a variety of reasons for a fluctuation in the budget.

Senator O'BRIEN—How are your other costs going? Are they on or over budget?

Dr Rayns—Are you speaking generally about AFMA's budget?

Senator O'BRIEN—I am just looking at the 2005-06 annual report. On page 24 there are 11 items over budget and two under budget, one of which is domestic fisheries compliance, according to that throughput chart—the summary of financial performance chart. There are items as much as 42 per cent over budget. We are talking about sums of \$1.2 million, \$2.1 million, \$1.7 million, \$1.1 million and \$3.1 million. So how is this year going?

Dr Rayns—We are within our budget. Our forecast is to have a small surplus at the end of this financial year, probably in the region of a few tens of thousands of dollars. So that is an overall position for AFMA.

Senator O'BRIEN—Is that why domestic fisheries compliance has been underspent? It is trying to make up for other spends?

Dr Rayns—No. I think your earlier point is correct. In a number of areas we are either over- or underspent. It is—

Senator O'BRIEN—Mostly over on that page.

Dr Rayns—This is last year's?

Senator O'BRIEN—Yes, last year's.

Dr Rayns—For this year it is probably not dissimilar that we will have some unders and overs in terms of costs or expenditure. But overall we are tracking on budget. We would not compromise our compliance for the sake of coming in on budget. That is a very important part of our business. It is actually more likely we cut back on things like travel and a number of other clearly less important items than we would with our compliance effort.

Senator O'BRIEN—I am sorry. I overcounted the number of overspends by four because they are in revenue.

Dr Rayns—Yes.

Senator O'BRIEN—Your revenue was up. There were three items with an over \$1 million overspend. In fact, three revenue items increased, as did the total. The total cost of your outputs in 2005-06 increased by \$2.1 million in total terms. Without the underspend on domestic fisheries compliance, it would have been \$3 million. It just presents a picture which would indicate that the underspend on domestic fisheries compliance is deliberate to balance the budget, or try to.

Dr Rayns—I can assure you, Senator, it is not. We would never compromise our compliance effort just to come in on budget.

Senator O'BRIEN—The minister defended the government's record on fisheries management at the previous estimates by claiming the overfishing problem had been around for decades. The BRS report shows the number of fisheries classified as overfished, including overfishing, increased from four in 1997 to 24 this year. In every single year of this government, the number of overfished fisheries has increased. Why in that climate has the government allowed AFMA to reduce domestic compliance?

Mr Hurry—I do not know whether this helps, but if you go back to when those figures were first published in about 1997 you will find that there are a lot of fisheries in that—a whole block of them, I think from memory about 40 of them—whose status was uncertain in that we did not know whether the fisheries were overfished or underfished or overfishing was occurring or not. What we have done subsequently over the years is get a better understanding. We have been able to move them out of the uncertain box and put them in a box that shows they are overfished or they are okay or overfishing is occurring. If you look at the species uncertain now in that BRS table, you will find that fewer fisheries are listed as uncertain and more of them are placed in those other boxes. So there is a relationship between those elements of the BRS report that often is not well understood or well discussed in this process. The focus is on them being overfished. They may well have been overfished before and we did not know. But now we do know, we have got a better understanding and we can actually start to manage it.

Senator O'BRIEN—In 1997 there were four overfished and 31 uncertain.

Mr Hurry—Yes.

Senator O'BRIEN—In 2005, there are 40 overfished and 24 uncertain.

Mr Hurry—It is not 40 overfished.

Senator O'BRIEN—Sorry, 40 uncertain and 24 overfished. Did I recite that the wrong way around?

Mr Hurry—Yes.

Senator Abetz—They are now being assessed as well. The total number of the fish stocks assessed I think is going up as well.

Senator O'BRIEN—The status not classified in this table is zero as at 2005.

Senator Abetz—Yes. But how many are being wiped out? These figures started with the BRS, if I recall correctly, in 1992. It has been a developing body of work. I think you have to keep that in mind as to the numbers. There are tables in the 1995 report that I do not immediately have in front of me. There are comparisons as to how many were uncertain.

Senator O'BRIEN—Are we saying the problem is not increasing?

Senator Abetz—I beg your pardon.

Senator O'BRIEN—Are you saying that the problem of overfishing is not increasing? Are you saying that we do not know now that the problem is bigger and it has not been growing? Is that what you are saying?

Dr Rayns—I think the issue, as Mr Hurry was saying, is around the knowledge we now have of a lot of those fish stocks, which we did not have in the early 1990s when BRS started

its reporting. Simply they either were not reported in the report at all or were reported as uncertain. While we manage the best we can with uncertainty all around us, if we do a formal assessment of a fish stock—and it can often cost a lot of time and research money to do that, and that is what we have done over the years—yes, that has resulted in a number of fish stocks now being classified as overfished or subject to overfishing. The issue for AFMA is taking the corrective action to get them back off that list, particularly with the overfishing first, which is essentially a matter of fishing effort, and the overfished, which is essentially a matter of rebuilding of stock. So, from AFMA's point of view, when we get a new red flag we have to look at that and we have to take corrective action in terms of setting catch levels that are sustainable in the first instance. I believe that is what we have been doing.

Senator Abetz—I would like to amplify that. On page 5 of the 2005 BRS report, there is a very helpful table. It shows that in 1992 when BRS first started on this there were 52. The status was not classified. When we came into government—this confirms the work in progress I have been talking about—there were 35 stock not classified. In 2005 it was zero not classified. So that is why we are getting the non-classified stock slowly being moved up into categories of not overfished, overfished and uncertain et cetera. That is why just using the raw data can be very misleading.

Senator O'BRIEN—With that explanation, I would agree with you. The status not classified number of 40 in 1993 becomes the uncertain of 40 in 2005.

Senator Abetz—No, no, no. It might be the same number. It does not mean it is the same stocks. That is where with statistics we have to be very careful. Otherwise, if that is the same, are you asking where the 34 uncertain have gone to?

Senator O'BRIEN—The nine uncertain have obviously been classified in pure numbers. There are nine more classified compared with the combination of uncertain and status not classified in 1993. That is what it means.

Senator Abetz—If you go to page 5 of that table, if you do a total score of uncertain and not classified, in 1992 you had 61. If you move across to 2005, you have 40 uncertain, zero status. In other words, there is a difference of 21 stock. The stock have not disappeared. They have moved into other areas of the table. I think that makes the point very well.

Senator O'BRIEN—Are you saying that the situation is not now worse?

Senator Abetz—Than when?

Senator O'BRIEN—Than 1996? Are you saying the situation is not worse?

Dr Rayns—I will respond.

Senator O'BRIEN—No. The minister has been exchanging. I would like the minister to answer this question. Does he now say that the situation is not worse than it was in 1996?

Senator Abetz—Since 1996 we have become a lot better informed in relation to the status of the various classifications of our various stocks. A decade's worth of work has gone to inform us. That is very helpful. As I indicated, give credit where it is due. This started off in 1992. If we were to do percentage figures, we could say the previous Labor government presided over half the fish stock not even being classified. But they saw the need for it. Good on them. They got started on it. It was a slow work in progress. Since 1992 through to 2005

Labor and the coalition governments have got that figure of not classified at 52 down to zero. I think we ought to be celebrating that. Where I think you might be headed with the assertions or innuendo that things are getting worse is not a fair picture for the fishing industry.

Senator O'BRIEN—I will say where I am headed. I am headed in the direction of getting an answer as to why in the context of this situation, as bad as it appears from these statistics, AFMA's—

Senator Abetz—It is not bad.

Senator O'BRIEN—spend on domestic compliance declined every year for six years.

Senator IAN MACDONALD—I guess you mentioned earlier—

Senator O'BRIEN—Hang on. I asked a question. I think I am entitled to an answer.

Senator IAN MACDONALD—You mentioned earlier that—

Senator O'BRIEN—No. I am entitled to an answer. You are just butting in again. You are just butting in again.

Senator IAN MACDONALD—The BRS report was coming out shortly.

Senator O'BRIEN—You are running interference.

Senator IAN MACDONALD—That will probably add to—

Senator O'BRIEN—I have asked a question. I am entitled to an answer.

Senator IAN MACDONALD—Senator O'Brien's understanding of the issue—

Senator O'BRIEN—I have asked a question of the minister.

Senator Abetz—Look, there are undoubtedly a whole host of reasons AFMA have indicated to you. I have not heard any complaints from the fishing sector that AFMA have been too soft or not pursuing investigations or prosecutions with sufficient rigor. I think most people accept that they are doing that and the explanations have been provided that information may now be coming to them in different forms. I think we have actually seen in the answer that was given to you what number that was. It is question AFMA 05. It is about the percentage of investigations et cetera from 2002-03. It was 9.72 per cent. It is now up to 15.66 per cent. So there has been—

Senator O'BRIEN—Percentage of trips and landings inspected is 6.47 per cent down to 6.27 per cent. Statistics are statistics. But the question I asked was about why the expenditure, which on the face of it would indicate effort, declined.

Dr Rayns—In response to your linking again of the matter between the BRS report and its overfished and overfishing listed species, my understanding is the way BRS classifies those species is in relation to whether they assess the catch from those species as being sustainable or not. That is the primary aim. There is—

Senator O'BRIEN—Sustainability is the key, isn't it?

Dr Rayns—You are exactly right.

Senator O'BRIEN—That is what overfishing means. It is unsustainable.

Dr Rayns—Overfishing in the long term would be unsustainable. But what I was going to get to was—

Senator Abetz—You can commit offences that do not relate to sustainability.

Senator O'BRIEN—Absolutely, absolutely.

Dr Rayns—Sorry, just to finish: the issue for the BRS and AFMA has been to make sure that TACs are set in line with sustainable levels. It then becomes an issue of making sure that the fishing industry lives by those TACs and quota allocations in the number of cases. My understanding from the BRS is that their primary concern has been that a number of TACs historically, once we found out the status of those resources, have been set too high. The issue for AFMA is making sure that those TACs are brought into line with the sustainable level.

Senator O'BRIEN—The reason I am asking the question is that the answer to AFMA 05 indicates that basically your effort in terms of trips and landing inspections has gone in the wrong direction. Whilst you have done that, you are discovering, generally speaking, an increased number of offences. So, statistically, if your effort was back up to the 2002-03 level, we might well be more effective.

Senator Abetz—Not necessarily. It is a question of better targeting as well. If you want to set up a breathalyser outside a church, for example, there is a fair chance that you can spend a lot of money on it but not get many—

CHAIR—Now what assumptions are you going to make as minister?

Senator Abetz—whereas if you were to set one up outside a pub of a night, you would get a lot more drink drivers. That is just a hunch I have. So you could argue that for the same amount of money, by setting up a breathalyser outside a church as opposed to a hotel, that targeting will get more convictions. Clearly, that is what they have been doing. They have been a lot better targeted. As a result, those percentages in the 2005-06 column are at 15.66 per cent as opposed to 9.72 per cent in 2002-03.

CHAIR—We used to enjoy a little tippie from the altar!

Senator Abetz—Yes, just a little, which would not put you over the limit.

Senator O'BRIEN—It depends how many times. But the point is that the number of trips and landings has decreased.

Senator Abetz—That is right.

Senator O'BRIEN—And a smaller number of inspections is revealing a larger number of investigations or offences.

Senator Abetz—That is right.

Senator O'BRIEN—And the budget that AFMA allocated each year for the last six years was underspent.

Senator Abetz—Yes. And we are getting way—

Senator O'BRIEN—And, in the context of where the stocks are, I am asking how you and your predecessor could let that happen.

Senator Abetz—At the end of the day—it is a bit of a silly comment, with respect, because I do not think you would want ministers determining how some organisation like the Australian Fisheries Management Authority starts undertaking inspections and prosecutions et cetera. That is why we have people charged and requested to do that. We leave that to the experts. They do it well. Just because you spend the money does not mean that you are getting value for the taxpayers' dollar. I am sure AFMA and I would be interested if there are any areas that have been neglected and that people have been talking about at the ports that should be investigated et cetera. By all means feed it into the system.

Senator O'BRIEN—Just as they are unlikely to complain about the compliance effort of AFMA, they are unlikely to tell me that they are breaking the law.

Senator Abetz—That is just an astounding comment to make and a terrible reflection on the totality of the fishing industry. The overwhelming number of fishermen would be concerned to ensure that people are not breaking the law. If what you are saying is that if you go down to the port and say, 'Where could AFMA do better?' they would all be saying, 'No, no, no, we're all in this together in some great conspiracy,' then I would invite you to say that.

Senator O'BRIEN—I would be happy to say what I intend to say.

Senator Abetz—You have already said it.

Senator O'BRIEN—What you just described is not what I said at all. I said that if I went down to the port and talked to fishermen, they would be unlikely to tell me they are breaking the law. It is pretty straightforward to me.

Senator Abetz—Often, might I add, in these sorts of industries it is the people engaged in them that are the eyes and ears et cetera; they are able to provide information. I am sure they report in to AFMA what they might observe and suggest lines of inquiry. I do not know, but I would assume that would happen. Similarly, I have not had those sorts of representations. From what I can gather, you have not either.

Senator O'BRIEN—No.

Senator Abetz—I am willing to say that I believe that the overwhelming majority of fishermen are honest, decent people. If there were any gross illegal activities, there is a fair chance that one or some of them might start reporting it to us. There is no suggestion that AFMA has not or does not follow up those concerns.

Senator O'BRIEN—Yes. Compliance activity discourages anyone who might be thinking about it, no matter how small a proportion of the fleet is involved. Your investigations have discovered that some are breaking the law.

Senator Abetz—That is right.

Senator O'BRIEN—That is the point that I raise. The ANAO report—

Senator Abetz—If nobody were breaking the law, we would not bother having a compliance section.

CHAIR—Have you got an example, just for a nonfisherman, of what they do?

Senator O'BRIEN—Well, taking more than they are supposed to, for one.

Senator Abetz—Under size.

Senator O'BRIEN—Under size. It could be just paperwork.

Mr R Wilson—It can be failure to fill out paperwork. It could be the use of unauthorised fishing gear. Other offences may be a failure to reconcile quota against their catch.

CHAIR—You would get me. I would be gone.

Senator O'BRIEN—There you go. There is the first admission.

Senator Abetz—What? Cod in the dam?

CHAIR—No paperwork.

Senator Abetz—No paperwork.

Mr R Wilson—The point is that some of those offences can be detected through vessel inspections. Others cannot be, such as quota evasion and that sort of thing. So where we would target our funds really depends on where we think the highest risk is.

CHAIR—I have to say, though, that in the South Australian wine district some of the best wine comes out of the Jesuit church at Seven Hills. So I contest that earlier assertion.

Senator Abetz—Not the church. It is the monastery.

CHAIR—Well, it is next door.

Senator Abetz—I said the church, not monastery.

CHAIR—Australia's first boarding school was part of it. It is a nice old church. All the old codgers are buried underneath in the crypt. But it was a beautiful drop of wine.

Senator Abetz—Good.

Senator SIEWERT—Moving right along.

Senator Abetz—But, in their day, I am sure they did not have breathalyser laws.

Senator O'BRIEN—No. They did not. And they probably did not drive. The ANAO handed down its report on the conservation and protection of national threatened species and ecological communities. The report refers to nine fish species under consideration. It was found that with marine fish there are excessive delays in providing expert advice to the threatened species scientific committees. Nine species are under consideration. The average time lapse to list a species exceeds four years et cetera. So which species are they referring to?

Senator Abetz—That is under the EPBC Act, I would imagine. Therefore, you would have to ask the department of the environment.

Senator O'BRIEN—So this department does not know?

Dr Rayns—We are aware of a number of the nominations, yes. They include school shark, orange roughy, eastern gemfish and a suite of deepwater shark species, to my knowledge.

Senator O'BRIEN—Was commercial fishing a factor in the decline of any of those species?

Dr Rayns—Well, the question is that there has been a nomination from a party under the EPBC Act. Whether their representations end up being correct—if there has been a decline

significant enough to list—as far as I am aware has not been determined by the relevant department.

Senator SIEWERT—For which one, sorry?

Dr Rayns—All of them.

Dr O'Connell—I think we are straying into another portfolio's responsibilities. While I know AFMA is engaged in the issue, I am not sure that they are really perhaps up to speed on precisely where that is in terms of that process.

Senator O'BRIEN—Well, it is about commercial fishing, which AFMA has a very important role in.

Dr O'Connell—I know. But the ANAO report was a report about the EPBC Act, as I recall it.

Senator O'BRIEN—I would expect that AFMA would understand whether commercial fishing was still considered a threatening process in relation to any of those species.

Senator Abetz—Possibly what you could ask is whether any of those that are listed are subject to commercial fishing. We could answer that. But then, in relation to whether commercial fishing is having an impact, I think that is more for the environment department and assessments under the EPBC Act.

Senator SIEWERT—But don't you do the conservation plans? Aren't you responsible for the conservation plans?

Dr Rayns—There has been one conservation plan made between AFMA and the DEW for orange roughly. That is not the only outcome that can proceed through a nomination process, as I understand it.

Senator SIEWERT—No, it is not.

Dr Rayns—And it really does depend on how DEW handle that and their processes. We are not aware, as I think has been said, where that is up to at this stage. All we know is that they have been nominated.

Senator O'BRIEN—Does the ministerial directive to AFMA, which was issued on 14 December 2005, include a recovery strategy for each one of the species?

Dr Rayns—The direction itself does not specify that there has to be a recovery strategy for every species, no.

Senator O'BRIEN—Has AFMA and the Department of the Environment and Water Resources determined an agreed joint strategy to recover those species?

Dr Rayns—We work closely with DEW on a number of matters—I have mentioned orange roughly—in developing a formal conservation plan for that species. We have our own actions underway for a number of the other nominated species that we are aware of that sit with DEW. But, as I have said, in terms of how those nominations proceed, I am not aware of where they are up to. You would have to ask that department about what their intentions are with those species at the moment.

Senator Abetz—We have to make a distinction between the one, I think, that has been listed and those that are just nominated at the moment. So they still have to go through an assessment process to determine whether they actually should be on that list. But for the one that is listed we do have a joint conservation management plan.

Senator O'BRIEN—So the orange roughy was listed as conservation dependent in December—

Dr Rayns—That is correct.

Senator O'BRIEN—under the EPBC Act. What does that mean in terms of its management?

Dr Rayns—What it means is that there is a recognition that the fishery has declined and it is in need of rebuilding. We have put an arrangement in front of DEW, which they have found acceptable, in terms of a rebuilding strategy. That has been agreed to by AFMA and the department. So we are currently undertaking that rebuilding program. That involves very low total allowable catch levels in a number of sectors of the fishery to allow that rebuilding to occur.

Senator SIEWERT—Senator O'Brien, I have a series of questions on orange roughy. Is it appropriate that I ask them here, or when you are finished?

Senator O'BRIEN—Sure.

Senator SIEWERT—I want to pick up on where you have left off on orange roughy. You answered a question for me on notice about the east coast deepwater trawl—thank you for providing that information. In that you gave us some detail about the TAC for orange roughy.

Dr Rayns—Yes.

Senator SIEWERT—Then you went on to say in that that there is no aggregation. What we are specifically looking at is the east coast deepwater trawl.

Dr Rayns—Yes.

Senator SIEWERT—In that you said there is no specific known aggregations, spawning or breeding of orange roughy in the east coast trawl. As I understand your answer, that is the reason why there is no TAC for that.

Dr Rayns—The only effective way of commercially fishing for orange roughy is on an aggregation. Most of those aggregations are spawning aggregations or feeding aggregations.

Senator SIEWERT—Under the conservation plan, as I understand it, the conservation plan has been divided up into 11 distinct management zones.

Dr Rayns—Yes.

Senator SIEWERT—That is because that is where the aggregations are.

Dr Rayns—In some cases—

Senator SIEWERT—Sorry. As I understand it, six of those are where the aggregations are.

Dr Rayns—I do not have the plan in front of me, I am sorry, but that does sound about right, yes. There are a number of aggregations in the zone that are known.

Senator SIEWERT—So they are the ones that have the TACs. Then the rest of them do not. They are controlled by by-catch.

Dr Rayns—That is right.

Senator SIEWERT—What you have done in the east coast trawl, for example, is that there is a 50-tonne limit on by-catch.

Dr Rayns—Yes.

Senator SIEWERT—That is for one. As I also understand it, you do not then identify the limits in the other zones. Is that correct?

Dr Rayns—We have limits in quite a number of the zones for orange roughy. They are mainly by-catch limits. For example, in orange roughy eastern zone we have a by-catch limit of 25 tonnes and so forth for a number of those zones, including orange roughy southern. There is a slightly complicating factor here because we are running a 16-month season for the south-east fisheries at the moment. They are moving from a 1 January start date to a 1 May start day.

Senator SIEWERT—So it is a year plus four months?

Dr Rayns—It is a year plus four months. We have had to add the additional four months in there. So for orange roughy east, for that 16-month period, it is 27 tonnes. For orange roughy south, it is 40 tonnes. For orange roughy west, it is 61 tonnes et cetera. They are there as by-catch levels—there are a number of others which I can provide to you—to enable fishing for other species but not allowing the targeting of orange roughy itself.

Senator SIEWERT—The point, though, is that there are six zones which have 500-tonne limits?

Dr Rayns—No. That does not sound right.

Senator SIEWERT—Sorry. The east coast has a 50-tonne limit on by-catch.

Dr Rayns—Yes. Fifty tonnes for orange roughy. That is correct.

Senator SIEWERT—Okay. What do the others have?

Dr Rayns—There are a number of zones in the Great Australian Bight fishery, which you may be referring to. Again, they have a limit on those. We are currently reviewing them because the industry has come back with a type of proposal around those orange roughy areas. I would have to check. I might take this on notice because there is a bit of detail around here.

Senator SIEWERT—That is what I am after. We cannot pick it up from the conservation plan. We cannot pick up some of this detail.

Dr Rayns—I am very happy to provide it.

Senator SIEWERT—As I understand it, the only place you can fish at the moment for orange roughy is Cascades.

Dr Rayns—Cascades is the only target fishery, that is correct.

Senator SIEWERT—What I am looking for is the detail in each of the other management zones of what the by-catch or trigger is for orange roughy. We cannot pick it up from the plan.

Dr Rayns—I am very happy to provide that to you. That is no problem at all.

Senator SIEWERT—That would be appreciated. Once the by-catch limit is reached, how do you then control that? You cannot control by-catch. Does that mean that fishery, whatever it is a by-catch for, stops?

Dr Rayns—We would implement measures to make sure there was no more orange roughy taken. That may well mean closing additional areas to fishing, yes. That would potentially happen.

Senator SIEWERT—The by-catch limit is triggered at 50 tonnes. What else could you do besides closing the fishery?

Dr Rayns—It is very hard to do much else apart from have what we call spatial closures. You look at where that by-catch was taken and close the relevant areas to prevent any more by-catch being taken.

Senator SIEWERT—My next question is: if you can control by-catch, why aren't you doing it anyway? Secondly, has there been any close to date because the by-catch trigger has been reached?

Dr Rayns—No. Not to date. That has not happened to date. We do monitor those. If you require actual catches so far this year, those can be provided as well.

Senator SIEWERT—That would be really appreciated.

Dr Rayns—That is fine.

Senator SIEWERT—So what is the target quota for the Cascades?

Dr Rayns—It is 400 tonne target catch.

Senator SIEWERT—Is that 400 tonnes for the 16 or 12 months?

Dr Rayns—It is 483 tonnes for the 16 months.

Senator SIEWERT—It is 483 tonnes for 16 months, but normally it is \$400?

Dr Rayns—It is 400 tonne per annum, yes.

Senator SIEWERT—Thanks. I think with the other questions I have got, you providing that information will actually answer my other questions.

Dr Rayns—No problem at all.

Senator SIEWERT—Thank you.

CHAIR—Senator Macdonald, would you like to have a bit of a go on a flow? Senator Adams?

Senator Abetz—We have two minutes to go. There is much more on the fisheries.

CHAIR—Senator O'Brien.

Senator Abetz—There is? All right. Let us keep on.

Senator O'BRIEN—We will keep on. At previous estimates, the former managing director of AFMA, Richard McLachlan, said there were ongoing communications between DEW and AFMA regarding EPBC accreditation and endangered and threatened species. What are the formal channels of communication between AFMA and the Department of Environment and Water Resources?

Dr Rayns—From AFMA's point of view, we deal with several members of DEW staff in relation to things like export certification approval for fisheries and so forth. That is a delegate on the DEW side. Mr Andrew MacNee is one of our key contacts over there. He is the delegate who we work with on a number of these export certifications and approvals processes. We also have another group in DEW who work with us on the threatened, endangered and protected species interactions with fisheries. I am not sure of the actual people concerned. But we do have formal channels of communication with a range of different people in DEW.

Senator O'BRIEN—And how could this change under the new commission structure?

Dr Rayns—I am not aware that there will be any change at all from AFMA's point of view.

Senator O'BRIEN—Under the new AFMA commission model, will the minister be accountable for endangered and threatened species as they relate to fisheries?

Mr Murphy—The changes with the commission would primarily be that the chief executive will have responsibility for the finances, the people and for foreign compliance. But the arrangements that exist with the current authority will continue under the new commission arrangements. So those same lines of responsibility that exist now will continue.

Senator O'BRIEN—Thanks for that. We are just about on time. I am not finished with fisheries, but I will be starting another line of questions.

Senator Abetz—Another line of questions?

Senator O'BRIEN—Another line of questions. I am spinning a wide net, yes.

CHAIR—We will break for 15 minutes.

Proceedings suspended from 3.59 pm to 4.16 pm

CHAIR—The committee will resume.

Senator O'BRIEN—I am sure the minister would be aware that the Australian seafood industry has been working very hard to establish a seafood promotions campaign. I understand there is a concerted effort underway to get agreement across the industry to establish a marketing and promotions campaign to counter the economic impact arising from the influx of cheap Asian seafood. I refer to the government's \$13 million Smartraveller campaign, in particular the television advertisements featuring the dodgy prawn. When was the minister or the department first made aware that the Department of Foreign Affairs and Trade was proposing to use the dodgy prawn concept in its strategy?

Senator Abetz—We first became aware of that when the advertisements were displayed. I have not seen the ad, but I have been told about it and representations have been made to DFAT as well.

Senator O'BRIEN—Does the minister believe these ads have the potential to impact on the Australian seafood industry?

Senator Abetz—Hopefully not much, but my view is that it is unhelpful.

Senator O'BRIEN—Was the minister or the department made aware that DFAT had commissioned extensive evaluation of the dodgy prawn campaign concept through qualitative research?

Senator Abetz—No, I was not, nor was the department.

CHAIR—I actually knew about it a few weeks back.

Senator Abetz—No, only dodgy water—that water bottle you bring in every time for AQIS or Biosecurity Australia.

CHAIR—I have still got it.

Senator Abetz—It must be off my now.

Senator O'BRIEN—DFAT, as I am aware, has received numerous complaints from members of the seafood industry. In response, the DFAT Consular Policy Branch says that its research confirmed that the concept of the dodgy prawn was 'engaging'—in other words, they knew it would have an impact and that is why they chose the concept. Why would the government spend taxpayers' money researching the dodgy prawn concept if it did not think it was going to be inflammatory?

Senator Abetz—It would be fair to say that people in DFAT did not exercise their mind as to the potential of such an ad on the prawn sector within Australia. As an advertisement they were concerned that people be properly informed as to what might happen to them overseas. Basically, as I understand it, the line was that if you get food poisoning or something of that nature overseas, you might be up for thousands of dollars if you do not have proper insurance.

In relation to Smartraveller, I fully agree with the concept behind the campaign, the need for the campaign et cetera—I might just add: this is another one that Kevin Rudd would target and thereby not tell the Australian people how to look after themselves overseas. From that point of view, I can understand how the research would have shown that it was an engaging advertisement, that it would alert people to the need to have proper travel insurance et cetera. I dare say nobody in the DFAT turned their mind to the potential, to use a term, collateral damage that may be occasioned by the ad, and that is what we are looking at as we speak.

Senator O'BRIEN—Will the government make available to the industry the underpinning research that was done for the ad?

Senator Abetz—I would assume not and, quite frankly, the industry has not requested that of me. What they have said to me in general terms is: 'We can fully understand the reason for the ad. It's good public policy et cetera. Chances are nobody set their mind to the collateral damage. We're concerned about that, as you might imagine. What can we do about it?' That is what we are trying to explore as we speak.

CHAIR—It would be fair to say it was a cut-through ad that was too site specific.

Senator Abetz—Yes, that is a good way of describing it.

Senator O'BRIEN—I am advised DFAT's Consular Policy Branch has responded to complainants that 'their concerns are misplaced'. Does the minister agree with DFAT's assessment?

Senator Abetz—I am not aware of whether DFAT have or have not said that. I do not know whether prawn consumption has gone up or down as a result of this ad, but what I am willing to say is that I think the ad with the specificity of a prawn was unhelpful.

Senator O'BRIEN—I have got a copy of an email from Bassim Blazey of the Consular Policy Branch of DFAT, in which he says, 'While we understand you have concerns about the advertisement, we genuinely consider they are misplaced.'

Senator Abetz—That is what they are saying.

Senator O'BRIEN—So you are now aware of that. Have you sought an explanation from DFAT as to the extent which it considered were the potential flow-on impacts to the domestic seafood industry, or is your answer that they did not and they told you that they did not?

Mr Hurry—I met with Mr Blazey last week and raised the issue of this ad with him and the concerns that the seafood industry has about it, particularly those that have come through the minister's office. We are trying to do some work with DFAT at the moment to see whether we can change some of the voice-overs in the ads and deal with the issue of the dodgy prawn to try and turn it into something that is more palatable for everybody—not that prawns are unpalatable. We just want to try and find a way of better expressing the message, I suppose, so that it is understood. We are in discussions with DFAT.

Senator O'BRIEN—Minister, have you made any representations to the foreign minister with a view to having the campaign ads suspended?

Senator Abetz—There is a draft letter in my office that I ticked off on this morning. So, given the discussions that have been ongoing at a departmental level, I have decided I will be writing to reinforce that to the minister himself.

Senator O'BRIEN—Have you spoken to the minister prior to this?

Senator Abetz—No, I have not.

CHAIR—Of course, all prawns in Australia are well inspected and are wonderful tucker.

Senator Abetz—Especially if they are Australian grown.

CHAIR—I was not going to say that.

Senator Abetz—I was very anxious to try to work through this behind the scenes rather than give this even more publicity, which will potentially do even more damage.

Senator O'BRIEN—I disagree.

Senator Abetz—That is why you can be assured, and the industry I know is assured, that I am working on this and trying to achieve an outcome.

Senator O'BRIEN—Will the minister or the department take action to remedy the impact these ads may have had on consumer confidence in Australian seafood?

Senator Abetz—That is hugely hypothetical. We do not know whether it has or has not; it may have. I would not share that view, but it may be that the industry has been a bit

hypersensitive about it. My view is that it is unhelpful. I would like to think we can resolve this, but let us see what we can do it without raising too much of a storm around it.

Senator O'BRIEN—It would be strange that the Australian government, through the Australian Centre for International Agricultural Research, would spend millions of taxpayer dollars investing in prawn aquaculture research in South-East Asia on the one hand and on the other tell Australian travellers not to eat them.

Senator Abetz—No, that is not what they are doing at all.

Senator O'BRIEN—That is the effect.

Senator Abetz—I say it is these sort of glib lines that undoubtedly people are hoping might get into the media that will actually do the damage to the prawn sector in this country.

Senator O'BRIEN—I doubt it.

Senator Abetz—That is why I invite Senator O'Brien to take a more sober view of this rather than just seeking a headline, if he is genuinely concerned about the prawn sector. Overwhelmingly, I am sure the prawns in South-East Asia or elsewhere are all good healthy prawns and the vast majority of people who consume them will not get food poisoning.

CHAIR—I do not know whether I prefer the prawns or the crispy grasshoppers you can get up there!

Senator O'BRIEN—It is the wrong ad. What assistance has the minister provided to the Australian prawn farming industry in their efforts to establish a marketing promotions levy alongside their R&D levy?

Senator Abetz—There have been numerous meetings and numerous discussions, and the department is looking at it. Regarding levies, that falls in Susan Ley's section, I think.

Dr Kalish—I can provide a brief summary of where we are at. The Australian Prawn Farmers Association contacted the department regarding the establishment of a marketing and promotion levy—a compulsory levy for that association and its members. We have been discussing that with them for some time. There are a range of issues regarding development of a levy for a relatively small number of payers. It was determined that to establish a levy for a relatively small amount—and it was estimated that about \$400,000 would be collected—the cost of running the levy and the administration associated with disbursement of those moneys for marketing and promotion would not justify such a small levy collection system. We are looking at a different type of levy arrangement that would consider the broader seafood industry and take up levies from a range of seafood sectors—for example, the Australian prawn farmers sector, the wild prawn sector, the rock lobster sectors, abalone sectors and so on.

CHAIR—Would that include the importers of prawns?

Dr Kalish—No, at this point in time we have not considered prawn importers for this. The goal is to achieve a total levy payment in the order of \$3 million to \$4 million. That is viewed as the level of payment that would be adequate to ensure the smooth running of an operation—essentially an industry services body—that could disburse the levy for the

purposes of marketing and promotion. We are in the process of looking into the details of such an arrangement.

Senator O'BRIEN—I understand that the Australian Prawn Farmers Association was given an undertaking by the minister last year that the levy would be supported provided the industry met the government's levy requirements.

Mr Hurry—We are trying to find a model that makes the levy workable in a way that does not cost the prawn farmers money. I think John's view, and we have been working this through with the Fisheries Research and Development Corporation and with industry as well, is to try and find a broader program that gives us the dollars we need to have an effective marketing campaign more broadly across the seafood industry that justifies the cost of the administration. The cost of administering the \$400,000 levy for the prawn farmers means there will not be very much money left out of it for research, and it is fundamentally unfair. We are trying to find a model that actually works for them so we can help them.

Senator O'BRIEN—The industry wants it; they met the government's levy requirements back in February 2006. Now, 15 months on, and only six sitting weeks left before October, it does not appear as though the promise is going to be met.

Dr Kalish—In terms of meeting the levy requirements, there were some issues in terms of probity and ensuring that the administration of the levy would be adequate for disbursement in terms of identifying an independent board of directors, for example. Their initial board comprised members of the Australian Prawn Farmers Association, for example, and they thought they would have economised by using the same board member. However, that is neither practical nor possible under the government requirements for these kinds of forums. They must be able to demonstrate independence. There are a range of issues that needed to be resolved.

Senator O'BRIEN—Independence from the Prawn Farmers Association?

Dr Kalish—Yes, essentially they had to ensure that they were independent in that they would not favour any particular operator in the Prawn Farmers Association. There were a range of operators—some small, some large—but the disbursement of the levy for marketing and promotion purposes essentially had to ensure—

Senator O'BRIEN—Are you saying there is no levy collection board which has people on it from the industry it is collecting levies from?

Dr Kalish—The levies are collected by the government.

Senator O'BRIEN—Yes, that is the board.

Dr Kalish—They are disbursed after collection by the government. They are disbursed by the board for marketing and promotion activities.

Senator Abetz—I understand that, verbally, at least, the prawn growers have agreed to our general approach, that this should be a general levy structure. Frustrated as they are, and I understand that, I think they can see the wisdom of meeting certain other criteria, which they have now met, but which I do not think they had met in February 2006, or had they?

Dr Kalish—No.

Senator Abetz—It was substantially thereafter, if I recall.

Senator O'BRIEN—I guess that is not their view, but that may be a contestable view.

Senator Abetz—I do not think that is their view, but we can find that out later. Correct me if I am wrong, but the proposal that was around, if it was already around in February 2006, would not have met the government's requirements. I do not think they have said this consequently but they may have been of the view that they had met the guidelines in February 2006, but once they were told that there were certain other requirements, they realised that they had to move.

CHAIR—They would have ended up with \$100,000 to spend on research by the sound of it. In defence of the Australian prawn farmers and providers, it is a bit like a chef: if you have a good enough chef, you can have your restaurant in the basement. Australian-bred prawns are very good prawns.

Senator Abetz—They are very good.

Senator O'BRIEN—There are plenty of basement restaurants that have gone under, no matter how good the food was. What we are saying is there will not be levy legislation for the prawn industry this year; there might be some other instrument if the rest of the industry agrees.

Dr Kalish—We have put in a bid for spring for legislation.

Senator O'BRIEN—You have got agreement from the other sectors?

Dr Kalish—We are working on this. Some of them have already indicated a very high level of interest, and those include the rock lobster sector, wild prawn and abalone sectors, all which are larger than the farmed prawn sector.

Senator O'BRIEN—There is a bid in for August?

Dr Kalish—Yes, for spring.

Senator O'BRIEN—Is it not the spring sessions?

Dr Kalish—September.

Senator O'BRIEN—The Minister for the Environment and Water Resources, Mr Turnbull, has announced a plan to pump water from the Clarence River in northern New South Wales into south-east Queensland. Is the minister aware of the Clarence River supporting a \$40 million fishing industry with more than 500 local fishing industry jobs?

Senator Abetz—I am not aware of the extent of the fishery et cetera, but that is clearly a state fishery.

Senator O'BRIEN—It is not a matter for the department?

Senator Abetz—I have no control as minister for fisheries over those fisheries.

Senator O'BRIEN—I am interested because there is a growing body of scientific evidence which shows a strong link between river flows and fisheries productivity.

Senator Abetz—Of course there is; there is no doubt about that. I would have thought the prawn sector is one such fishery. Most of the breeding grounds are also within the three

nautical mile state zone, and so that would be up for the state government planning authorities.

Dr Rayns—Under the current offshore constitutional settlement between the Commonwealth and the state of New South Wales, the state manages almost all the fisheries adjacent to the north coast of New South Wales, out to 80 nautical miles. It really is a state fishery issue.

Senator O'BRIEN—This department has no intention of having anything to say about that, I take it?

Mr Quinlivan—The issue has not actually arisen yet; I think it has just been a proposal that has been floated. It would be subject to environmental impact assessments and so on, and at that time we would make a contribution.

Senator O'BRIEN—Have fishers from that area made approaches to this department about the matter?

Mr Hurry—Not that I am aware of.

Mr Quinlivan—Not to my knowledge, no.

Senator O'BRIEN—I refer to the list of questions on notice for fisheries and forestry 2005 from additional estimates in February. Despite the Australian government's contract with Seafood Services Australia, there is no available report on investigations and prosecutions, and so the department cannot advise whether there has been one prosecution arising from the hotline despite more than 164 complaints. Does the contract with SSA require them to follow up with the states?

Dr Kalish—I can answer that one. The previous contract with SSA, Seafood Services Australia, does not require follow-up with the states, but we are in the process of establishing a new contract with SSA and we are discussing the establishment of memoranda of understanding with the states that would require Seafood Services Australia to ensure that the states follow up any calls and confirm any actions that have been taken in relation to complaints received over the hotline.

Senator O'BRIEN—The SSA recently announced a new online hotline; does the telephone hotline still operate?

Dr Kalish—Yes, it does.

Senator O'BRIEN—Did the government provide any additional resources to SSA to develop the online hotline?

Dr Kalish—I believe it is the same funding.

Senator O'BRIEN—When former Minister Ian Macdonald announced the hotline back in 2005 he indicated that the states would be kept honest through a regular report to parliament on seafood labelling breaches. Has the government or the minister, either the current or the previous minister, tabled any such report in the parliament?

Senator Abetz—I would have to have a look to see what the statement said and see what the context of it all was. I think everybody agrees that the hotline is a good idea and, as an absolute minimum, it is serving as a great disincentive for people to try to commit fraud.

Senator O'BRIEN—I take it there is no commitment that you know of to tabling a report in parliament?

Senator Abetz—I am not aware of one.

Dr Kalish—There has been a report, but not a report that was intended to be tabled before parliament. I cannot recall the date, but we can certainly provide you with a copy of that report.

Senator O'BRIEN—Has the department done any analysis to determine whether the hotline is achieving its objectives?

Dr Kalish—A review of the hotline is envisaged in the near future. That is part of the budgeting of the activity.

Senator O'BRIEN—I understand the Australian fish name standard is going to the board of standards next week or thereabouts. Has the minister provided any commitments to the industry in relation to assisting with the implementation of the standard?

Mr Hurry—We will take that on notice. I am reasonably sure that we have not, but we can follow that up.

Senator O'BRIEN—Has the government committed to providing any promotional support for the standard?

Mr Hurry—No, but the Fisheries Research and Development Corporation may be involved in this in some way. I will take that on notice and talk to the FRDC and report back.

Senator O'BRIEN—In terms of present government policy, what is the policy relating to illegal fishing in the Australian Fishing Zone?

Senator Abetz—Our policy is zero tolerance. I am not sure what you actually mean by that, but our policy is that we do not like it and we want to get rid of it. I am not sure what you are getting at.

Senator O'BRIEN—Does the Royal Australian Navy play any role in relation to enforcing this policy?

Mr Hurry—Yes.

Senator Abetz—Yes, it does.

Senator O'BRIEN—Have they been involved in interception or boarding activities in relation to illegal fishing in the last 12 months?

Senator Abetz—Yes, they have been, especially in northern Australia, but—

Senator O'BRIEN—In the Australian Fishing Zone?

Senator Abetz—The Australian Fishing Zone is within our 200-nautical mile exclusive economic zone, which of course is completely different from the international waters down near the Antarctic.

Senator O'BRIEN—Except for around Heard, McDonald and Macquarie islands.

Senator Abetz—Yes, which is policed anyway by the *Oceanic Viking* and with treaty arrangements that we have with France and we are just about to have with South Africa. I

have signed an in-principle document that is going to be fleshed out and hopefully become a treaty between our two countries. Is it a treaty or an agreement?

Mr Hurry—It would have to be similar to the one that we have with France, which is a treaty.

Senator Abetz—Yes, a treaty.

Senator O'BRIEN—In terms of the present government policy, would the operation of whaling vessels in the Australian Fishing Zone constitute illegal fishing?

Senator Abetz—In a bizarre way—and a lot of people get confused by this, but I am able to duck questions on whaling because whales are mammals and not fish—mammals fit into the department of the environment. Anybody who was pursuing whales within an area for which we have jurisdiction would not be prosecuted under our fisheries management legislation; they would be prosecuted under our environmental legislation.

Senator O'BRIEN—We will enforce our fishing zone with the Navy, but if there is whaling in that zone, we will not enforce it?

Senator Abetz—No, that is not what I said at all.

Senator O'BRIEN—So we will enforce it with the Navy?

Senator Abetz—But not under the fisheries management legislation; it would be under the environmental legislation.

Senator O'BRIEN—That is a matter of the choice of our legislative construct, is it?

Senator Abetz—Fisheries management deal with fish and the scientists tell me that whales are mammals and, therefore, not fish.

Dr O'Connell—Whales and whaling are regulated under the Environment Protection and Biodiversity Conservation Act 1999, and the EEZ is a whale sanctuary under that act so it is regulated under that act.

Senator O'BRIEN—If dolphins were being caught, would that be a breach of the fishing act?

Senator Abetz—Is that a fish under the Fisheries Management Act 1991?

Dr Rayns—The issue again of the cetaceans, big and small, is under the EPBC Act. We do have arrangements in place, where dolphins are accidentally taken by fisherman, to report those and so forth.

Senator O'BRIEN—What happens if they are taken deliberately?

Dr O'Connell—That then is under the EPBC Act.

Senator O'BRIEN—What arrangements are in place in relation to the Australian Fisheries Management Authority's role when they become aware of that?

Dr Rayns—AFMA is required to report to the department of the environment any interaction it is aware of with a threatened, endangered or protected species. We do so on either a quarterly or six-monthly basis.

Senator O'BRIEN—Not immediately?

Dr Rayns—If there is any serious interaction, and by that I mean if there is a multiple interaction or a frequent one, then, yes, we will report it immediately. From time to time the fishing industry does interact with a wide range of threatened, endangered and protected species. We are required to report that, as I have said.

Senator O'BRIEN—The difference is these animals are cetaceans and not considered fish?

Dr Rayns—That is right.

Senator O'BRIEN—And not the responsibility of this department?

Senator Abetz—No; let us be perfectly clear on this. We know where you are going on this. The simple fact is that, in any illegal activity over an area which is internationally recognised as being Australia's territory, we can use our naval vessels to enforce our law. We cannot do so in the Antarctic waters, which are in fact a demilitarised zone, and that is where the Labor Party's suggestion of using naval vessels to stop whaling is so completely out of whack.

Senator O'BRIEN—I asked about the Australian Fishing Zone—

Senator Abetz—Yes, I know that.

Senator O'BRIEN—which is not the area you were talking about.

Senator Abetz—You were just trying to spin it out.

Senator O'BRIEN—You keep making those statements, but that was not what I asked.

Senator Abetz—That is not the Labor Party policy—'only if in the Australian Fishing Zone'. The Australian Labor Party's policy is 'in the Antarctic waters even out of those areas that are recognised as being part of our territory.' That is where you guys got yourselves into trouble.

Senator O'BRIEN—I quote Senator Ian Macdonald, who said on 15 June 2006:

The simple answer is: where we protect patagonian toothfish with gunboats, we do the same for whaling because it is within Australia's exclusive economic zone.

Is that true?

Senator Abetz—'Exclusive economic zone'. That would be—

Senator O'BRIEN—Patagonian toothfish are around Heard and McDonald Islands.

Dr O'Connell—Yes, and that is recognised by all parties as our EEZ and there the Australian whale sanctuary would be enforced.

Senator O'BRIEN—We would enforce it with the Navy?

Dr O'Connell—There is no whaling in that area. The whaling occurs further away from there.

Senator Abetz—The Labor Party cannot hide on those two islands because that is not where the whaling occurs.

Senator O'BRIEN—If we encountered whaling activity in those zones—

Senator Abetz—'If'.

Dr O'Connell—It is hypothetical, but it would be most unlikely that Japan would enter our EEZ in Heard and McDonald Islands to whale.

Senator O'BRIEN—I did not mention Japan. I asked about the concept of illegal whaling.

Senator Abetz—Who else harvests whales down there?

Senator O'BRIEN—I do not know.

Dr O'Connell—If there was illegal whaling—just as if there is illegal fishing—I would expect that we would enforce the law.

Senator Abetz—There is a big difference between our territorial zone, which is acknowledged under international law, and the other areas in which the whaling occurs. As I understand it, there has not been any suggestion that any country has, or intends to, undertake whaling operations within our economic zone. If that is the case, then one wonders where the Labor Party policy is going.

Senator O'BRIEN—We can have a debate about policy, but I wanted to ask some questions about the difference between enforcement in the Australian Fishing Zone. The other issues may well be dealt with elsewhere, but my questions were about the Australian Fishing Zone.

Senator Abetz—But there is no whaling activities that take place, as far as I know, in our exclusive economic zone.

Senator O'BRIEN—On page 21 of the 2007-08 portfolio budget statement, in relation to the Australian Seafood Industry Council—I think we have discussed at an earlier stage: the \$100,000 movement of funds between years for this program—indicates there was zero allocation for 2006-07. We know the Australian Seafood Industry Council recently went into administration and soon after went into liquidation. I am advised that a significant proportion of the \$70,000 of ASIC funds available after liquidation went into fees to the administrator. Is this the reason why there was a zero allocation in 2006-07?

Mr Hurry—I will check, but I am reasonably sure that the funds for ASIC were paid in arrears and that we were just about on target with our funding payments at the time that organisation went into receivership. I am sure that it was not used in any way to pay the administrator. I would be sure about that, but I will check. I am sure I am right.

Senator O'BRIEN—With the \$200,000 allocated for ASIC in 2007-08, does the government anticipate it reforming?

Mr Hurry—The FRDC has some funding in a program working with the Commonwealth Fisheries Association, some of the state agencies and the bigger industry players to see whether or not, out of ASIC, another fishing industry organisation will arise that we would all welcome as a united voice for the industry. We actually want the industry to bring the proposal forward. The agreement was that we would hold this money and if a new body came forward, then it would be able to be utilised or accessed by them to kick-start the new organisation and get it up and running.

Senator O'BRIEN—Currently there is an organisation representing the interests of Commonwealth managed fishers called the Commonwealth Managed Fisheries Association. Given this, what level of support is there likely to be for the re-establishment of ASIC?

Mr Hurry—No, the Commonwealth Fisheries Association was put in place principally by some of the bigger players who operate in Commonwealth fisheries. It has an office here in Canberra; it has got the old ASIC office. Peter Franklin operates as its de facto CEO here in Canberra. They have never wanted to cover the full range of issues covered by the Australian Seafood Industry Council. They had their own block of work that they used to lobby the government about—access and fishing arrangements inside Commonwealth fisheries. They have now found themselves in a position where they have had to cover a bit of a broader mandate of issues from industry, but it is not something that they welcome or not something that they believe they should continue to do on behalf of all the Australian fishing industry. ASIC was underpinned not only by the Commonwealth operators but significantly by the state fishing industry associations as well. It is trying to get an organisation as a national representative or lobby organisation that covers the interests of the whole lot of the Australian fishing industry—not just the commercial operators in the Commonwealth fisheries. It is there and it is helping at the moment, but they do not see it as their ongoing role. They are working with the FRDC to try and bring a new organisation forward.

Senator O'BRIEN—What funding does the government currently provide for the CMFA?

Senator Abetz—It is the CFA.

Mr Hurry—The Commonwealth Fisheries Association.

Senator Abetz—Yes, there is no 'Management' in the title.

Mr Hurry—DAFF is not providing funding to the Commonwealth Fisheries Association. My understanding is that it is fully funded. I do not know whether there are any other agencies that provide funding to them.

Senator O'BRIEN—What undertakings has the government given to the fishing industry concerning its commitment to ASIC?

Senator Abetz—I have said to them on a number of occasions that the \$100,000 that used to be available in principal is still available, but I would be loathe to make the \$100,000 available if we became, with that \$100,000, sort of the senior partner again in terms of financing. ASIC ran out of money—that is why it went into administration and liquidation—and unless the industry is going to be a lot more serious with dollars in making a lot more of a contribution, then we are not minded to use \$100,000 to set up what will undoubtedly fall over again in a couple of years time. We have asked the industry to get serious and, as Mr Hurry has indicated to you, the FRDC is trying to assist in facilitating that.

Senator O'BRIEN—What level of industry cash support will the government expect before committing to provide additional funds to a re-established ASIC?

Senator Abetz—I do not think we have put a figure on it, but I would think hundreds of thousands would be needed from the industry before they would excite our interest.

Senator O'BRIEN—What multiple: 200, 300?

Senator Abetz—Five.

Senator O'BRIEN—\$500,000.

Senator Abetz—Just a rough figure, I do not know. We would look at a proposal on its merits but if I can send a message to industry—and I think I did that in Brisbane when we had that roundtable—it has got to be a serious lump of money.

Senator O'BRIEN—That is why I asked for an approximate amount. \$100,000 is serious, but you are saying that is not enough?

Senator O'BRIEN—No.

Mr Hurry—It depends a bit on the type of model that they bring forward for which they are looking for funding and where the state fishing industry councils decide to play a role as well. To date it has not proven to be a very successful funding model, having a federal lobby group rely on the state agencies to fund it. I think it needs a broader base in its funding model, but it depends on the type of structure that is brought forward. The FRDC is working with industry and with the CFA to see whether they can get a decision from industry to actually fund a future organisation.

Senator O'BRIEN—Maybe they see no interest, given the answers I got to my Clarence River questions, in terms of the Commonwealth's interest in the state managed fishery organisations. That is what they predominantly are, aren't they?

Mr Hurry—I do not know whether there is a link between those two, but I suppose one of the other considerations has always been that there are some fairly powerful sectoral lobby groups inside the fishing industry anyway, groups like the Australian Tuna Boat Owners Association, the salmon growers in Tasmania and the rock lobster operators in Western Australia. They tend to lobby and market on their own behalf, anyway. Whether they see usefulness in having a broader, national organisation, I think is a decision they have to take.

Senator O'BRIEN—In terms of fisheries resources research, how much of this program's funding is expected to be spent in the coming financial year?

Mr Murphy—We are expecting to spend all the money this financial year.

Senator O'BRIEN—Is it even spending over the year or are you expecting it to be—

Mr Murphy—There are a large number of projects that are funded, and it depends very much on the nature of the projects being progressed. But it is a fairly typical even spend through the year.

Senator O'BRIEN—In table 2.7, for the fisheries structural adjustment package, \$895,000 was allocated in 2006-07. Can you give me a breakdown of those funds between the subprograms of the structural adjustment package.

Senator Abetz—What page?

Senator O'BRIEN—Table 2.7, pages 25 and 26.

Mr Talbot—I can probably answer that question. I was managing the fishery structural adjustment process. Basically the total figure was \$220 million when the package was announced. Funds went out in 2006-07 for a two-round tender process which was

approximately \$149 million. Funding also went out for part of the onshore related assistance program in relation to assistance for skippers and crew, some business advice assistance in terms of both tender processes and also for business advice and assistance for the onshore assistance process. Also, money has gone out in relation to the \$15 million in terms of the AFMA levy subsidy—I think that was \$7 million for this year—and also \$2 million for improved science compliance and data collection. There will be money next financial year to pay for onshore business assistance payments—there is a second round of that—and also they are getting the funding agreements ready for the first round of onshore business assistance at the moment. Also, there will be money next year for the Fishing Community Assistance program, for levy subsidy and also for the science compliance and data collection. We expect the last two, the levy subsidy and the science compliance and data collection, to go over three financial years.

Senator O'BRIEN—Can you give me a breakdown—that is, \$53,298,000 as a breakdown between those four items?

Mr Murphy—I can. The money that was carried over this year is \$27.196 million. The \$53.298 million is made up of \$26.390 million for the onshore business assistance, \$19.9 million for the fishing community assistance and then, as John said, there is money for the research and also money for the AFMA levy subsidy. The sum total of that is \$53.298 million. As John said, round 1 of the onshore assistance has completed; round 2 closes tomorrow, the 25th. On the back of that an evaluation and recommendations will be made to the delegates as to support for onshore business assistance which will take shape over the next few months.

Senator O'BRIEN—Can I be provided with an updated list of licence and entitlements buybacks by fishery and associated costings?

Senator Abetz—I think we have made some of that available.

Senator O'BRIEN—I did say an updated list.

Mr Murphy—There has been very little movement of that in recent times.

Senator O'BRIEN—Are you able to tell me it has not changed?

Mr Murphy—There was one very minor change—I think about \$63,000 was the last payment—but we can provide you with an updated table. It has not changed much from what you have seen.

Senator O'BRIEN—Is there a fishery-by-fishery estimate of the reduction of effort arising from the buyback?

Mr Murphy—There have been small numbers that have changed, only very small numbers.

Mr Quinlivan—That is a question for AFMA.

Dr Rayns—The answer is: yes, we can provide that to you in terms of the changes in entitlement numbers. We will take that on notice.

Senator O'BRIEN—When does the government believe the overfishing will cease?

Senator Abetz—That is a very broad question. Are you talking about a particular fishery?

Senator O'BRIEN—Certainly the fisheries in which you have been engaged in licensed buybacks.

Senator Abetz—The overfishing in fact is not related to the buyback but the total allowable catches that is set by AFMA—

Dr Rayns—That is right.

Senator Abetz—That is what determines whether or not there is actual overfishing in a particular fishery. As you might imagine, the total allowable catches have been adjusted quite substantially in some areas, which helped us in our determination to buy some out. The two were related.

Senator O'BRIEN—The BRS talks about overfishing, which I think we agreed was unsustainable fishing. In those areas in which the buyback took place, can we take it that the government believes that overfishing ceases upon the implementation of those buybacks?

Dr Rayns—I can speak for AFMA. AFMA's decisions in relation to TACs, total allowable catches, that have been set for each of those fisheries and the effort levels we have set in those fisheries should, we believe, deal with the overfishing issue to the extent we can in the Australian Fishing Zone, bearing in mind that a number of those fish stocks are international stocks and we do not have complete control over their utilisation.

Senator O'BRIEN—The allowable catch is based on sustainability, is it?

Dr Rayns—Yes, that is correct.

Senator O'BRIEN—If we are achieving the allowable catch are you saying it would be a sustainable fishery?

Dr Rayns—Yes.

Senator O'BRIEN—Does it then follow that the belief is that those fisheries will not then be the subject of overfishing?

Dr Rayns—That is correct; that is the aim of setting the TAC at the levels we have. Can I just clarify, though, that it does not mean they will cease to become overfished. In some cases a number of years of rebuilding will be required before those fisheries can be regarded as no longer overfished.

Senator O'BRIEN—How far into the future? Can you give me a number by—

Dr Rayns—I can give you a couple—we are dealing here with about 40 or 50 fish stocks. For some species, such as orange roughy, which are very long-lived, it could literally take decades for them to recover to the target level we are after; for other, shorter lived species, it may take only two, three or four years. It is quite a variable process.

Senator Abetz—I think we have released a draft—

Senator O'BRIEN—Except the terminology you were using was 'overfished' and I used the terminology 'overfishing'.

Dr Rayns—Sorry—overfishing. We believe the TACs we have currently set in our domestic fisheries should lead to a cessation of overfishing.

Senator O'BRIEN—As of?

Dr Rayns—As of the year they are applied.

Senator O'BRIEN—When will they be in effect?

Senator Abetz—The Commonwealth harvest strategy we hope will be in place on 1 January next year, 2008, and there is a draft strategy out at the moment.

Mr Murphy—The draft strategy was out for comment, and comments closed on 11 May. We received comments from about 20 organisations which are being considered at the moment. The steering group will consider those tomorrow. We will be working up some further drafts on the back of that and advise the minister in late June or July. As the minister said, it will be for him to decide whether he is comfortable working towards that January 2008 date he just mentioned.

Senator O'BRIEN—Were the buybacks achieved through a tender process?

Senator Abetz—That is right, a voluntary tender process, and they were assessed by an independent panel—that is, a departmental panel including one industry representative.

Mr Talbot—One industry.

Senator Abetz—They made determinations on all sorts of interesting calculations that I am sure Mr Talbot could take you through if you were interested to determine what to do with the money.

Senator O'BRIEN—Remind me how much has been spent on these buybacks?

Mr Talbot—Just under \$150 million.

Senator O'BRIEN—How many fisheries have those buybacks applied in?

Mr Talbot—The tender process was open to all Commonwealth fisheries. There were four target fisheries in the first round, and in the second round there were two target fisheries as two of the target fisheries were well subscribed and we had bids that we accepted in the first round.

Senator O'BRIEN—In total, is that four fisheries?

Mr Talbot—No, four target fisheries.

Senator Abetz—Four target fisheries, but anybody with a Commonwealth licence or entitlement was entitled to put in a tender.

Senator O'BRIEN—Did you prefer tenders in selected fisheries?

Mr Talbot—When we talk about target fisheries we are saying that we certainly were aiming to take the majority of licences out of those fisheries, therefore there was more money allocated towards those fisheries.

Senator O'BRIEN—Can you tell me now how much was allocated by fishery?

Mr Talbot—I can tell you how much was initially allocated under each round. We will take that one on notice and come back to you, but can I just clarify that the question is the amount of money committed to each fishery?

Senator O'BRIEN—I want to know if you had a budget for each fishery and how much you actually spent in each fishery, and certainly in your target fisheries.

Mr Talbot—I can certainly give you figures for the money that was spent in each fishery, and I would have to take on notice the amounts that were allocated for each fishery. Talking about the amounts committed in each fishery, in the first round the department spent \$89.42 million. It spent \$16.505 million in the Northern Prawn Fishery, \$118,000 in the Bass Strait fishery, \$31.31 million in the Eastern Tuna and Billfish Fishery, \$36.402 million in the SESSF and \$2.085 million in the other Commonwealth fisheries. I should make a statement that, although these were the amounts paid out that we have allocated or committed towards these fisheries, in terms of the allocation process, because we were getting bundles of licenses where people had put in bids for multiple licenses, in some cases because we were assessing the total package, these can only be considered approximations.

In terms of round 2, it spent \$52.189 million in the Northern Prawn Fishery, \$1.55 million in the Bass Strait fishery, \$0.18 million in the Eastern Tuna and Billfish Fishery, \$3.74 million in the Southern and Eastern Scalefish and Shark Fishery and \$1.72 million in other fisheries. That adds up to about \$59.36 million.

Senator O'BRIEN—In the first round, was the \$36-odd million to the south-east trawl fishery?

Mr Talbot—It is the Southern and Eastern Scalefish and Shark Fishery—the SESS fishery.

Senator O'BRIEN—How many licenses were taken out of the fisheries?

Mr Talbot—Our statement on this is that, in terms of fisheries concessions, we have generally said over 550, and we have put up a table on the website. The reason we have made that statement is that there are a variety of different fishing concession structures. For example, for the Northern Prawn Fishery we had a target there: we were buying out class B statutory fishing rights and we were also buying out gear SFRs. In the SESS fishery we were buying fishing concessions and we were also buying quota. When we use the figure of greater than 550 fishing concessions we are really talking primarily about the licences or the fishing concessions we bought out, not the gear SFRs or the quotas.

Mr Hurry—If it helps, in questions on notice after the last estimates meeting on fisheries and forestry, question on notice 04, we provided a table in attachment 1 that detailed all the concession buybacks by fisheries. I do not know whether that is the information you are looking for, but it is in that table.

Senator O'BRIEN—I will go back and check that one, thank you. It does not look like the one you said it is.

Senator Abetz—Let us try again: F and F 04, not AFMA 04. Could that be the problem?

Senator O'BRIEN—This is AFMA 04.

Mr Hurry—It is F and F 04.

Senator Abetz—It is F and F 04, and that is AFMA 04?

Senator O'BRIEN—Yes.

Mr Talbot—The table to which I have been referring is actually up on the website as well.

Senator O'BRIEN—It seems the total is different. If I heard you correctly, Mr Talbot, you were talking about \$159 million, or did you say \$149 million?

Mr Talbot—I said just less than \$150 million.

Senator Abetz—It is a round figure of \$150 million.

Senator O'BRIEN—This is \$148.580 million, so it requires minor updating.

Mr Murphy—As I said, there have been some minor changes to that—and they are very minor—that get it to the \$149 million.

Senator O'BRIEN—Do you have any idea of where those who surrendered or sold back concessions were based? Have you got any figures on that?

Senator Abetz—We issued some information on that. It has been somewhat difficult to try to actually determine because the fisherman or company may be based, let us say, in Hobart but deliver their fish to Eden, for example. So where it is actually going to have an impact may vary. We did provide a table. I think Tasmania, for example, had the most 'other', if I recall, the descriptions.

Mr Talbot—We did a geographic spread of the accepted tenders. The minister is quite correct: where there were large numbers we identified the ports and put the numbers in. Where they were small ports and where people could be easily identified, we put them down as undefined ports. My understanding is that we have also made this document public.

Senator Abetz—I understand that is on the website as well.

Mr Talbot—That is correct, Minister. In terms of the areas that were most affected, they were certainly down the New South Wales South Coast, in Victoria, in parts of Tasmania and also a few ports further north.

Senator O'BRIEN—Like the northern prawn fishery.

Mr Talbot—Yes, in Darwin and Cairns.

Senator O'BRIEN—What is the timetable for the outstanding spend to be committed?

Mr Murphy—Round 2 closes tomorrow. There will be a process then of consolidating and evaluating those. There is a panel that will then provide the delegates with advice on those proposals. We are working towards a timetable and, by the time we do the evaluation and work through all of that, it will probably be about August when we will be in a position to make a recommendation to the delegates.

Mr Talbot—Mr Murphy is referring to the onshore business assistance payments and the fishing community assistance payments. On top of that in terms of making up the \$220 million, there are the levy subsidy payments to AFMA which started this year. They will go on for a further two years; they are a three-year program. There is also one other payment that will go on for another two years. It is as to the improved science, compliance and data collection, which will go for three years too.

Senator O'BRIEN—How does the onshore business assistance program work? What is the maximum grant available?

Mr Murphy—There are three components: there is a component to help those exit the industry, and that is up to \$100,000; there is a component to assist adversely affected

businesses, which goes to \$250,000; and there is a component to assist communities, which is typically \$500,000.

Senator O'BRIEN—That is not the onshore business assistance one?

Mr Talbot—No, that is the fishing community assistance one.

Senator O'BRIEN—So there are two components to the onshore business assistance?

Mr Talbot—Yes.

Senator O'BRIEN—Who is eligible for the exiting the industry grants? Presumably it is those who have had their tender to sell back their concessions—

Mr Murphy—No, these are focused on onshore businesses. These are people who have been adversely affected and have businesses onshore.

Senator Abetz—Potentially fuel suppliers or victualling or engineering companies—that sort of stuff.

Mr Murphy—There are some criteria. Obviously, they have to be in affected areas, they had to be financially viable and they have to demonstrate that their business has been severely adversely affected by the concession buy-back.

Senator O'BRIEN—So the panel will assess those and report to the delegate?

Mr Murphy—The panel will assess those and make recommendations to the delegate.

Senator O'BRIEN—I think you have told us on previous occasions who the panel is.

Mr Murphy—Sorry?

Senator O'BRIEN—Who is on the panel?

Senator Abetz—Sorry, on this, yes we have. Or have we? The direct fish grants panel is one I think we have told you about previously. I think that is the one.

Mr Murphy—The panel is chaired by Peter Neville. Also on the panel are Bob Lister from Tasmania; Gary Dolman from the Department of Transport and Regional Services; Michael Kaine, who is an experienced consultant used to working with primary industries and fisheries restructuring; Diana Gibbs, who is an economist and has a lot of relevant experience in this restructuring area; and I am also a panel member.

Senator Abetz—And highly qualified.

Senator O'BRIEN—Fancy Mr Dolman getting into an area like this. He has got a great deal of experience with things like the Regional Partnerships Program.

Mr Hurry—Yes.

Mr Murphy—We in fact are leveraging off that network as well.

Senator O'BRIEN—You are leveraging off that network?

Mr Murphy—Yes.

Senator O'BRIEN—The regional partnership network?

Mr Murphy—In dispersing the information out to people we are using the networks that Transport and Regional Services has.

Senator O'BRIEN—The ACCs?

Mr Talbot—Yes, particularly for the fishing community assistance program we are using the ACC network.

Mr Murphy—Amongst other means.

Senator O'BRIEN—Where would I find references to other expenditure under the Fisheries Administration Act in the PBS?

Mr Quinlivan—Are you asking for detail behind the reference on the table on page 25 for expenditure under the Fisheries Administration Act?

Senator O'BRIEN—Yes.

Mr Quinlivan—They are principally payments to AFMA which are reflected in the AFMA section in the second half.

Senator O'BRIEN—When you say 'principally', what do you mean?

Mr Quinlivan—The payments to AFMA come in two forms: there are the levies collected from the industry and then paid to AFMA and then there is the government contribution.

Dr Rayns—Table 2.1 on page 91 picks that up.

Senator O'BRIEN—So the \$43.385 million is the Commonwealth contribution?

Dr Rayns—Yes.

Senator O'BRIEN—The number under expenditure under the Fisheries Administration Act is \$41.386 million. You are getting more than the amount on page 25. Is that how I should understand it?

Mr Quinlivan—I know there was some discussion on reconciling these numbers yesterday, but I was not present for all of it. I think it best that we take this on notice and make sure that we give you the correct answer. I presume it is the one that was described yesterday, but I am not sure of the detail.

Senator O'BRIEN—There have been a lot of numbers in these estimates. I am not going to venture an opinion at this stage, but it does appear that there is a \$2 million difference—I will not say discrepancy yet—between page 25 and page 91 for an amount which I think is supposed to be for the same thing? Am I wrong?

Dr Rayns—We take it on notice but it may well be that the \$2 million per annum AFMA is receiving under the data, science and compliance program is not included, but we will check that for you.

Senator O'BRIEN—I look forward to that explanation.

Mr Murphy—I suspect that the \$2 million is the \$2 million to which I referred earlier. It comes out of the \$53.298 million which goes to AFMA for the—

Senator O'BRIEN—Levies.

Mr Murphy—Yes, but we can confirm that.

Senator Abetz—Basically, the tables are saying the same thing.

Senator O'BRIEN—The number is the same but the source is different.

Senator Abetz—No.

Dr Rayns—If you look at table 2.1, you will see that there is a \$5 million levy subsidy. The amount that is not there is the \$2 million for data, science and compliance, which is part of the money that my colleague is talking about.

Mr Murphy—It is part of the \$53.298 million, which then gives you the \$43.385 million that goes to AFMA in addition to the five.

Senator O'BRIEN—Does it follow then that you are better off this year, Dr Rayns?

Dr Rayns—It follows that we have got more to do.

Senator Abetz—Very coy.

Senator O'BRIEN—That as well?

Dr Rayns—Yes, Senator.

Senator O'BRIEN—I have a question on the RecFish Australia money, the \$100,000, which is on page 25. How much is expected to be expended in the first half of the coming financial year?

Mr Hurry—It is paid to RecFish Australia on a regular basis.

Mr Murphy—It is typically paid at even points during the year. So it would be spread throughout the year.

Mr Hurry—It is paid on the back of a successful report from RecFish Australia.

Senator O'BRIEN—When is that due in?

Mr Murphy—They usually come in every six months.

Senator O'BRIEN—We have talked before about the Recreational Fishing Community Grants. Two and a half million dollars has moved between years.

Mr Hurry—Yes.

Senator O'BRIEN—The PBS for the current budget estimates \$8.3 million will require that a significant number of additional successful projects be funded. What evidence is there that the program is on track to meet the spending commitment?

Mr Murphy—To date we have approved 266 projects over four phases or four stages and the fifth phase of the program closes tomorrow, Friday. Again, if we make some assumptions about a similar sort of uptake as we have seen in the first four and as those projects gain momentum—as you can imagine it takes 12 months for some of them to complete—it is reasonable to assume that we would spend that money next year.

Senator O'BRIEN—Why was there an underspend this year?

Mr Murphy—There was a major underspend in the first year which carried into the second year which then carried into the next year. As I said, as the projects are approved they then need to get momentum and be finalised. So we are, in fact, seeing a delay of 12 months from when projects are approved to when they are completed. That is where you have seen a move from year one to two and two to three. As I said, we have now got 266 projects

approved, and we will have others coming out of round five as of tomorrow. They will then be completed as they follow on in this next financial year.

Senator O'BRIEN—How much in total have the 266 projects cost over the four phases to date?

Mr Murphy—So far in the order of \$10 million has been committed.

Senator O'BRIEN—Over the 266 projects?

Mr Murphy—Yes.

Senator O'BRIEN—Does that mean that there is more money to be spent on those projects?

Mr Murphy—No. We know what we are dealing with in dollar terms for each of those 266 projects. As I said, the sum total of those is, I think, just over \$10 million. From Monday of next week, we will know what we are dealing with from round five.

Mr Hurry—The \$10 million has not all been paid out yet; some of it will be paid out on finalisation of the projects.

Senator O'BRIEN—Hence the word 'commitment'.

Mr Hurry—We know we have committed that much but we have not actually paid it all out.

Mr Murphy—They are periodic payments. As they make progress reports, payments are made.

Senator O'BRIEN—So part of the \$8.3 million is money for some of those 266 projects?

Mr Murphy—Exactly right.

Mr Hurry—Yes.

Senator O'BRIEN—Two and a half million?

Mr Murphy—There is \$2½ million that has carried over from this year to next year.

Senator O'BRIEN—Is that because it has committed to projects that have already been approved?

Mr Murphy—We are making assumptions also in round five that there will be additional projects approved. So the sum total of that should see us spend the \$8.3 million.

Senator O'BRIEN—How much in round five are you able to make commitments for?

Mr Murphy—As I said, a bit over \$10 million has been committed in rounds one to four. So there is the balance of that.

Senator O'BRIEN—What is the balance? That is what I am trying to find out.

Mr Murphy—Just short of \$5 million. It is, I think, about \$4.7 million.

Senator O'BRIEN—How many Australians have directly benefited from the projects already granted?

Senator Abetz—That is a highly speculative figure. You asked: how many Australians have benefited? Do you want to know how many people have passed over each boat ramp or

used a particular fishing cleaning facility? We would not know. It is like asking about who benefits from a road construction. Unless you have done a traffic count of all the pushbikes, horses and people that walk along it, you would not know.

Senator O'BRIEN—With roads, you often do a cost-benefit analysis. Presumably an applicant tells you that a proportion of the community use a particular facility.

Senator Abetz—That is right.

Senator O'BRIEN—Hence the question.

Senator Abetz—But we cannot verify that with exact numbers or any sort of accuracy, I would have thought.

Mr Murphy—Some of the projects are also educational programs around safety and protection of key sites. It is very difficult to put a number on that.

Senator Abetz—We would like to think every Australian—

Mr Murphy—I think I have seen a figure that there are as many as 3.5 million regular recreational fishers in Australia. You would think that a big chunk of those would be benefactors at some point in time.

Senator O'BRIEN—Beneficiaries, you mean.

Senator Abetz—Yes, but there is also the Western Australian 'Addicted to fishing not drugs' program.

Mr Hurry—Yes, the educational program.

Senator Abetz—Yes. That has a potentially huge benefit not just for recreational fishers.

Senator O'BRIEN—How many staff in the department are allocated to administer this program?

Mr Murphy—For that particular program there are 3.46. Three are full time and one is part time.

Senator O'BRIEN—What is the cost per annum of that administration and does that come out of this grants program?

Mr Murphy—It is \$300,000 a year from the program.

Senator O'BRIEN—Out of the Recreation Fishing Community Grants Program?

Mr Murphy—It comes out of the \$15 million.

Senator O'BRIEN—On the moneys on page 25 allocated to the Torres Strait Prawn Fishery, is the \$600,000 for estimated expenses already expended or is it likely to be expended between now and the end of the financial year?

Mr Murphy—There are two components of this: there is a subsidy for AFMA fees and there is also some research. The research has been committed; we have contracted Queensland DPI to do that research over the next couple of years. As I said, there is money paid each year to AFMA—\$250,000 to offset the levies.

Senator O'BRIEN—Is that in the AFMA budget numbers about which we were just talking?

Mr Murphy—I would assume so.

Senator O'BRIEN—Perhaps we can get a breakdown of where the money comes from that makes up the numbers in that budget.

Mr Quinlivan—Yes, we can do that.

Senator O'BRIEN—We keep getting surprised. I do not have any more fishing questions.

Senator Abetz—Excellent. Thank you.

CHAIR—Given the focus on water, do you think that in time there ought to be more environmental planning put around the establishment of plantation forestry? Given that the direst predictions are of, at worst, a halving of the amount of run-off in the Murray-Darling Basin and, at best, a quarter of a decline in the run-off, will we eventually have to have as part of that planning process for plantation forestry, which is a great and robust industry, water licences approved to the interception for the forest?

Senator Abetz—These are all policy issues that will have to be—

CHAIR—Yes, but is there science? Have you done the science on that?

Senator Abetz—I do not think we have the science on water licences.

CHAIR—To start to think about the long term—

Senator Abetz—But as to water usage, there have been some—

CHAIR—The CSIRO has that paper out now which flags it all.

Mr Quinlivan—That National Water Initiative, which is already agreed policy between the Commonwealth and the states, includes a provision for the sort of thing you have talked about because it envisages water budgets on a catchment-by-catchment basis, including all significant interceptions, of which plantation forestry is one in some cases.

CHAIR—Yes. Do you agree, Mr Quinlivan, that the 2020 Vision has been a great initiative to encourage investment in forestry?

Mr Quinlivan—Yes.

CHAIR—The first of those MISs are now maturing. Great Southern Plantations matured 1994 and 1995 and, in maturing them, they brought them back into Great Southern exports. They brought them into a fully owned subsidiary and they topped the dividend up by 50 per cent from an outside source so that the \$3,300 you got as a tax deduction up-front became \$5,128 in the dividend, showing a 5.5 per cent return over 11 years. They would not have achieved that without the artificial injection of the dividend from outside the source of the investment. All of this I have referred to ASIC, by the way. As those lots are now maturing, those people are being encouraged to reinvest again with Great Southern and are being offered a 10 per cent discount, I understand, based on the return from the 1994 and 1995 maturities which are propped up with about a 50 per cent injection from outside the investment. Do you think that that could lead to—

Senator Abetz—The officials here are forestry experts.

CHAIR—Do you have a comment on the wisdom of that strategy?

Senator Abetz—There are a lot of assertions in what you have just said, Chair. One thing that I do know is that Great Southern have had most of what you said disclosed publicly.

CHAIR—That is right.

Senator Abetz—The reason they would do that, they assert, is that, early on, some of the returns when they were in the start-off phase did not provide as good returns as otherwise may have been expected. They are long-term players in the market. They are interested in keeping a good reputation and they are therefore willing to take the hit now.

CHAIR—That is good.

Senator Abetz—Whether their explanation, that I hope I have done some justice, is right, or whether your assertions are right and whether that is good, bad or indifferent, is, with great respect, not for us to debate and talk about; but you have referred it to ASIC and ASIC can deal with it.

CHAIR—That is fair enough. Given that part of what is on the record is that on the second time that the board decided to do that, the chairman of the board and a very prominent accountant on the board, as well as the legal person on the board, resigned in protest at the protocol that they were recommending, I have my grave reservations. As you say, Minister Abetz, I have referred it all to ASIC.

Senator Abetz—Yes, and ASIC will undoubtedly make a determination in due course.

Senator O'BRIEN—On the subject of forestry managed investment schemes, has the department done any research on how much additional capacity for expansion of plantation forestry can be accommodated? Perhaps I will withdraw that and I will ask this question first: has the department done any research on whether the changes to agricultural managed investment schemes will result in a shift of investment away from non-forestry into forestry MIS?

CHAIR—It is already showing up. The answer is yes.

Senator Abetz—It is going to depend on what the test case ultimately does.

CHAIR—For this year's coming financial year there is already a vertical equation back into timber.

Mr Quinlivan—I do not know if we have particularly researched it, because the proposition seems to just stand as a matter of logic.

CHAIR—Is there a strategy even for the MISs—god bless them!—to come to terms with the interception effect and perhaps encourage them—through the various grant moneys that are around for what was proposed a couple of years ago—to take some of the forestry into where you can get a salinity credit, rather than by putting it in the higher rainfall areas, where, as that Loddon study showed, you increase the salinity at the stream flow? Is there any work being done to encourage the science of the double credit, as it were: to fulfil the 2020 Vision plus get a salinity credit? A lot of where we are putting plantation forestry now is actually increasing the salinity problem.

Mr Quinlivan—There has been some research done by CSIRO. Firstly there is no commercial market for salinity credits, as you described them, so it is not actually a potential revenue source at present.

CHAIR—No, just a return to Mother Earth.

Mr Quinlivan—Secondly, the research that CSIRO and others have done has suggested that the productivity loss between the high and the low rainfall zones is very significant—

CHAIR—It is.

Mr Quinlivan—and quite difficult to make up by way of a subsidy that might be a surrogate salinity credit.

CHAIR—So, because there is an exemption, by and large, under the 2020 Vision for the environmental planning side of this—

Senator Abetz—Is there?

CHAIR—Yes, there is. When are we going to come to terms with that?

Senator O'BRIEN—Areas that are set aside for timber production are exempt.

Senator Abetz—RFAs are an exemption.

CHAIR—That is what I am talking about.

Senator O'BRIEN—Areas set aside for timber production under RFAs are exempt, yes, but not generally.

CHAIR—Is it time that they came into—

Senator Abetz—That is a policy issue.

CHAIR—This is a serious issue.

Senator Abetz—Yes, it is.

CHAIR—Everyone is running away from it, pretending it is not there and hiding under the blanket on it.

Senator Abetz—No.

CHAIR—What is the justification for no environmental planning around RFAs?

Senator Abetz—What? That is a very broad statement: 'no environmental planning around RFAs'—I would object to that.

CHAIR—No, I mean there are certain exemptions in place. There are; there is no getting away from that.

Mr Hurry—No, but they have got to be consistent with the principles of the EPBC Act, so they are not—

CHAIR—With great respect, Mr Hurry, in all the river management plans that were put out in New South Wales two or three years ago, there was not a stitch, a sentence, a line that referred the management of the river and the flow of the river to the interception effect of the plantation forestry. When in the hell are we going to come to terms with that?

Mr Quinlivan—It is the same question as you asked earlier, and I said that the National Water Initiative provides a framework for doing just that. There is a timeframe for implementation; I forget the precise details.

CHAIR—In the meantime, Mr Quinlivan, if you go to Delegate, Bombala, Craigie or somewhere like that, and you talk to the cockies there, they would tell you that four, five or six years ago you could go there and catch a trout: ‘Yeah mate, you can catch a fish in that stream.’ If you go there now, there is no stream.

Senator O’BRIEN—We have been in drought for five years.

CHAIR—No, forget the drought.

Senator Abetz—Yes, very convenient.

CHAIR—No, forget all that. There has been a serious interception in the run-off and we all know that. The scientists all know it. What are we going to do about it?

Senator Abetz—These are the sort of inflammatory statements—

CHAIR—No, they’re not inflammatory.

Senator Abetz—You are saying that the lack of trout in that particular stream is solely a result of the plantation.

CHAIR—Not the trout, the water. Forget about the fish; think about the water.

Senator Abetz—You mentioned the fish, now we are only talking about the water.

CHAIR—The fish go with the water.

Senator Abetz—So you do want to talk about the fish? Make up your mind, chair. I am happy to engage you on either, but just make up your mind.

CHAIR—You can see why I want to get rid of two out of three lawyers, can’t you?

Senator Abetz—I just want to know what the discussion is so that we can answer it.

CHAIR—In the CSIRO document, which is part of the future of Australia and how we may have to reconfigure rural and regional Australia, are the sums on the run-off for the Murray-Darling Basin. Part of this has been as a result of a blind eye on some of this interception stuff, and I think that it should be fully accounted. It is no different to the argument I put on the overland flow of the Lower Balonne.

Senator Abetz—Nobody is arguing with that, but it is not part of the forest portfolio.

CHAIR—I would have thought that the environmental planning should be a very important part of the portfolio.

Senator Abetz—No, because the interception might also be dealing with situations such as the Cubbie Station, starting at the top, and then all the wildfires that have gone through the Murray-Darling Basin and the impact on that, et cetera.

CHAIR—Excuse me; what did you say about Cubbie?

Senator Abetz—Sorry?

CHAIR—What was the statement about Cubbie? Talk about something you know about, mate.

Senator Abetz—I was hoping you might be asleep.

CHAIR—I am not.

Senator Abetz—That is not in this area.

CHAIR—After that interception, we will go back to questions.

Senator O'BRIEN—Has the department done any research on how much additional capacity for expansion of plantation forestry can be accommodated? If there is going to be more investment through this change in the MIS structure, what is the capacity for expansion? Have you done any work on it?

Mr Quinlivan—There is the project which I referred to earlier, which is quite illustrative of the problems as you move down the rainfall gradient. Beyond that it becomes largely a matter of costs and prices really. Tony, I know, is aware of what is currently being said within the industry about prospects for expansion, but we have not done any research beyond that. There is the low rainfall question, which is where there is a major policy issue for us.

CHAIR—What is the industry saying?

Mr Bartlett—It is a complex question, but there has been a lot of work done about land that is potentially suitable for growing plantations. BRS have co-ordinated some of that work, and probably more importantly, a large part of it has been done through the regional plantation development committee. It is decentralised work; each of those local, regional committees has been looking at that. If you want to know the total figures, I would have to take that on notice. As far as I am aware, it way exceeds the estimated three million hectares of plantations that the 2020 Vision talks about. There is a very big difference between land suitability and land availability; that is where it all comes into play.

CHAIR—Have they decided what is the cut-off figure for rainfall?

Senator Abetz—It depends, as I understand it, on the type of tree. There are attempts being made to get trees that can go in the lower—

CHAIR—Could you just run us through the different types of trees and their different suitabilities to the rainfall?

Mr Bartlett—Most commercial forestry operations operate above 600 millimetres of average rainfall, but there are some variations.

CHAIR—The intersection at 24 inches is not all that significant. It is when you get to 40 inches.

Mr Quinlivan—That is the cost price productivity issue that we have been referring to.

Senator O'BRIEN—At 600 it would be marginal in most cases, would it not?

Mr Bartlett—I used to manage the plantations around Canberra, and the ones that survived the fire out past Queanbeyan are on much less than 600 millimetres of rainfall.

Senator O'BRIEN—How long have they taken?

Mr Bartlett—They are slow growing but—

CHAIR—It is beautiful timber.

Mr Bartlett—the timber is quite good because it is slow growing.

Senator O'BRIEN—How long would they take for—

Mr Bartlett—They were managed on a 35-year rotation.

Senator Abetz—You like that one because it was a government funded one.

Senator O'BRIEN—That is right.

CHAIR—Whoever designed the ones west of Canberra, to put a fuse for a fire into Canberra, had nuts in their head.

Senator Abetz—It was people being allowed to build too close after the event that was the—

CHAIR—Yes, but it is ridiculous. Putting a fire bomb on the upwind side of a place—give me a break.

Senator O'BRIEN—Could you tell me what involvement this department had in developing the government's recently tabled legislation affecting forestry MISs contained in Tax Laws Amendment (2007 Measures No. 3) Bill 2007?

Mr Bartlett—Are you referring to just the recent announcements or the whole process?

Senator O'BRIEN—The whole process of that bill?

Mr Bartlett—The review of plantation taxation arrangements?

Senator Abetz—There has been a huge involvement by the department and myself and between Forestry, the Assistant Treasurer's office or Treasury, Taxation and Industry, and it has been going backwards and forwards over a long period of time, especially since the budget announcement in 2006.

Senator O'BRIEN—What aspects of the legislation has the department worked on or had an input in?

Mr Bartlett—We have had involvement in the whole process from the time the announcements were made in December. We have worked with Treasury and participated in all of the interdepartmental meetings and also in the meetings that were held with industry. We provided them with specific advice, particularly in relation to the forest policy aspects of the secondary market issue.

Senator O'BRIEN—Contained in this legislation will be a rule that forestry MISs are required to have at least 70 per cent of invested funds directed towards 'direct forestry expenditure, including planting, maintenance and harvesting of forest plantations'. Does the department have a view on the capacity of the forestry industry to meet the 70 per cent rule as specified in the legislation?

Mr Bartlett—No, the department does not have a view on that.

Senator O'BRIEN—Was the department involved during the development of this legislation on any aspects of either the 70 per cent figure itself or what types of activities fall within this 70 per cent requirement?

Mr Bartlett—The 70 per cent figure was not a departmental issue. If you are referring to what constitutes direct forestry activities, the answer is yes, in two ways. We were asked by Treasury to provide them with a list of what we thought would constitute direct forestry activities and then we were asked to comment on the lists that were prepared by industry. We had two lots of involvement.

Senator O'BRIEN—Prior to the announcement of changes to the forestry MISs, was the minister and/or the department consulted about whether a 70 per cent rule would be appropriate?

Senator Abetz—Yes.

Senator O'BRIEN—Was the department consulted?

Mr Bartlett—We were involved in providing advice to the minister's office in relation to the cabinet consideration of this whole issue, and there were a range of different percentage figures that people talked about, or even different models, with fixed limits and things like that. We provided advice to the minister on all of those aspects when they became available, but we were not the ones that generated a 70 per cent figure.

Senator O'BRIEN—You were not aware of the 70 per cent rule?

Mr Bartlett—We were asked to provide some information about it once—

Senator O'BRIEN—Once it had been determined?

Mr Bartlett—That is correct.

Mr Quinlivan—No, I am sorry; once it had been proposed.

Mr Bartlett—Yes, that is correct.

Senator O'BRIEN—Has the department consulted with communities in rural and regional Australia about how the changes to non-forest MISs are going to affect investment and jobs in their region?

Mr Bartlett—That is not an issue for the forest branch.

Mr Quinlivan—Not directly, although there have been discussions with some of the various industry sectors about what it will mean for their future investment paths and so on.

Senator Abetz—When you are saying the department, are you talking about the Department of Agriculture, Fisheries and Forestry or the forestry section that we have before us?

Mr Quinlivan—I was answering in a generic way for non-forestry.

Senator Abetz—Yes, I thought you were, and Mr Bartlett was referring specifically.

Senator O'BRIEN—Also in the legislation is the ability for forestry MISs to enter secondary markets after four years. Did the department have any involvement in the development of the secondary market model that will apply to forestry MISs?

Mr Bartlett—Yes, as I said, we were heavily involved in that process and provided Treasury with some specific advice on it.

Senator O'BRIEN—Has the department done any research or analysis to determine if a four-year period before secondary markets can commence is the most appropriate model to apply to forestry?

Mr Bartlett—The short answer to your question is no, because it is not possible to research something that has not been tried before.

CHAIR—Is there a capital gains effect in all of that—a tax effect?

Senator Abetz—Yes.

Mr Bartlett—There potentially could be, depending on the price that it sold at in the market place.

CHAIR—You get your tax deduction up front, if you are the MIS investor, you provide the river of gold to the promoter, and after four years you cash out having got the full benefit of the tax deduction and none of that gets passed back to the person who buys into what I call the bunny market—the maturing end of the investment, with no capital gain. Where do you draw the line on this capital gains tax?

Senator Abetz—It is income tax.

Mr Quinlivan—It becomes a capital item after that sale. It is a capital investment in the hands of the buyer.

Senator O'BRIEN—So the gain on the investment is taxable?

CHAIR—The tax deduction up front is a tax deduction because allegedly it is a management fee, 70 per cent of which is going into the trees. Wouldn't some of that tax benefit want to follow the investment into the trees for the second half and not all accumulate with the bloke who took the unit at the start? If it is genuinely 70 per cent that is going to be spent on the trees that you get the tax deduction for, and obviously in the management of forest after four years, depending on the forest, it might be six feet or eight feet of trees, but there is still management and spraying and all the rest of it. What happens then? I have the tax deduction up front for the management of the trees for however many years. Do you ignore that?

Senator Abetz—No, that is all part—

CHAIR—Why should I get the tax deduction then if part of the management work which I have paid for up front has not been done. Are you assuming all the work gets done in the first year or two?

Senator Abetz—No. It is more a tax issue and should really be asked of Treasury. But, in general terms, the new purchaser of the allotment will be making a purchase on the basis that there will be ongoing management of that allotment by the operator.

CHAIR—He will then collect tax benefits?

Senator O'BRIEN—Aren't there two principles involved? Firstly, for the seller, the income from the sale is treated as capital gain, isn't it?

Senator Abetz—Yes.

Senator O'BRIEN—That is entirely treated as capital gain?

Senator Abetz—Yes, but with a separate regime, as I understand it, and I will have to refresh my memory. I do not want to give tax advice, but I do not think that they get the benefit of some of the capital gain offsets or the 50 per cent.

CHAIR—But you have the full benefit of the management of the forest tax deduction up front. After four years, if I were to invest and I got that sort of a tax deduction, which is a 100-per-cent write-off in four years, I would not be looking for it; I would just get out of it as quickly as I could.

Senator O'BRIEN—You would be taking a loss.

CHAIR—No you would not, if you got the tax deduction.

Senator O'BRIEN—It depends what you got for the investment.

Senator Abetz—Not necessarily.

CHAIR—Have they thought this through?

Senator Abetz—Absolutely, there was huge discussion about this, and I would have thought, especially for you, Chair, who always talks about these rivers of gold, if there is going to be one thing that will inject further honesty and integrity into the market, it is going to be the secondary market. Because, if the allotment of trees after four years as a commercial proposition is, let us say, worth only \$10 but somebody has bought under MIS at huge inflated prices certain people always assert of, let us say, \$20, when realised four years later they can only flog it for \$10 and they may well be upset. Therefore that will be a driver on the price that is offered by the MIS schemes at the beginning.

CHAIR—But the offloading after four years is not into another MIS; it is just a private investment.

Senator Abetz—That is right—no, same manager.

Senator O'BRIEN—It is in the MIS, it is just a different owner, same manager.

Senator Abetz—Yes, same manager, who will have the responsibility to show that 70 per cent of the initial amount of money—

CHAIR—Was spent in the first four years.

Senator Abetz—No, over the life of the—

CHAIR—How can I claim that in my tax deduction when I invest?

Senator Abetz—That is why you have to be in it for a minimum of four years, and the new purchaser will be paying you a proportion for that and that is what you will be paying tax on as well, if you make a profit.

CHAIR—Forget about it.

Senator Abetz—That is what is going to provide the real market integrity in this MIS sector.

CHAIR—Forget about it.

Senator Abetz—If I might say, even more so than the 70-30, but we will see. It is all speculative at the moment.

CHAIR—As for the area of land, 25 per cent of the Ord is now—there is plenty of potential up in that country still.

Senator O'BRIEN—Was the department aware that a secondary market model was going to apply to forestry MISs prior to its announcement?

Senator Abetz—They would have known that it was being considered. At the end of the day, cabinet and the government makes these decisions. It would be fair to say that the department would have been aware of its contemplation because, as Mr Bartlett has indicated, a lot of work was done on it.

Senator O'BRIEN—What model did you work on if you did not know about the four-year model?

Senator Abetz—I do not want to give too much away, but various models were suggested and proposed as to where cut-offs ought to be for what MIS purchases ought to be considered. The whole gamut was considered and after a stack of consultation and good advice from Treasury, tax and of course, from Mr Bartlett and Forestry, cabinet struck on a decision.

Senator O'BRIEN—Do we know how much additional hardwood plantation forestry is going to be required to meet Australia's long-term hardwood needs?

Mr Quinlivan—To meet Australia's long-term hardwood needs?

Mr Bartlett—We do not actually forecast hardwood needs separately from timber needs, so that is a difficult question to answer.

Senator Abetz—Also can I indicate, in relation to sawmillable timber—if that is where you are getting to: the long-term needs—that is where the secondary market will also assist in getting investors not only to think, 'I've got to be in this, I'll invest in pulp,' and with the secondary market there will be the opportunity to sell out and buy in and hopefully encourage a sawlog market.

Senator O'BRIEN—As you are no doubt aware, there is a sawlog capacity with nitans as is being managed by a company in Tasmania. That is one species at this stage, which as I understand it, is a cooler climate species, unlike globulus. Also, other species may be available, particularly if pruned, which is where your long-term rotation might come in. We have a discussion about pulpwood—and I notice that Gunns was talking about encouraging plantation investment with a lower charge than others to get into their managed investment product—but I am just looking for the vision which underpins the ongoing investment, particularly in hardwood plantations, to encourage a meeting of our needs and a replacement of imports.

Mr Bartlett—First of all, the 2020 Vision does not set a government policy or vision about how much of the plantations that we are trying to achieve should be hardwood or softwood or short rotation or long rotation, and that is a deliberate action on the part of governments, plural—and, to a degree, industry because they are all partners in that strategy—to leave that to the marketplace to decide what is the appropriate balance. Decisions ought to be made on the basis of what is commercially possible and viable.

Senator O'BRIEN—The government has already accepted that it will not leave it simply to the market with the MIS structure. The MIS structure is designed to encourage investment.

Mr Bartlett—That is right, but we do not tell people that they have to have a particular MIS that grows this species or that.

Senator O'BRIEN—I accept that; that is right.

Mr Bartlett—I was going to go on to say that quite a number of the MIS companies either already have existing products for long rotation, either eucalypts in northern Australia or some other tropical timbers that they are looking at further developing. FEA, that you mentioned, have nitans in Tasmania, but in northern New South Wales they have other species growing there as well. It is an emerging area.

Senator O'BRIEN—It is not as good a prospect, I can tell you.

Mr Bartlett—The impediment was the ability to raise money to do that sort of MIS product. It is okay in terms of a 14-year rotation, which is what they are using in Tasmania, but if you start talking about 30- or 50-year rotations, it is very difficult to get a private investor to put their money up if they cannot exit. The whole idea of this new mechanism is to encourage people to invest in long rotation, both softwood and hardwood.

Senator O'BRIEN—I would have thought there were two aspects to it. One is to encourage a transparency about the advisor's role, and the advisor's role will be revealed fairly early. If someone wants to sell and they have led people to have expectations that a product will be marketable, and marketable in the short-term at a particular price.

Mr Bartlett—That is certainly correct.

Senator O'BRIEN—In terms of encouraging long-term rotation, I have certainly not done a study to see how the tax regime will work for people investing at four years if it is a 25-year product in terms of resale. You would expect that there may be some long-term investors, perhaps even superannuation funds, that want to get into that sort of product.

Mr Bartlett—The legislation does not say that you have to sell at four years.

Senator O'BRIEN—I know, but I am saying that between four and 25, 30 or 50 years is a big span, and the sorts of investors who might get in that would want the ability to trade, which the scheme seems to allow, if there is a market. What sort of market mechanism is envisaged?

Mr Bartlett—Two things are envisaged. The first one is that we are expecting that industry will respond by developing particular products that are different to the current range of MIS products. That will enable people, when they buy it initially, to know that if you buy this one you are likely to be able to exit after a period of time. They will then have the ability to amalgamate various parcel lots so that the new buyer is not likely to be someone who just wants to buy one or two hectares but more likely to be an institutional investor, rather than a mum and dad investor, if you like. It could be a superannuation company or some other big institutional investor, and they will be interested in buying fairly large parcels at a particular point in time.

CHAIR—We assume.

Senator O'BRIEN—That is the theory.

Mr Bartlett—That is the theory, but we are on new ground here.

Senator O'BRIEN—Have we asked the superannuation funds?

Mr Bartlett—We already know that some of them have been interested and have actually purchased forests in Australia. When recently the New South Wales government explored selling their plantations, we were told that there were a lot of people lined up as potential buyers.

Senator O'BRIEN—Yes, but with established longstanding plantations, buyers know that there can be an ongoing income stream.

Mr Bartlett—That is correct.

Senator O'BRIEN—Which is different from a four-year-old plantation which is being managed for long-term harvest. Is there any view as to whether the four-year period will shift investment into hardwood over softwood or softwood over hardwood, given that softwood, certainly pulp plantations, perhaps even certain sawn timber plantations now, and perhaps rotary peeled plantations, mature quicker?

Mr Bartlett—Sorry, I did not quite get that?

Senator O'BRIEN—Sorry, if it was a too long and convoluted question. What I am asking is, given you have got a period that after four years you will have the ability to trade, and given that hardwood plantations generally speaking mature quicker than softwood for harvest, is there any thought about whether that will drive more investment into the hardwood plantations?

Mr Bartlett—First of all I would say that some hardwood species will mature faster than softwood, and some will mature a lot slower.

Senator O'BRIEN—Most of the current plantations are quicker, are they not?

Mr Bartlett—No, a lot of the new ones that are being looked at in terms of development in Queensland and further north would be longer rotations than for softwood. It is totally dependent on the MIS companies, what sort of products they put together. It is not something that we say, 'We think this one would be better' or 'People will buy this one more than the other one'; that is not our role.

Senator O'BRIEN—There is no expectation about where we should be in a period of time in terms of hardwood or softwood plantation?

Mr Bartlett—Not at government level, no.

Senator O'BRIEN—There is no signal from government, other than the managed investment structure, about investment, about need and about the size of the market?

Senator Abetz—At the end of the day we as a government are cognisant of the fact that there has been a lot of lockup of our native forests, and that is why we do not want to see any more; I just add that as an aside. We have had a managed investment scheme system develop under existing tax law, then the tax commissioner indicated that he may review that. We thought it desirable, especially for the timber sector, that that be given some degree of

certainty—and hopefully that is a positive signal. We have had an import or a trade deficit of about \$1.8 billion per annum, and it is something that we are keen to address.

Senator O'BRIEN—How much of the hardwood forestry potential is there in Northern Australia, the area of the chairman's interest?

Senator Abetz—Huge potential.

Mr Bartlett—How much you mean in terms of area?

Senator O'BRIEN—Yes.

Mr Bartlett—I think there are a number of companies now that are developing plantations in that area. Largely, up until recently, there has not been much activity there. In terms of being able to buy suitable land and establish plantation areas, there is considerable potential, whereas in some of the other areas, like Western Victoria and south-west Western Australia, a lot of the suitable land has already been purchased. That is why they are looking northwards. Also the rainfall in some sites is better, but not everywhere.

Senator O'BRIEN—I suppose the Tiwi islands have already been through a process of converting native forest to plantation. I have forgotten the species.

Senator Abetz—Some acacia.

Mr Bartlett—Acacia mangii.

Senator O'BRIEN—Which is a reasonably fast maturing species?

Mr Bartlett—That is correct.

Senator O'BRIEN—And a pulpwood species?

Mr Bartlett—A pulpwood species.

Senator Abetz—About eight years.

Senator O'BRIEN—There are areas in northern Queensland that are populated with exotic pest species, like prickly acacia; is there any work being done on replacement of those?

Mr Bartlett—Not by our department.

Senator O'BRIEN—It sounds like a reasonable project to contemplate, maybe even sandalwood; I do not know.

Senator Abetz—Just mention it to the chair.

Senator O'BRIEN—I will. Does the department have any programs in place to increase the diversity of tree types used in Australian forest plantations?

Senator Abetz—That is up to the market. Undoubtedly there might be research and development grants to assist people to have variations, but at the end of the day here we do not run a command economy, but we do try to encourage differing prospects to see how they might take off.

Senator O'BRIEN—I was just wondering. Ensis, which is a joint venture between CSIRO and the New Zealand body Scion, is obviously looking at certain species for certain purposes. Is that work done in cooperation with this division of the department at all?

Mr Bartlett—Some is. There is a joint venture agro-forestry project, which has been looking at a range of other alternative species that might be suitable over a range of sites. That piece of work is not managed through my section, but it is connected into the department and we do have involvement with them. There are also a number of projects looking at different species that are funded through the Forest and Wood Products Research and Development Corporation, towards which the government puts 50 per cent of the money, and until recently we have been involved through the board in terms of selection of projects.

Senator O'BRIEN—The department does not have any partnership programs with the private sector to develop, towards commercialisation, new tree types into Australian plantations?

Mr Bartlett—No.

Senator O'BRIEN—There has been some discussion, even in what you said, Mr Bartlett, about bringing in some other species. I am not sure if you are aware of the Indian hardwoods, some teak varieties, that are able to be used for plantation forestry in much lower rainfall areas than hardwoods currently planted in Australia. I take it the department has not done any work on putting Indian teaks to commercial use in Australia, but I have heard complaints from the nursery sector that there is significant difficulty in bringing new tree types and new technology breakthroughs into commercial forestry. Has the department been made aware of complaints that new tree types and technologies are not easily brought into the forest industry in Australia?

Mr Quinlivan—Is that an import biosecurity issue, or is it a commercialisation issue?

Senator Abetz—It could be.

Senator O'BRIEN—It is a good question which I cannot answer, but I take it you are not aware of the problem?

Mr Quinlivan—It could be both.

Senator O'BRIEN—It could be. Usually the ability to bring in a new tree species would depend on (a) whether it normally carried a host pest, and (b) a process of a trial of that species somewhere in a confined environment. You are not aware of the problems I take it?

Mr Bartlett—My branch is not, no.

Senator O'BRIEN—Ensis have provided me with some material that indicates that technology exists to convert timber to ethanol for use in vehicles. Has the department undertaken any work on the relevance of this technology and its viability for Australia?

Mr Bartlett—Not in the time that I have been in the branch, the last two years.

Senator O'BRIEN—The department is not working with any other agencies or departments in this regard?

Mr Bartlett—There is a project through the Forest and Wood Products Research and Development Corporation of which I am aware, but that is where there is joint government and industry funding. We do not have a specific research program budget in the forest industries branch.

Senator O'BRIEN—Is the department involved in any project doing any analysis of the carbon sequestration and the forest industries and plantations in particular?

Mr Bartlett—We are currently doing some work jointly with the bureau on that particular issue.

Senator O'BRIEN—With who?

Mr Bartlett—The Bureau of Rural Sciences and the Australian Bureau of Agricultural and Resource Economics.

Senator O'BRIEN—Can you describe that work?

Mr Bartlett—We have got some terms of reference. I will have to take it on notice and provide those to you.

Senator O'BRIEN—It is about carbon sequestration?

Mr Bartlett—That is one of the aspects.

Senator O'BRIEN—Has the department undertaken research on water absorption of plantation forestry?

Mr Quinlivan—Yes, the Bureau of Rural Sciences, together with CSIRO and others, have done quite a lot of work and published on the subject.

Senator O'BRIEN—Is this division involved in that at all?

Mr Quinlivan—We have certainly got a policy interest in it. We have not actually been involved in the research, but we have certainly been involved in helping with the research priorities and the fact that it is actually the subject of research.

Mr Bartlett—I could also add that we are just providing funding to BRS for an update of the plantations and water science for decision makers policy document.

Senator O'BRIEN—I think we all agree that more research is required. Is there part of this division's budget which is to make provision for any work in this area?

Mr Bartlett—Each year we have a small part of the overall branch budget available for various consultancy work, some of which we do directly with BRS, and some we do in an outsourced way, but we do not have a large research style budget.

Senator O'BRIEN—How many staff are in your area of the division?

Mr Bartlett—There are 32 approved positions. At the moment I think I have about four vacancies, so about 28.

Proceedings suspended from 6.31 pm to 7.31 pm

CHAIR—We are back in session, with Senator O'Brien continuing to ask questions.

Senator O'BRIEN—Has the department undertaken any comparative analysis of the total carbon and energy use of wood products used in construction as compared to other building materials?

Mr Bartlett—No, we have not.

Senator O'BRIEN—Is the department aware of other research into comparing the carbon and energy use of various materials used in construction?

Mr Bartlett—I am aware that there are other studies around, yes.

Senator O'BRIEN—Does the department have a view on what the reliable figures are for the amounts of carbon and energy used in construction materials?

Mr Bartlett—Not at this point in time.

Senator O'BRIEN—What programs or information campaigns are the department undertaking to promote the use of wood in construction in Australia?

Mr Bartlett—None.

Senator Abetz—Albeit that the minister has been active whenever possible. Indeed, there are two cells at the University of Tasmania, Launceston campus, with the School of Architecture in association with elements of the forest industry, who are doing certain tests about heating and how the timber-floored housing retains heat et cetera. They are doing a similar test with Wilson Homes in Auburn Road in Kingston, which is the suburb next to the one where I live in Tasmania, where the private builder is part of a study dealing with the issue of wood. There are a number of studies being undertaken and we look forward to the results of those with some interest.

Senator O'BRIEN—All you have to do is get the department on the case.

Senator Abetz—The department itself does not, but the research council—

Mr Bartlett—Yes. Senator, I was listening to your question and I heard you say 'what promotional activities'. We do not undertake promotional activities, but the department is aware and the government does fund work through the Forest and Wood Products Research and Development Corporation on the relative efficiencies of timber products in building construction. I am aware of that work but it is not funded directly by our branch.

Senator Abetz—Most of those research undertakings are in partnership with the private sector and they kindly invited me along to both.

Senator O'BRIEN—Has the department undertaken or funded any research into how plantation forestry might fit into a future carbon trading scheme?

Mr Bartlett—No, I do not think so.

Mr Quinlivan—There has been a little bit of work done in the Australian Greenhouse Office. If the government decides that it will implement an emissions trading scheme, there will be quite a big program of work in that area.

Senator O'BRIEN—Are there any funds at the moment for that?

Mr Quinlivan—Not within the department at present, no.

CHAIR—Are there funds for the hydrological impact study? I note that the South Australian government is the first government in Australia to recognise the need for future water licences in forest planning, and they have introduced that into parliament, but I also note that it does not start for 20 years. Have you blokes applied any money to the research on what all this means?

Mr Quinlivan—Other than the research that we have already talked about, no, but, in terms of the water plans that we were talking about earlier, there will need to be quite a bit of investment, catchment by catchment, to get that right.

CHAIR—Have you had input into the South Australian government's wisdom?

Mr Bartlett—No. But if I could just go back: we are also working with all of the other state governments, through the Forestry and Forest Products Committee, to put together a research proposal on some of those issues that you are talking about, to be funded through the National Water Commission. That work has recently been completed and submitted to the National Water Commission for consideration of funding. They do have funds for that sort of research.

CHAIR—I think Land and Water Australia within a month or two will have some new—

Mr Bartlett—But there is also a separate research program under the National Water Commission.

CHAIR—I think the 20-year moratorium, to say the least shows a distinct lack of political courage.

Senator O'BRIEN—Has the department conducted research on what the reliable figures for the amount of carbon stored in plantation forests would be?

Mr Bartlett—It is not so much, 'Has the department conducted research into that?' but the—

Senator O'BRIEN—Or funded it.

Mr Bartlett—No. The department has not conducted research or funded it, but this particular topic has been well studied by the Australian Greenhouse Office and there are very complex carbon accounting systems for a range of species that would be grown in plantations and broad forest types as well. Those documents, and the carbon-accounting methodologies, are published on the AGO website. I recently looked because I received an inquiry from the US about what techniques we had, so I know that it is all there.

Senator O'BRIEN—They are the government approved figures, are they?

Mr Bartlett—That is correct.

Senator O'BRIEN—Is the department proposing to undertake any future work on how plantation forests could act as carbon sinks and how they could be linked to a future carbon trading system?

Mr Quinlivan—In the event that the government decides to proceed down that path, we most certainly would, yes.

Senator O'BRIEN—So at present, no?

Mr Quinlivan—There is no policy imperative for it at present. When there is, the work will certainly happen.

Senator O'BRIEN—I take it the answer is the same about doing or funding any research on how forests, both native and plantation, affect the soil sequestration of carbon?

Mr Bartlett—I am not aware of any work that the department has funded in that area.

Senator O'BRIEN—Are you aware of any work done by anyone else?

Mr Bartlett—It is possible that, through the Australian Greenhouse Office, they have done that. I know that they have done some work on soil carbon rates for forest types. If you want me to find out the detail, I will have to get back to you, but it is not our department's responsibility. That work is done through the Australian Greenhouse Office.

Senator O'BRIEN—I want to ask some questions about the regional forest agreement for Tasmania. Does the current regional forest agreement allow for further protection of identified Tasmanian high-conservation value old-growth forests, rainforests and other ecosystems?

Mr Bartlett—If you are referring to the original regional forest agreement, the answer is, yes, it did provide for additional reservation of high-conservation forests that were determined at the time. Then subsequently, under the Tasmanian Community Forest Agreement, additional high-conservation forests were identified to be further protected. The answer is yes to both, but those things have now been done and neither of those two agreements require additional further protection.

Senator O'BRIEN—I understand that the JANIS criteria are the nationally agreed criteria for the establishment of a comprehensive, adequate and representative reserve system of forests in Australia. Is that right?

Mr Bartlett—Yes.

Senator O'BRIEN—And they include conservation targets such as 15 per cent of the pre-1750 distribution of each forest type; 60 per cent of the existing distribution of each forest type, if vulnerable; 60 per cent of existing old-growth forest; 90 per cent or more of high-quality wilderness forest; and all remaining occurrences of rare and endangered forest ecosystems, including rare old-growth. Is that a fair representation?

Mr Bartlett—That is correct.

Senator O'BRIEN—And is the policy of 'further protection of identified Tasmanian high-conservation value old-growth forests, rainforest and other ecosystems' consistent with the JANIS criteria?

Mr Bartlett—The JANIS criteria have been used in both instances—both the original regional forest agreement and the Tasmanian Community Forest Agreement.

Senator O'BRIEN—So the JANIS criteria do not apply? Is that what you are saying?

Mr Bartlett—They apply. They are the basis for trying to work out which areas to reserve in all regional forest agreement areas, but it has not always been possible for every different forest type to meet those criteria in every RFA.

Senator O'BRIEN—Does it remain the aim?

Mr Bartlett—That is the aim of what was set up when they developed the regional forest agreement process.

Senator O'BRIEN—Does it remain the aim?

Mr Bartlett—We are not negotiating any more RFAs. We have not changed the policy, if that is what you are asking. It is still current policy.

Senator O'BRIEN—It underpins all the RFAs, does it?

Mr Bartlett—That is correct.

Senator O'BRIEN—They are the criteria that the government use to determine the protection of old-growth forest?

Mr Bartlett—They are one set of the criteria. In terms of the actual decisions at any time, it is a balance between the social, economic and environmental values. They are the environmental criteria that are used in those comprehensive regional assessment processes.

Senator O'BRIEN—In the Tasmanian context, is '60 per cent of existing old-growth forests, increasing to 100 per cent of rare and depleted old-growth forest, and 90 per cent of high-quality wilderness' protected at present?

Mr Bartlett—The total figure is 79 per cent at the moment, and we expect it to go over 80 per cent once the private forest, old-growth types program is finished. If you want the information forest type by forest type, I will have to take that on notice, but overall it has certainly been exceeded.

Senator O'BRIEN—So, if one supports the Tasmanian Community Forest Agreement, one is supporting the JANIS criteria? Is that fair to say?

Mr Bartlett—I think that is too broad a question for me to give you a specific answer to, because I am not sure of the context. As I said, the JANIS criteria represent the criteria that are used in terms of the environmental assessment, but there are social and economic values and criteria as well.

Mr Quinlivan—For our part we support both but we cannot speak for others. I think one does not necessarily follow the other.

Senator O'BRIEN—The press release attributed to Minister Abetz under the heading 'laborconferencewatch.com' talks about:

... Labor's commitment to "protect at least 60 per cent of existing old growth forest (increasing to 100 per cent for rare and depleted old growth), and 90 per cent or more of high quality wilderness" ...

That is consistent with the community forest agreement, isn't it?

Mr Bartlett—Sorry; the minister's press release is consistent with it?

Senator O'BRIEN—No, that passage.

Mr Bartlett—The passage in terms of the protection levels?

Senator O'BRIEN—Yes.

Mr Bartlett—It is consistent with the JANIS criteria, yes.

Senator Abetz—Yes, with the JANIS criteria.

Senator O'BRIEN—Is it consistent with the Tasmanian Community Forest Agreement?

Mr Bartlett—Are you asking me whether—

Senator O'BRIEN—Does it fit within the framework of the Tasmanian Community Forest Agreement?

Mr Bartlett—It was certainly used as part of the assessment for determining it, but I am not saying that the JANIS criteria have been fully met for every forest type.

Senator O'BRIEN—No.

Senator Abetz—Of course, we are also concerned about jobs and the socioeconomic impacts, which were worked through very heavily. That is why there was a delay in signing the Tasmanian Community Forest Agreement—because we wanted to get that balance right.

Senator O'BRIEN—I am assuming, Minister, that you authorised this press release. Is there a reason that it did not go out as a ministerial release?

Senator Abetz—I am not sure whether it went out as a ministerial release or not.

Senator O'BRIEN—It did not go out as a ministerial release.

Senator Abetz—I am willing to—possibly, if you can show it to me, I can—

Senator O'BRIEN—That is the heading.

Senator Abetz—Believe it or not, I do not think I would have 'Labor' written in big letters on the top of one of my media releases! I might sometimes get things wrong, but I do not think I would have got it that wrong.

Senator O'BRIEN—So this is bogus, is it?

Senator Abetz—No, show it to me. I cannot identify it from there. That is all I am saying. But the document has a big 'Labor' heading on it, which immediately makes me suspicious that it is not the original document.

Senator O'BRIEN—Could you show it to the minister and bring it back?

Senator Abetz—I do not think that is too paranoid, having been shown the heading, that I question exactly what it is. Labor conference e-watch? All right.

Senator O'BRIEN—Is that a release you are familiar with, or did someone make it up?

Senator Abetz—This is a release that I did put out, I think. I will have to check it word for word because unfortunately it is not—

Senator O'BRIEN—It is printed off the web.

Senator Abetz—the original document, and I do note, as it says underneath, that Labor Conference Watch was something that I think the Liberal Party organisation may have had, and they may have incorporated my media release. The fact that it does not refer to the letterhead on which it was—

Senator O'BRIEN—I cannot find it on your ministerial website. Is it supposed to be there?

Senator Abetz—My word, a staffer is going to get into trouble now! It should be. I would like it to be there.

Senator O'BRIEN—There are others.

Senator Abetz—No, this other one says 'O'Brien sells out timber workers', but we will not—

Senator O'BRIEN—Yes, there are others. I got the others. We could exchange them. I am asking why that one is not on your ministerial website.

Senator Abetz—I am reminded now. This was on the Sunday of the Timber Communities conference in Perth, and that was the real conference that was going on at the time, but I think a sideshow was going on on the east coast called the Labor Party national conference.

Senator O'BRIEN—I think you were the only one who thought that.

Senator Abetz—We put together a press release and issued it on a Sunday. I do not think the department was open. I do not know how the department operates, but my media person put it out on the Sunday through, I assume, my electorate ministerial office in Hobart. Yes. So somehow it may not have been catalogued onto the ministerial website. But can I assure you that, having drawn it to my attention, we will ensure that it gets put up, because the more people that get access to it the better. So I thank you for drawing my attention to that and we will make sure—

Senator O'BRIEN—Isn't it dishonest?

Senator Abetz—Absolutely not.

Senator O'BRIEN—Because the criteria that you complain about are the JANIS criteria, the criteria that your government signed up to in every RFA.

Senator Abetz—No.

Senator O'BRIEN—My word, it is.

Senator Abetz—No, the criteria that we signed up to included the protection of workers' jobs, and that is why the Forest Industries Association of Tasmania has condemned the ALP national conference resolution, as has Timber Communities Australia.

Senator O'BRIEN—I do not think that that terminology is accurate either. Let's have a look at the facts. It is a fact, isn't it, that each of the regional forest agreements signed by the Prime Minister is underpinned by the JANIS criteria? That is a fact, isn't it?

Senator Abetz—Rather than trying to run damage control, the real issue here is—

Senator O'BRIEN—The real issue is dishonesty.

Senator Abetz—is Labor going to lock up more forests; and, if so, tell us where so that the workers can decide who they ought to vote for.

Senator O'BRIEN—The issue is—and the question I have asked is—isn't it a case that each of the regional forest agreements signed by the Prime Minister is underpinned by the JANIS criteria?

Senator Abetz—Not solely. There are a whole host of considerations, including workers' jobs—something which I note you have not referred to as yet.

Senator O'BRIEN—It is in the policy document.

Senator Abetz—Undoubtedly you will now have to, because I have referred—

Senator O'BRIEN—It is in the platform, but you chose not to refer to it—

Senator Abetz—You are like Mark Latham. Mark Latham referred to workers' jobs as well.

Senator O'BRIEN—because it did not suit your argument.

Senator Abetz—Mark Latham referred to workers' jobs in exactly the same terms.

Senator O'BRIEN—I would just like an answer to the question that I am asking.

CHAIR—This is the most excitement we have had all day!

Senator Abetz—We would be falling asleep otherwise!

Senator O'BRIEN—I thought that there was more interest in the answers about the AFMA budget, but I am intent on pursuing a press release which does not represent the facts.

Senator Abetz—It does.

Senator O'BRIEN—I was interested to ask why it did not go out on the ministerial website, because, on the face of it, it seemed to be something that the minister did not want to put on the website. I hear he is going to put it on there now.

Senator Abetz—I am very proud of it, and I will stick by every word in it.

Senator O'BRIEN—I am interested to see what sort of coverage it gets when it goes on there. The point is: when you say that the JANIS criteria did not solely underpin each of the regional forest agreements, it is the case, is it not, that each of them is based on and includes concepts from the JANIS criteria?

Senator Abetz—Of course, but 'concepts from' is completely different to trying to assert that absolutely every aspect of it has to be adopted at the expense of workers' jobs, and that is something that the Prime Minister, to his great credit, has said time and again that he is not willing to prejudice. As an aside, I do happen to note that Peter Garrett still has not found his way to Tasmania, busy soul that he is.

Senator O'BRIEN—He certainly is.

Senator Abetz—Mr Rudd has been down a few times; the Prime Minister has been down a few times; as have all sorts of shadow ministers and cabinet ministers; but Mr Garrett is just very busy.

Senator O'BRIEN—The last time the chairman went down there, he was called Senator Seagull, wasn't he, by a certain prominent Liberal state politician?

CHAIR—That is a very tame description of me! While we are in the business of advertising, could I draw everyone's attention to the *Bulletin*, page 25, which says:

The collapse of the brilliant barrister Peter Hayes has shone the spotlight on lawyers and drugs.

Senator Abetz—I am sure that is highly relevant! I am not sure how, but we will move on.

CHAIR—It is as relevant as what we have been going around in circles with—

Senator Abetz—No, it is very relevant for the people of Australia to know what Labor's secret forest agenda is: to try to get Green preferences at the next election.

Senator O'BRIEN—Mr Bartlett, is a commitment to the establishment and maintenance of a comprehensive, adequate and representative reserve system that is consistent with the

agreed JANIS criteria and aims to protect at least 60 per cent of existing old-growth forest, increasing to 100 per cent for rare and depleted old growth and 90 per cent for more high-quality wilderness, as part of the broad objective of preserving 15 per cent of the pre-1750 distribution of each forest ecosystem entirely consistent with the aim of each of the regional forest agreements signed by the Prime Minister?

Senator Abetz—Not at the expense of jobs, and this is where you deliberately do not talk about the balance.

Senator O'BRIEN—You chose not to talk about the balance.

Senator Abetz—I am the one willing to talk about jobs any day—

Senator O'BRIEN—I am asking Mr Bartlett—

Senator Abetz—and it is strange that a former union official does not.

Senator O'BRIEN—if that passage is consistent with each of the regional forest agreements signed by the Prime Minister.

Senator Abetz—No, it is not.

Mr Bartlett—I do not believe so, because I think the way those words are constructed implies that, unless the JANIS criteria are fully satisfied, the regional forest agreement does not achieve its objectives, but that is not the case. They were guiding criteria. I happen to know—because I worked on one of the RFAs in Victoria—that in some cases, with some forest types, the criteria could never be met even if you reserved 100 per cent of it, because too much of it has already been cleared.

Senator O'BRIEN—Suppose you went on and said, 'This goal will be achieved through the regional forest agreement process.' Regional forest agreements will vary from region to region in response to variations in community expectations and environmental concerns. Isn't that what the regional forest agreements do?

Dr O'Connell—What they are doing there now is putting it in the broader context, which does reflect the issues around the socioeconomic implications. It is a question of seeing the JANIS criteria within that broader context—the socioeconomic implications—and that is how the RFAs were developed.

Senator O'BRIEN—Exactly.

Dr O'Connell—So it is not a question of simply meeting the JANIS criteria irrespective of everything else; it depends on regional variations.

Senator O'BRIEN—What I just said is the broader context. I was reading from the platform document that the minister put his press release out on, that he chose not to recite.

Dr O'Connell—But it requires that socioeconomic—

Senator O'BRIEN—Yes. In other words, to accurately reflect the position, that should have been published as well. I am not asking you to answer that.

Dr O'Connell—I think I was referring to Mr Bartlett's assessment.

CHAIR—Is this a paid political advertisement?

Senator O'BRIEN—No, it is dealing with a dishonest press release, but I am prepared to move on.

Senator Abetz—No, it is that which the Labor Party seeks to hide.

Senator O'BRIEN—It is a dishonest press release, and you know it. I am not going to let you get away without confronting you in a venue like this. I am happy to keep going. If you want to keep going, I will keep going.

Senator Abetz—Chair, I think something should be withdrawn.

Senator O'BRIEN—No. I am not withdrawing anything.

Senator Abetz—Sorry, the allegation—

Senator O'BRIEN—I am not withdrawing anything.

Senator Abetz—that I have personally issued—

Senator O'BRIEN—A dishonest press release.

Senator Abetz—a dishonest press release—

Senator O'BRIEN—It is.

Senator Abetz—is a reflection. We know that the parliamentary terminology such as 'misleading' or whatever is allowable, but to start impugning natives is unacceptable.

CHAIR—Thank you very much. I will seek advice and we will return to this.

Senator O'BRIEN—Thank you to the officers from the department. I have finished with forestry.

Senator Abetz—Any others?

CHAIR—Yes.

Senator Abetz—All right. Thank you.

Senator O'BRIEN—Senator Brown is not coming back.

Senator Abetz—Whilst you are deciding, it is a pity that my personal invitation was not accepted, but there we go!

CHAIR—What, to drinks?

Senator Abetz—No, to Senator Brown to participate in this pre-election budget estimates. I did invite him.

CHAIR—He sadly regrets that he had to get on a plane and could not be here. Just behave yourself! Where are we up to? Product integrity, animal and plant health?

Senator O'BRIEN—Product integrity. AQIS and Biosecurity Australia are together, are they? Have any concerns been raised with the department about the introduction and ongoing function of the National Livestock Identification Scheme?

Mr McCutcheon—Over the years that the NLIS has been under development and been implemented, there have been issues raised from time to time. By and large, the system has had strong support from the cattle industry and more recently the sheep and goat industries and the pig industry. So it has been pretty much accepted.

CHAIR—Where would we sit in terms of the rest of the planet with livestock identification?

Mr McCutcheon—I think there is a general sense, based on feedback we get from visiting international delegations, that the Australian system—NLIS—is probably at the top end of the spectrum. US visitors have expressed that. Japanese visitors on many occasions have assessed our system and have come to that conclusion as well.

Senator O'BRIEN—You have not had any concerns raised?

Mr McCutcheon—You might need to be a bit more specific. Concerns about particular aspects of the system or the system in general?

Senator O'BRIEN—Have concerns been raised that the system is not working, that the identification system is not being observed, that it is not being enforced?

Mr McCutcheon—Those issues are raised all the time, Senator, and in fact prompted a review last year, for example, of the NLIS database. There were concerns raised, for example, that there were lots of animals on the system that were dead but were listed with the number. There were concerns that information was not accurate. The independent audit that was done by PricewaterhouseCoopers came to the conclusion that the database was functioning as designed. They picked up some areas for improvement but, by and large, gave the system a tick.

Senator O'BRIEN—So what is being done to make it better than 'by and large' work?

Mr McCutcheon—Since that audit was done, Meat and Livestock Australia, who are the custodians of the NIS database, working in conjunction with industry and state and federal governments, have been looking to resolve some of those issues raised in the audit. One of the issues raised was the need for an emergency facility to be set up somewhere separate from where the main database is housed. MLA Ltd have been in consultation with Telstra to put that in place.

CHAIR—Can I interrupt for a second. I have now received formal advice on the minister's request, which is, Senator O'Brien, that you should withdraw.

Senator O'BRIEN—I am not withdrawing.

CHAIR—Thank you.

Senator O'BRIEN—I understand there are penalties involved with noncompliance or misleading identification. Is it the department that enforces those?

Mr McCutcheon—It is not this department, Senator. It is enforcement of the NLIS rules. It is done at the state and territory government level.

Senator O'BRIEN—How many prosecutions have there been? Do we know?

Mr McCutcheon—I could not give you a precise number, but I certainly know there has been at least one in Queensland where a livestock producer up there was prosecuted for not putting NLIS tags on his stock. The reason I know about that is that it received some publicity at the time. But unless I specifically went out to states and asked for some information, I have not really got anything further to add.

Senator O'BRIEN—So there is no follow-up to see how it is working at a state level? It is just an expectation that the states are policing it?

Mr McCutcheon—I think compliance was another issue that was raised in the audit last year, and compliance, as in many other areas of government regulation, is a matter of how much resource governments want to put into it. There is a general view amongst certainly some sectors of the industry that states could perhaps be a bit more active in their compliance activities, but that is really a matter for them to deal with using their respective resources.

I think with the NLIS you will find that the key driver—and this has really been the key driver of the commercial forces from day one—is: if the producers are not properly tagging their cattle, then they face a fairly hefty discount in the markets.

CHAIR—In fact if they are not tagged they do not get to go through the ring.

Mr McCutcheon—That is right. Yes, they do not. They do not get sold.

Senator O'BRIEN—Through conventional sales. How much will the department expend in the coming financial year in its role in overseeing the NLI System?

Mr McCutcheon—We administer a program, the NLIS program, a four-year program. The allocation that we have for 2007-08 is \$5 million. That money is basically distributed to the state implementation committees. Some of the money is also disbursed or earmarked for the sheep and goat industry and the pig industry and also some for Meat and Livestock Australia Ltd in respect of the database.

Senator O'BRIEN—How much does MLA get?

Mr McCutcheon—The total amount they get is \$1 million, but that is spread over the four years.

Senator O'BRIEN—So \$250,000 a year?

Mr McCutcheon—I would have to take that question on notice. I am not too sure how they are spending that money.

Senator O'BRIEN—I am not asking how they are spending it, I am asking how they are getting it, how much they are getting in the coming financial year.

Mr McCutcheon—The arrangement we have had with MLA is that we provide them with the amounts that are distributed to the states, and for this year that amount is \$3,352,100. I am talking about for 2007-08.

Senator O'BRIEN—Yes.

Mr McCutcheon—Through MLA they will disburse that to the states and territories. The remaining components to the sheep and goat industries and the pig industry are disbursed by the department itself.

Senator O'BRIEN—How much of that money that goes to MLA is for MLA rather than to be disbursed?

Mr McCutcheon—The money for the states is all for the states and territories. It is not for MLA at all.

Senator O'BRIEN—I am a little confused, because you talked about the MLA and \$1 million over four years. That is a separate amount, is it?

Mr McCutcheon—I think that amount of money was paid to them in 2005-06 in one lump sum, so they would spread that then over the next two or three years.

Senator O'BRIEN—Thank you. There have been various media reports, including on *The 7.30 Report* on 7 May, about widespread bee die-offs, or colony collapse disorder as it is sometimes called in North America and particularly in other parts of the world. Has the department any knowledge as to the cause of the bee die-off affecting North America?

Dr Thornber—This disorder is a poorly understood phenomenon at this stage. As you said, it has been reported particularly in North America, but also in parts of Europe: Poland and Spain and more recently some reports out of Switzerland and Germany. There is speculation about a variety of causes that range from environmental change, stress related impacts, malnutrition, unknown pathogens, mites including varroa mites, pesticides that are based on nicotine and emissions from cellular phones and other such devices and also genetically modified crops. These are all theories. Various bee specialists disagree with each other on these. Another issue is the fact that in America they move beehives around long distances and a lot, and they force production by feeding them sugar syrups and other things. There is a great variety of theories but no particular, single proven cause at this stage.

CHAIR—Could you describe for the committee what actually goes wrong with the bee. Is it the queen bee? What goes wrong in the colony?

Dr Thornber—The colony is clearly immune suppressed and what happens is a lot of secondary bacterial diseases and varroa mites—a whole variety of parasites and pathogens—are found on the affected colonies. It is not seen that any of those are the primary cause, but they are a result of their immune system being suppressed by whatever stress. So you see massive die-offs. You see complete absence of adult bees in some colonies, with the presence of cap brood in some colonies. Some colonies still have stocks of feed, but the bees have disappeared. It has been described that from 1971 to 2006 perhaps half of the bee colonies in the US have vanished. It is seen that it is not a direct impact of these things.

There are other factors like increasing urbanisation so that there is not the same number of colonies that there used to be. As far back as 1896, people talked about things like disappearing disease or spring dwindle or May disease, autumn collapse. They are still not convinced that it is not something that has been around for a long time but just more prominent because of other factors.

CHAIR—Why do you think we have not got it?

Dr Thornber—Hard to say.

CHAIR—We have got mobile phones and all the rest of it.

Dr Thornber—Maybe the factors in North America are different from ours. Obviously, seasonally they are. They have very cold winters and other things which would impact. Some people quite believe firmly that *Varroa destructor* is having a big impact and it has had a big impact on feral bee colonies in the US. We do not have *V. destructor*; New Zealand has. It is hard to say. There is no agreement between—

CHAIR—What precautions are we taking now that we were not taking before this happened?

Dr Thornber—We do not import bees from the US. That is one of the issues. We also have a Sentinel Hive Program in Australia. Our industry is very attuned to bee diseases. There are a lot of private bee people involved in the Sentinel Hive Program at various locations around Australia. We have about 38 sites so it is hard to say because there is disagreement among various bee experts and no single cause has yet been proven.

Senator O'BRIEN—What are the consequences of the disappearance of bees in particular areas for pollination and food production?

Dr Thornber—Very significant. In America particularly, feral colonies, as in Australia, provide a bit of a free hit to our pollination services and if the primary cause was found to be a parasite or an agent and it affected those feral colonies, it would have quite a significant impact on pollination.

CHAIR—Where would it hit the worst—stone fruit or pumpkins or—

Dr Thornber—Across the board. It is not only the horticultural industries, it is the crops as well, but also in Australia we have a lot of bee pollination involved with our native species.

CHAIR—Which crops are the least affected because they have wind pollination?

Dr Thornber—Not many. Trees, pine forests, grass crops, cereal crops and the grass species rely on wind pollination and they produce lots of pollen because of that.

Senator O'BRIEN—Green grass?

Dr Thornber—No, cereal, grass crops and vegetable.

CHAIR—Which agricultural crops would be affected—that is, canola and—

Dr Thornber—The pollination services for all of our horticulture crops and all of our dicotyledon plant species.

CHAIR—Do you want to have a crack at it?

Ms Ransom—Basically anything that requires pollination, so anything with an open flower: all of your melons, your tree crops, nut crops—basically anything that has a flower. Some are pollinated by flies and other insects.

CHAIR—What proportion of those crops though can get it done with the wind?

Ms Ransom—Plants tend to be pretty specialised.

CHAIR—If the bees all disappeared in all those market crops, what would be the pollination rate without the bees?

Ms Ransom—It would be extremely small because you would be relying on probably incidental attraction of flying insects into those crops. Bees are highly specialised and they know what they like and flowering plants have adapted to that type of pollination where they have coexisted together. The rate of pollination would drop to the point where certainly in commercial production it would be non-viable.

CHAIR—How long has this been going on in the United States? A year or two?

Dr Thornber—There are reports that it has waxed and waned from the 1970s in different areas but it just happens to have a more recent focus.

CHAIR—Why is it news now? Is there a drop-off in these crops?

Senator O'BRIEN—Or bigger areas of drop-off.

Dr Thornber—Bigger areas of die-off are probably part of it in some states, like California and some other areas, but it has affected quite a lot of America; up to 27 states. It has been reported in 27 states.

Senator McEWEN—What role do bees play in pollination of grapevines?

Dr Thornber—A lot.

CHAIR—So the world is going to sober up. Drink more beer!

Senator HOGG—Mate, this is pretty serious!

CHAIR—If it's not one bloody thing it's another, isn't it!

Senator O'BRIEN—Apart from the United States, what other countries have seen this phenomenon?

Dr Thornber—More recently we have seen reports from Poland, Spain and a number of other European countries have reported some problem—Germany and Switzerland—but the details have not been as—

Senator O'BRIEN—Have we banned the importation of bees from the rest of the world?

Dr Thornber—I am not sure exactly where we import them from.

Senator O'BRIEN—Neither am I.

Dr Thornber—Biosecurity Australia would be able to tell you.

CHAIR—We might be in for a long night. How are they dealing with it over there where this is happening? Are they just sitting and scratching their heads or trying to rebreed?

Dr Thornber—They are trying to deal with the strong hives and scientists are coming together and trying to look at these different options. Unfortunately, what has been working in one area does not seem to work in another.

CHAIR—There is no immune signal in the genes?

Dr Thornber—No. They just believe that in the affected hives the bees definitely have a suppressed immune system and so a whole lot of other things like American foul brood and chalk brood and varroa mites are easy prey on these debilitated bees; they come in like secondary invaders.

CHAIR—It is the HIV of bees.

Senator Abetz—Do not get me started on this. American foul brood stopped me keeping bees as an amateur beekeeper. We were the first hives discovered with it as they were checking them, and they asked for them all to be burnt, which I readily agreed to, but got a phone call a week later saying that every other hive down that patch was also infected so they would not have really needed to have been burnt; but there you go, a little insight.

CHAIR—It could be a similar thing to an immune thing, an HIV type.

Senator O'BRIEN—Presumably, the expansion of that to Australia would be a risk to the food security of Australia.

Dr Thornber—It would have a very significant impact on the pollination, which is a very important part of our food supply.

Senator O'BRIEN—What plans have we got to deal with it?

Dr Thornber—There was a seminar recently which looked at a number of issues. Particularly, people are concerned about some other diseases like varroa mite. Out of this recent meeting of bee specialists, a number of recommendations were made and one is to have a plan to combat varroa mite, which is seen as the FMD of the bee world as far as the impact it would have. That recommendation has been passed to the Rural Industries Research and Development Corporation to develop a varroa plan.

CHAIR—Are we monitoring?

Dr Thornber—The bee industry is monitoring, and our bee specialists. At CSIRO Entomology we have a bee specialist, Dr Denis Anderson, and he is certainly in touch with American researchers and bee experts and they continue to monitor the situation.

Senator O'BRIEN—It is reported that bees contribute an estimated \$2 billion to agricultural production. I am surprised that that is the number. Is that an underestimate in your view? You would have to add up the value of the crops that require the pollination. It would be a lot more than \$2 billion then, wouldn't it?

Mr Quinlivan—Yes.

Senator O'BRIEN—I understand that Australia has recently sold 350 million bees to the US for a measly \$4 million. Does the department have any information on what is the total sustainable number of bees that could be exported from Australia each year?

Dr Thornber—I do not.

CHAIR—Are there restrictions on the exports? In fact, if there was enough cash in it, they might sell all the bloody bees—all the hive bees. Do we need to think, 'Hang on, we've got to have a certain number of bees here'?

Mr McCutcheon—That would be an issue, I would have thought, for the industry to consider in the first instance.

CHAIR—No, I think it would be an issue for Australia. There must be a critical mass that we need for bees here that we ought to protect.

Mr McCutcheon—Yes, but again I think that is an issue that the industry would need to consider.

Senator Abetz—As I understand, you can breed up and encourage hives to get the queen cells et cetera, and then you divide your hives up. I dare say there are bee breeders that are deliberately seeking to target that market—I would have thought. There might be a sideline for me. I might go back into business!

CHAIR—Is someone at the back of the room going to help us here?

Senator HOGG—Surely wouldn't we know the critical mass that is required?

Senator Abetz—For what?

Senator HOGG—The critical mass of bees that is required. Someone must have some idea.

Senator Abetz—It would be pretty difficult.

Senator O'BRIEN—Do we know how many bees there are?

Senator Abetz—Even knowing how many bees there are or how much honey production there is, a lot of it is out of the bush and elsewhere.

CHAIR—Dr Martin, would you like to make a contribution?

Dr Martin—I think Senator O'Brien asked about conditions for export, were there conditions.

Senator O'BRIEN—Or import, yes.

Dr Martin—Countries do have health conditions for the export of bees and so they have to be certified. The bees that you were talking about going to the US are packaged bees; that is large volumes of bees. Australia does not import packaged bees. We do import queen bees or have conditions for them. They never actually get out of quarantine. They come into quarantine and eventually they are destroyed, but they graft the queen cells and they go on to make new queens outside of quarantine. A lot of testing has to go on before that happens. Because there is a lot of testing in that, and it depends what time they come in, it can be four to six months that they are in quarantine.

CHAIR—And then you shoot 'em!

Dr Martin—Yes, they are destroyed.

CHAIR—A nasty prospect.

Dr Martin—And the escorts that come in with them are also destroyed.

CHAIR—Getting back to the deputy president's question, have we got a bit of thinking to do on this?

Dr Martin—On the colony collapse disorder?

CHAIR—On what is critical mass for Australia.

Senator HOGG—If the colonies are collapsing overseas and other countries want bees—

Mr McCutcheon—Clearly, there are a lot of industries that do rely heavily on bees for pollination. Thinking on this, I am sure it is in their minds, and from a departmental point of view I think we need to engage them.

CHAIR—It could be an MIS industry.

Senator Abetz—I think we are looking at this the wrong way. Instead of saying, 'What's the critical mass? Are they exporting too much?' we ought to say, 'Is this potentially a new export industry for us and how can we capitalise on it?'

CHAIR—Can we divert some of the annualised MISs into bee MISs?

Senator Abetz—There's a thought. Is that non-forestry? I am not sure.

Senator O'BRIEN—'Builds B MIS'. The question is what does the 'B' stand for?

CHAIR—'Bugger all'.

Senator Abetz—That is what I thought it might stand for!

CHAIR—God help us. This poor committee—we have to deal with so much bloody trauma.

Senator HOGG—Have you had an inquiry into bees yet?

CHAIR—No.

Senator HOGG—I think you are about to.

CHAIR—Anyhow, it would be fair to say, then, that we really do not know the science of what is causing the problem.

Dr Thornber—That is right. In respect of where the industry is going, how it protects itself and where it is up to, there are hearings next week, I am told, in the House of Representatives. There is a review of the honey bee industry by the Standing Committee on Agriculture, Fisheries and Forestry and I understand that those hearings will take place on 13 June.

CHAIR—Where this has occurred have they been able to track the spread? Are these migratory problems or are they confined in cells? Does it blow on the prevailing winds, a bit like citrus canker?

Mr McCutcheon—It would probably be a combination of all of those. Bees obviously move naturally. They are also moved by beekeepers around the countryside. I am not familiar with the movements in the US.

CHAIR—Do bees island-hop?

Mr McCutcheon—They can fly, so I would think so.

CHAIR—How far do they fly, though?

Mr McCutcheon—I do not know the answer to that.

Dr Thornber—Part of the problem in America, too, which was certainly identified by some groups of people, is how frequently the hives are moved and how that might stress the bees, particularly moving them through quite a few states following the inflorescence trail. There was certainly a point of view by some people that this had an influence and was causing stress to the bees.

CHAIR—In amongst the infected areas are there colonies of bees where some retired old codger has a few trees and never moves his bees? Are there surviving colonies in amongst all the mayhem?

Dr Thornber—We do not have information on that. I could try and find out.

CHAIR—Are we going to find out? We might as well. Forewarned is forearmed.

Dr Thornber—Yes.

CHAIR—Do you intend to send someone over there and sort it?

Dr Thornber—I am unaware.

Mr McCutcheon—There is a lot of missing information and, as this problem evolves in the US, Australia, like many countries, will be watching it pretty closely, given the potential impact here.

CHAIR—Yes, I would be on the front foot. If they had flown out and had a look at that fire in the Brindabellas the week before, it would not have come to Canberra, I can guarantee you. I think I would be going to have a look. I would not just be sitting here. I would be over there, definitely.

Senator HOGG—Is there some central point where beekeepers can keep themselves apprised of the situation and what might be evolving, or is it something that they have to glean from a wide variety of sources?

Mr McCutcheon—There is a peak industry body for the industry, the Australian Honey Bee Industry Council.

Senator HOGG—That would mainly cover people who are seeking to make a living out of the industry. What about those who are amateurs? I am looking at a wide range of people who may well have an interest here. They might not be members of the peak industry association. They may well need to go and have a source of reliable assessment. As you said, there is probably a fair deal of misinformation floating around as much as there is good information so where do they go?

Mr McCutcheon—I am not sure whether bee pollination companies, for example, have some sort of national or umbrella organisation. That is a question we could take on notice, and we could look at other industry sectors. Again, I would be surprised if some of the specialised horticultural sectors—the almond industry, for example—have not at least been doing some thinking about this and trying to gather a bit more information about the potential impact on their industry of the sudden decline in bee populations.

Senator HOGG—The comparison for me in this would be the avian flu. How is that handled, in the sense of informing and keeping people abreast of what is happening in that area? I do not know how it is handled. Is it handled centrally? If so, by whom, and could that be replicated for the bee industry?

Mr McCutcheon—Certainly, information on avian flu at the government level is handled through the respective chief veterinary officers, for example, so a lot of information would flow out of CVOs both at the Commonwealth and the state level. In the poultry industry, there are peak industry bodies for chicken growers, the egg industry and so on.

Senator HOGG—That does not replicate itself in this instance because it seems to me what you are saying is that the responsibility seems to be shifting back to the peak industry itself. From what I have heard this evening, it seems there is a minimal involvement of government at all levels. I am not being critical of one level. Is that a reasonable assessment?

Mr McCutcheon—As Dr Thornber outlined earlier, we do run, for example, the Sentinel Hive Program at the Commonwealth level. I would expect that the state governments, through their CVOs, would be involved in this industry for a range of different reasons.

Dr Thornber—Each state has apiary officers—bee specialists who are government officers.

Senator HOGG—I have no doubt about that, but are they addressing this specific threat, which seems to be potentially a major threat to a lot of our rural industries?

CHAIR—Have we sent any of these experts over there to have a look? Can we recommend you do that tomorrow?

Mr McCutcheon—Not to my knowledge.

CHAIR—How do we know how it transmits and what implication it has for AQIS and Biosecurity? We have not figured any of that out?

Mr McCutcheon—Again, we have been gathering information on this.

CHAIR—By email?

Mr McCutcheon—I cannot give you specific details on that.

CHAIR—Can we formally ring the alarm bell?

Mr McCutcheon—I am not sure what you mean by formally ringing alarm bells.

Senator HOGG—You have to be informed first.

Senator Abetz—That is a very good point.

CHAIR—I know, but just use the analogy of the fire. Why wait for the fire to get here? Go out and meet the bloody thing!

Senator Abetz—They were informed. They just did not pass it on.

Dr O'Connell—Would it be useful if we could come back to you with a fairly complete picture of what the state of play is that we know of and take it from there? There is obviously enough interest in the committee overall.

CHAIR—Thank you.

Senator O'BRIEN—During additional estimates we discussed farmers having access to 2,4-D via a permit system until April 2007 when a final decision would be made. Has a final decision been made?

Dr Bennet-Jenkins—When we spoke about this last time, you might recall that we did not foreshadow that a final decision would be made but that we would revisit what the next steps would be. What has happened is that the companies, as required, have submitted the data that we requested of them in the time that they were to do so. The first tier of data that we asked them to provide us has been assessed by the Department of the Environment and Water Resources and they have informed us that we should proceed and ask the companies to provide the second and third tier of data. What has happened is that the suspensions are continuing for another two years because the second sets of data will take quite a number of field studies to be conducted. So the suspensions have been extended until the end of April 2009.

CHAIR—This is the esters?

Dr Bennet-Jenkins—It is just the high-volatile esters.

CHAIR—The quicker you get rid of it the better.

Senator O'BRIEN—The US House Agriculture Committee on 9 May made a statement which I have, but I cannot put my hands on it. The committee is investigating the government's response to melamine-tainted products imported from China that are used in pet foods and animal food products. Is this a matter for APVMA or Biosecurity?

Mr McCutcheon—It is not a matter for APVMA. It might be AQIS.

Senator O'BRIEN—For imports for pet food? Or do I call the RSPCA? What is the story? It taints the product with things that eventually kill the pets.

CHAIR—Can I ask a pretty dumb question: what are we talking about?

Senator O'BRIEN—It is melamine. It is a plastic, and 4,000 animals recently died in the US from melamine poisoning.

CHAIR—What is melamine?

Senator SIEWERT—Don't you make plates out of it?

Senator O'BRIEN—You do; they coat it with plastic.

Mr Quinlivan—Senator, we obviously have not got the right person at the table. We will do a bit of consulting and make sure when they come they are ready to answer that question.

Mr Magee—We are aware of the melamine incident in the US where they had a problem with wheat gluten and other gluten exports from China. It has led to a problem in their pet food industry. Since that has happened there has been a lot of consultation here with our own pet food industry associations and they are confident that the wheat gluten and other products that affected the US pet food situation have not been imported into Australia.

CHAIR—We do import wheat gluten though, for pet food. I would have thought we had plenty here.

Mr Magee—A lot of it is produced at Manildra here, and places like that.

CHAIR—It is indeed.

Mr Magee—According to the pet food association here, they have not imported anything from the contaminated areas in China.

CHAIR—To inform the committee and the rest of the room, what the hell are we talking about here?

Mr Magee—Melamine is evidently, in its own right, not toxic. It is something that the Chinese were adding to gluten, as I understand it—and I am not entirely certain of this—and it gives you an extra protein reading in your stockfeed.

CHAIR—What is it? Is it a plastic?

Mr Magee—It is like a plastic, I think.

CHAIR—So it comes out of the petroleum industry?

Mr Magee—Possibly. I might have to take that bit on notice.

CHAIR—I do not think we know what we are talking about here!

Mr Magee—Evidently, in conjunction with some other materials, it has led to a toxicity in pet food in the US which caused some deaths. There has been a lot of work here with the Stock Feed Manufacturers Association and the pet food association to ensure that we do not get this problem.

CHAIR—Are we importing this from China into Australia?

Mr Magee—No.

CHAIR—So this is peculiar to the Chinese product?

Mr Magee—That is right.

CHAIR—Do we put this same whatever it is into our gluten?

Mr Magee—Not that I am aware of.

CHAIR—You might take all that on notice and come back with an informed—

Mr Magee—Sure.

Dr O'Connell—I think it was limited to some suppliers in China. I do not think it was very widespread. In the US about 4,000 animals were affected, but I do not think it was all Chinese—

Senator O'BRIEN—Do we import any pet food?

Dr O'Connell—I do not know.

Mr Magee—I do not know. Our only regulatory interface with pet food imports is really in the area of quarantine.

CHAIR—It would be in tins, would it?

Mr Magee—It could be, but I do not know what pet food comes in.

CHAIR—We will ask the boys at the back of the room after.

Senator O'BRIEN—It would not be a meat based product, surely?

Senator McEWEN—It is not lethal. It is just a chemical that makes it look like there is more protein in the pet food than there is.

Senator NASH—So the animal cannot actually absorb it. It is just to make it look like it has more protein than it does, is that it?

Senator O'BRIEN—When it is analysed, it gives you that reading, does it?

Dr O'Connell—I think you may be stretching our knowledge here.

CHAIR—Come back with an informed answer.

Senator O'BRIEN—Do we import any vegetable protein products from China?

Mr Magee—We will have to take that one on notice.

Senator O'BRIEN—The US FDA has announced a decision to detain all vegetable protein products imported from China, which seems to indicate a high likelihood that the Chinese will be looking to sell these products to other markets. I now have the United States House of Representatives Agriculture Committee release of 9 May that I referred to earlier. So we have

not taken any particular steps about this matter to date other than to meet with the pet food industry?

Mr Magee—Yes. We are limited in what regulatory involvement we have in pet food in that respect. There is also an Australian pet food industry standard that is in place for application by state governments. The important thing here is that the Stock Feed Manufacturers Association and the pet food industry are well aware of the problem and have provided us with assurances that they are not importing from those sources.

CHAIR—If they were, would they need a permit?

Mr Magee—Depending on what the pet food was, the only permit they would need would be for quarantine reasons.

CHAIR—We will ask a couple of polite questions later in the night on that.

Senator O'BRIEN—It is also used in fish feed for farmed fish I am told by the net researcher on my right.

CHAIR—We are just googling it here!

Senator O'BRIEN—No wonder that fish at our place died!

Senator McEWEN—I will not read you the stories about what happens when it gets into humans!

Senator O'BRIEN—No, do not. I have some other questions which I think I can place on notice, in the interests of further sensations. How long is the Citrus Canker Eradication Program expected to run?

Ms Ransom—It is due to finish around January 2009.

CHAIR—This is in Emerald, is it?

Ms Ransom—Yes.

CHAIR—Are they into the replanting stage?

Ms Ransom—They are due to replant from 1 July this year, so they are gearing up to begin that process.

CHAIR—If I took a drive up there, I would not find one tree in the district?

Ms Ransom—No. They have all gone. Commercial trees were all eradicated. There has been no infection for two years. Trees were removed by around the end of 2005. There has been ongoing work to eradicate the native hosts, the citrus glauca. All commercial production has been eradicated.

CHAIR—So have they ripped out all the root systems so they do not send out—

Ms Ransom—Yes. Also, any regrowth associated with any residual roots has been removed as part of the ongoing surveillance activity. The affected growers have been required by the Queensland Department of Primary Industries and Fisheries to remove regrowth. Any regrowth that looked a little suspicious has been checked for citrus canker, and there has been no—

CHAIR—How does regrowth look suspicious?

Ms Ransom—Anything that might have had some spots or blotches on it.

CHAIR—But wouldn't you want to get rid of the regrowth anyhow, whether it was suspicious or not?

Ms Ransom—Yes. All regrowth has been eradicated. That has been a requirement on the growers. Any non-commercial trees in the urban area are also being continually checked for any signs of regrowth.

CHAIR—So you have not removed the non-commercial trees?

Ms Ransom—Yes, they have all gone.

CHAIR—How did you achieve that sort of surveillance? Did you have five, 100 or 1,000 people?

Ms Ransom—The eradication program was undertaken by the Queensland Department of Primary Industries and Fisheries, and they employed the necessary staff in the town of Emerald to doorknock and locate all trees. That was done in the initial stages of the eradication program to check where the trees were and any additional infection that may have been in those trees.

CHAIR—Does any regrowth in recent times—and this is a non-intentional human failure thing—put the clock back?

Ms Ransom—No. Any confirmation of disease would have required a review of the whole program.

CHAIR—Have there been reconfirmations?

Ms Ransom—No. There have been no known infections since June 2005.

Senator O'BRIEN—When was the last time any regrowth was identified and destroyed?

Ms Ransom—There has been an ongoing program of regular surveillance of the commercial and non-commercial properties. I do not recall when the last lot of regrowth was, but certainly it has been dwindling over the last two years.

CHAIR—It is pretty scary!

Senator Abetz—Did you say to the chair that trees and the root systems were removed?

Ms Ransom—That is right.

Senator Abetz—Where does the regrowth come from?

CHAIR—If you rip it and you leave one root there, up she comes.

Senator Abetz—So it has not been a total removal of the root systems.

CHAIR—That is the human failure bit, which is the scary bit.

Senator Abetz—How long can a root system, or part of a root, remain dormant before it shoots—

CHAIR—Only the one cycle.

Ms Ransom—The weather conditions in Emerald would be very conducive for it—

Senator Abetz—Shoot again?

Ms Ransom—to grow. They have had plenty of rain through the last 12 months.

Senator O'BRIEN—How much has this cost the Commonwealth to date?

Ms Ransom—It is probably in the order of \$10 million, but I would have to check that because I only have the total budget minus the—

CHAIR—How do I put this politely? This committee saw its way through all of this and the mistakes that were made et cetera. Do the people who were the alleged perpetrators just come and go still? Have they been sighted back in Australia?

Ms Ransom—I do not know that, Senator.

Senator O'BRIEN—Was there a budget for this, or is it pay as required?

Ms Ransom—No. There was a budget established at the start of the program and then confirmed in June 2005 when the forward program to the 2009 date was set.

Senator O'BRIEN—How much remains in that budget?

Ms Ransom—I would have to do some sums. It would be in the order of \$2.2 million.

Senator O'BRIEN—How much is expected to be spent in the coming financial year?

Ms Ransom—In the coming financial year, we would be looking at \$1.4 million. That is total. The Commonwealth pays 50 per cent of that.

Mr McCutcheon—The Commonwealth funds half of the eradication program.

Senator O'BRIEN—So the budget is 50 per cent Commonwealth.

Ms Ransom—That is right.

Mr McCutcheon—The Commonwealth appropriation for 2007-08 is \$0.73 million.

CHAIR—Along the country that was citrus, has it been turned over to melons—has something else been farmed in the meantime?

Ms Ransom—I understand that there was a lot of peanut production in the Emerald area this year.

CHAIR—And we have people actively walking through?

Ms Ransom—Absolutely. There has been continued surveillance on a regular cycle on all the affected properties.

CHAIR—The original protocol that sort of failed—I have forgotten my argument that I used to argue about this—how far out to the next orchard are we looking to make sure that the wind has not—

Ms Ransom—The nearest production area, to my understanding is the Gayndah-Mundubbera area, which is several hundred kilometres away.

CHAIR—But, if I have got a farm 20 miles out of town where I have my favourite six orange trees and two mandarin trees, what is the score?

Ms Ransom—There is an existing pest quarantine area around the township of Emerald, and all of the citrus within that pest quarantine area have been destroyed.

CHAIR—Yes. What was the protocol called that we used?

Ms Ransom—It was the 600-metre—

CHAIR—It had an American name.

Ms Ransom—The Florida.

CHAIR—The Florida protocol—which obviously did not work. Have we taken the precaution of having a look at the surrounding farm orchards? It would be commonsense.

Ms Ransom—There is ongoing surveillance in the outside areas of the PQA. Clearly, those people who have been through this exercise are very familiar with what citrus canker looks like. There are commercial crop watchers.

CHAIR—If I am a mile outside the protocol and I have six trees, have I been notified?

Ms Ransom—I do not believe so. But the pest quarantine area has quite a large buffer built into it.

CHAIR—Yes, all of that—but you would have thought that it would be commonsense to try and find out, in the buffer zone, where the nearest trees were and go and have a look at those trees to see if the thing is working, wouldn't you?

Ms Ransom—I can follow that up with Queensland.

CHAIR—I think that would be a good idea. I would, if I were running the show. It is just a way of testing. Anyhow, there you go; what a bloody mess.

Senator O'BRIEN—Could I ask about the eradication of the red imported fire ant.

Ms Ransom—Yes, Senator.

Senator O'BRIEN—How long is this program expected to continue to run?

Ms Ransom—A proposal for a further five years of the program, through to 2012, was agreed in principle by the Natural Resource Management Ministerial Council in April. Funding from the Australian government is only assured for two years—that was announced in the budget. Whether or not the program continues after that will depend very much on the outcomes of the next two years of the program.

Senator O'BRIEN—So 2007-08 and 2008-09?

Ms Ransom—Yes.

Senator O'BRIEN—Why has the decision been taken to extend it? Has it been very slow to be successful?

Ms Ransom—The program to date has been incredibly successful. At the outset there were tens of thousands of colonies of red imported fire ants through quite a large area of south-east Brisbane. In the year to date there has been something like 100 colonies identified, and the level of community awareness of and engagement in the program is such that we are very confident that, if there had been further colonies, they would have been picked up. The program has been incredibly successful, but now we are almost at the point of trying to find that last ant, which, over the area involved, is obviously quite difficult.

Senator O'BRIEN—How much has the Commonwealth set aside for 2007-08 and 2008-09 in each case?

Ms Ransom—Seven million dollars in the first year and \$3.274 million in the second year.

Senator O'BRIEN—Were all the funds set aside for 2006-07 expended, or will they be?

Ms Ransom—I believe that most of them will be. The amount of expenditure is dependent on the number of colonies. There is some money set aside for eradication of colonies that may be found through the year. I am advised from Queensland that there may be a slight underspend.

Senator O'BRIEN—So, depending on how many colonies are discovered in 2007-08, there may well be a significant underspend if there is a significant reduction in the number of colonies found at this stage of the program?

Ms Ransom—We would certainly hope so.

Senator O'BRIEN—What is the protocol in relation to moneys not spent? Do they automatically roll forward to the next year?

Ms Ransom—There is not an automatic process. There is a national consultative committee that oversees the operations—the implementation of the eradication program. The Fire Ant Control Centre in Queensland would put forward a proposal for the forward use of any of those funds and, ultimately, that would be endorsed by the NRM Ministerial Council.

Senator O'BRIEN—The other questions that I have are about money and I think, at this stage of the night, I will put them on notice—nothing exotic or exciting about them.

CHAIR—All right. It is break time.

Senator Abetz—Do we need to come back?

Senator O'BRIEN—We need to come back for AQIS and Biosecurity Australia. I am not sure if the product integrity people are required for that. I am a bit confused by what has been said.

Proceedings suspended from 9.00 pm to 9.15 pm

Australian Quarantine and Inspection Service

CHAIR—Before we start I have to apologise to Jenni Gordon for being grumpy the other night when you were last here. My apologies. Senator O'Brien, you are on.

Senator O'BRIEN—I want to get the details of the AQIS advertising campaigns. What sum of the total was spent in 2006-07 and 2007-08 on advertising campaigns?

Mr Prothero—In 2006-07 there was an advertising component or budget for around \$2.5 million. Sorry, the other year was?

Senator O'BRIEN—2007-08 was projected.

Mr Prothero—It is around the same amount, Senator.

Senator O'BRIEN—Could you nominate the advertising campaigns those moneys are funding and will fund?

Mr Prothero—Quarantine Matters!

Senator O'BRIEN—That is the only one?

Ms Gordon—There is also a component which is basically an extension of Quarantine Matters!, specifically on avian influenza.

Senator O'BRIEN—What is the total estimated budget and breakdown of the campaign costs, including market and other research, creative, pre-production, production and media purchasing?

Ms Gordon—For 2006-07?

Senator O'BRIEN—Yes.

Ms Gordon—The amount for the total campaign, including our own salaries and overheads or just the campaign?

Senator O'BRIEN—The campaign. TV placements, radio placements, newspaper placements, mail-out, internet, websites and any other placements.

Ms Gordon—For the two campaigns combined, \$1.97 million plus \$0.6 million. That is for 2006-07.

Senator O'BRIEN—So \$2.57 million. Is that all?

Ms Gordon—Yes, \$2.57 million.

Senator O'BRIEN—The \$0.6 million is what?

Ms Gordon—The avian influenza component was approximately \$0.65 million.

Senator O'BRIEN—How is the spend broken down in those TV placements, radio and newspaper?

Ms Gordon—We might have to take that one on notice and come back with some detail.

Senator O'BRIEN—When were those campaigns referred to the Ministerial Committee on Government Communications for approval?

Ms Gordon—The Quarantine Matters! campaign has been an ongoing campaign since 2002, so there have been various times where we have gone back to the Ministerial Committee on Government Communications. It has been broken down into three phases. The third phase was planned from last year, but when we had just started the development of the campaign Steve Irwin died and we had to go back and develop a new campaign. So the meetings with the ministerial committee took place—off the top of my head, and we can confirm it with you—in about October.

Mr Prothero—I think there was a second meeting on 26 or 28 February.

Senator O'BRIEN—Why?

Ms Gordon—Last October we went to the ministerial committee with proposals for developing a new campaign in the light of the death of Steve Irwin. We got approval for proceeding with developing some new concepts and we went back to the ministerial committee to confirm the concepts that we were going to go forward with in the actual campaign, which is the Big Bugs campaign that we now have on television and have developed advertising around.

Senator O'BRIEN—Can you tell me how much the market research and other research, creative, pre-production and production costs were?

Ms Gordon—For the Big Bugs campaign?

Senator O'BRIEN—Yes.

Mr Prothero—Market research was \$137,000, the TVC production \$409,000 and the non-TVC production was \$176,000.

Senator O'BRIEN—That is for this new iteration of the campaign, but how much would we spend on placements?

Mr Prothero—To date for this year exclusive of GST \$2,597,000.

Senator O'BRIEN—That is for the current—

Mr Prothero—The current Big Bugs.

Senator O'BRIEN—But presumably that is placement of the Big Bugs advertisement and predecessors?

Mr Prothero—The Big Bugs.

Senator O'BRIEN—Just the Big Bugs?

Mr Prothero—Yes.

Senator O'BRIEN—Which started after February?

Mr Prothero—In March. 25 March was the first—

Senator Abetz—Another campaign the Rudd government would not support, no doubt.

Senator O'BRIEN—In that \$2.597 million we are funded till 30 June?

Mr Prothero—Yes.

Senator O'BRIEN—How much is proposed for running the ads in 2007-08?

Ms Gordon—We will have to take that question on notice and come back with the detail of that.

Senator O'BRIEN—You said your budget was about the same at \$2½ million before.

Ms Gordon—The budget has been fairly steady over each of the years.

Senator O'BRIEN—That is just the placement budget, I take it, that you told me about earlier?

Mr Prothero—That was the placement budget.

Senator O'BRIEN—So \$2.5 million. What budget do all these pre-production costs come from?

Mr Prothero—They are out of the campaign budget as well.

Senator O'BRIEN—So what is the overall budget?

Mr Prothero—For 2006-07, \$5.4 million.

Senator O'BRIEN—And 2007-08?

Mr Prothero—Again, that would be in the vicinity of about the same amount but I do not have those details.

Senator O'BRIEN—Are there any other campaigns planned?

Ms Gordon—No. The campaigns that AQIS has are basically around quarantine awareness, so that is the Quarantine Matters! campaign, with the extension of the specific funding to focus on avian influenza awareness.

Senator O'BRIEN—The avian influenza is another advertising campaign?

Ms Gordon—It is a component of the Quarantine Matters! campaign, focusing specifically on the risks of avian influenza. You will see in airports, for instance, that there are specific light boxes and specific printed material around the risks of importing chicken and chicken products; the risks that go to carrying the avian influenza.

Senator O'BRIEN—A placement has been determined for 2007-08?

Mr Prothero—Not as yet, no.

Senator O'BRIEN—When will that be determined?

Mr Prothero—It is still in planning; I would expect within the month.

Ms Gordon—The placements that would normally take place for the Quarantine Matters! campaign tend to focus on the peak travel periods. That for us would be the period before Christmas and usually the period from now through May-June, prior to the northern summer. We would anticipate and we will be planning for similar placements in 2007-08.

Senator O'BRIEN—Who did all of the market research?

Mr Prothero—Open Mind Research Group market research.

Senator O'BRIEN—Who did all the creative work?

Mr Prothero—Killey Withy Punshon, or KWP.

Senator O'BRIEN—And the preproduction and production work?

Mr Prothero—Bearcage Productions did the production on the inflight and cruise videos. I think KWP did the main work.

Senator O'BRIEN—Are they doing the media biog?

Mr Prothero—Universal McCann.

Senator O'BRIEN—On another subject, I want to ask about the problems with the shipment of cattle exported to Israel on the *Bison Express* that arrived at Eilat on 7 February this year.

Mr Read—You said the *Bison Express*?

Senator O'BRIEN—Yes.

Mr Read—I am not sure that is the vessel. The vessel of concern to Israel was the *Maysora*, where there was a reported incidence of 247 mortalities on that vessel, which represented about 3.16 per cent, which consequently became a reportable mortality event.

Senator O'BRIEN—Maybe we are talking about a different one, because the one I am talking about, I am told Israeli officials found that protocols and certificates may have been forged, causing blood tests to have to be taken and redone, rather than relying on the certificates issued in Australia.

Dr Clegg—I am not aware of that matter. We have not been written to by the Israeli authorities about that. If you have some information, I would like to see it, thank you.

Senator O'BRIEN—I do not have it with me here, but I am happy to get whatever information has come to our attention and see if it can be useful. Obviously if you do not know about it, you have not checked it. What are the arrangements about certification for Israeli shipments?

Dr Clegg—You are not talking about the *Bader*, are you?

Senator O'BRIEN—That is not what is written on my sheet.

Dr Clegg—In September of last year?

Senator O'BRIEN—That is not the date I have either.

Dr Clegg—What is your date?

Senator O'BRIEN—February.

Dr Clegg—Of this year?

Senator O'BRIEN—Yes. Have you got a similar incident last year?

Dr Clegg—No. It is just a similar name of a ship.

Senator O'BRIEN—I will come back to you on that and perhaps give you something on notice. In discussions on live sheep exports yesterday, Mr Morris noted that a shipment of 40,000 sheep that went to Egypt in November last year were not originally destined for Egypt but diverted from another market. Do you know about that one?

Dr Clegg—Yes.

Senator O'BRIEN—Where were the sheep destined for originally?

Dr Clegg—They were originally destined for Israel.

Senator O'BRIEN—And it is the *Maysora*?

Dr Clegg—Yes.

Senator O'BRIEN—I thought that sheep transported on the *Maysora* at the time were unloaded in Jordan.

Dr Clegg—Yes.

Senator O'BRIEN—Is there some reason that these sheep went to Egypt in that circumstance?

Dr Clegg—The ship had certification to go to Israel and also to Jordan. The ship arrived in Israel and that was the consignment that Mr Read was discussing, where cattle were unloaded and there were a large number of deaths. The sheep that were destined for Israel were not unloaded. There was an issue with the Israeli veterinary authorities about shipments of

Australian sheep from a previous consignment that was exported in October. We were written to by the Israeli veterinary authorities about that particular shipment and asked not to certify any further consignments of sheep because they had some concerns about those particular sheep that had arrived in Israel.

We are not really aware of why the commercial arrangements for that consignment of sheep in Israel did not proceed. The sheep that were remaining on the vessel after all the cattle were exported then went to Jordan to unload the consignment of sheep for Jordan. By that time, the exporter had made arrangements with another importer in Egypt to take 40,000 sheep for Egypt, so the *Maysora* sailed from Jordan to Egypt and discharged 40,000 sheep there.

Senator O'BRIEN—Did Egypt save Australia from another *Cormo Express*?

Dr Clegg—No, that was just an arrangement that they had made.

Senator O'BRIEN—So they could have unloaded in Jordan, could they?

Dr Clegg—They were qualified to go to Jordan. I do not know that he had a buyer in Jordan for them. There was no issue with the sheep.

Senator O'BRIEN—Is that why there was no Australian government representative there to monitor the first sheep shipment as was indicated would occur, should occur, according to the MOU?

Dr Clegg—The particular shipment of sheep, the veterinarian who was on the *Maysora* was not aware that that vessel was going to be diverted to Egypt at the end of the voyage. He left the ship in Jordan and returned home to Australia. We have had discussions with the holder of the export licence at the time about what were the arrangements in place for the vet on the ship.

Senator O'BRIEN—Is there any sanction likely to be—

Dr Clegg—The sanction was discussed with the exporter. The arrangements—why the ship was diverted to Egypt, why the veterinarian was not kept on the vessel until all the sheep had discharged in Egypt—were discussed with him and additional arrangements were put in place for his future consignments. He is into his third consignment with additional conditions that have been applied.

Senator O'BRIEN—Certainly it is disappointing if we signed an MOU with an intent to have a vet present, given what has taken place, that Australia has been put in that position by the exporter. Was the exporter aware of the MOU obligations?

Dr Clegg—I could not say. The issue that was the major problem was that, as a licensed exporter, he was required to have a vet on that vessel, no matter where it was going, whether or not we had signed an MOU, until all the animals had discharged. He had not done that because he had already made arrangements for the vet to leave in Jordan. It was two days voyage across to Egypt and they just carried on with that.

Senator O'BRIEN—There has been a lot of discussion about these arrangements and about entering into these memoranda of understanding with other nations. We do not have one with Israel which would require they take animals. They will not sign one, will they?

Dr Clegg—No. At the moment, no.

Senator O'BRIEN—What role will be required of future shipments, if any, to Egypt? Does that mean a vet will have to travel with them then?

Dr Clegg—A vet would always have to travel to Egypt because the policy at the moment is that a vet must be on every consignment of livestock that travels to the Middle East by ship.

Senator O'BRIEN—What are the protocols that apply to the importation of honey or bee products from the United States? We have heard about bees themselves.

Dr Clegg—There would be the quarantine requirements and, if the products are for human consumption, there would be the Imported Food Control Act requirements.

Senator O'BRIEN—So there is no prohibition. Given what we have heard about die-off and the uncertainty about the cause, is there any reason to review the import protocols?

Mr Liehne—The protocols for bee products are generally for human consumption, so they have to meet food requirements. Equipment that is imported for beekeeping has to be new, has to be clean, has to be sterile and treated in that manner. As far as I know, the bee products that come in are directly for consumption. They do not allow bees to come in from the US.

Senator O'BRIEN—What about other countries?

Mr Liehne—Bees can come in from other countries. They need to meet very strict protocols. They are required to go into post-entry quarantine, where a number of tests are conducted. In regard to the bees themselves, as was discussed earlier, the progeny of the bees are released from quarantine. The bees themselves are destroyed in quarantine once progeny have been removed. In the past two years there have been five import permits for bees—one from the US which was cancelled because bees from the US are not allowed; one of the imports was cancelled when the exporting country could not provide the appropriate certification about the health status of the source of the bees. Of the other three, two were destroyed in quarantine because we found the presence of mites on the queen, so the whole import was destroyed, and one was successful.

Senator O'BRIEN—Where did that come from?

Mr Liehne—Italy.

CHAIR—If we do not know how this business spreads, why are we taking the risk?

Mr Liehne—The way that it is managed within quarantine is to ensure that no bees themselves that are imported and potentially exposed come through the system.

CHAIR—Why not stop it until it gets sorted out altogether?

Mr Liehne—Very few bees are imported, as I said.

CHAIR—With respect, it only takes one. Why would you take the risk? Why wouldn't you say, 'Sorry, boys. It's over for the time being'? We do not know how it spreads. We do not know what it is. Why the hell are we still importing bees?

Mr Liehne—I cannot answer that.

CHAIR—Well, I think we should stop it. I think tomorrow we should announce that we are stopping bees coming into this country, until we sort it out. God help us. I must not get

grumpy. No-one knows what is going on, how it is spreading, what is causing it—whether it gets blown in the wind or carried on your boots—I am not too sure—and I apologise that I do not know what happens when you bring the bees in and you say that only the progeny get out; I do not know how you sort them out. Do you draft them? I do not know any of that. But why take the risk? We have got plenty of bees. We are exporting bees. Why are we importing them?

Mr Liehne—The bee industry are looking for—

CHAIR—Queens.

Mr Liehne—new genetic material to bring in.

CHAIR—Yes. But wouldn't the bee industry think, 'Hang on a minute. We want some guidance from our scientists here'?

Senator SIEWERT—The other countries where there are problems with bees, are we accepting bees from them? You said that they are banned from the US.

Mr Liehne—I would defer to Biosecurity Australia in relation to the risk assessments. My understanding is that we have ceased imports from areas of high risk, where the health status of the bees cannot be confirmed. There are a series of requirements for the bees—they have to come from a healthy source and that to be properly certified—even before they arrive in Australia. Once they arrive in Australia, there are a series of subsidiary tests that are made and controls put in place to ensure that the bees that actually arrive in Australia are maintained in a secure quarantine sense.

CHAIR—When we say 'a series of tests', we do not know what we are testing for. What is the point? We do not know what the problem is.

Mr Liehne—Again, the series of tests are dictated by the risk assessments that have been conducted. I accept your comment, but the tests are defined by the risk assessments that have been conducted, that put the conditions for the importation of bees.

CHAIR—The risk assessments that are in the protocols and whatever they are—and we commend all the hard work that you do, but we get a bit depressed with this stuff after a while—were probably put in place before this business came along.

Mr Liehne—The evidence that was presented earlier in the hearing suggested that this problem has been extant for some time and that therefore it would have been factored into the risk assessments. Perhaps the exacerbation of the problem in the United States at the moment has led to the cessation of imports from the United States.

Senator SIEWERT—Going back to my earlier question, is there a list of other countries from where we have ceased imports?

Mr Liehne—My understanding is that it is only the USA, but I will take that on notice and confirm it.

Senator SIEWERT—The answer to my question before is that it is only the US.

Mr Liehne—Yes.

Senator SIEWERT—But there are other countries, we heard earlier, that are suffering as well. I think they said Germany, Sweden, Italy.

Mr Liehne—I would have to get the chief veterinary officer to answer that question. But my understanding of that evidence was that there were reports of difficulties in those places but it was not of the same extent or the same character as is being experienced in the United States at the moment.

Senator SIEWERT—There is still evidence that there are problems there, though. I have certainly heard media reports of it being a problem elsewhere.

Ms Gordon—Perhaps, Senator, we might come back to you with the full set of conditions for the importation of bees.

Senator SIEWERT—Okay. Can we get a copy of the risk assessment as well?

Ms Gordon—That is a matter for Biosecurity Australia.

Senator SIEWERT—Is that possible?

CHAIR—The risk assessment for what—for bees?

Senator SIEWERT—Yes.

CHAIR—But they do not know what the problem is. How could they make an assessment?

Senator SIEWERT—At least we can have a look at it and see what they are doing now.

Dr Martin—Senator, you asked about the import risk assessment. The conditions for queen bees—and that is all we import, so there are very specialised conditions—were developed in 1996. There is a policy document for that and we can certainly provide you with that. The conditions for importing bees from the US were suspended in December 2005 and that was for a different reason. But they are suspended and remain suspended. That was due to a concern about Africanised genetics—those bees are very aggressive—and that is present in the US, so we were concerned about that. That was the basis for the suspension.

Senator SIEWERT—It is fortunate that they have been suspended, otherwise we would be having this conversation about what is going on there.

Dr Martin—With the colony collapse disorder, we are monitoring it, but as Dr Thornber explained, there are a range of theories: some people believe it is *V. destructor*, for which we have very specific conditions in place when we import queen bees. Other people talk about everything from mobile phones to pesticides. Some of those are not quarantine issues at all, so we are looking and monitoring the information.

CHAIR—Dr Martin, what does ‘looking and monitoring’ mean if we have not been over there to have a look?

Dr Martin—We are looking at all the information that is published. We are talking to the expert here in Australia, at CSIRO.

CHAIR—Surely we have learnt by now that we have to actually go and have a look.

Dr Martin—At this stage they do not know what the cause is, so to go and look—

CHAIR—I know, but you would be surprised what going and having a look often discovers. Sometimes the simplest things are overlooked, especially if you are a scientist.

Senator Abetz—Then, of course, at the next estimates we will be asked about your overseas travel budget. Not by you.

CHAIR—And not by this committee. We are continuously traumatised by the worry of all the responsibility that these good people have.

Senator O'BRIEN—Can I put questions on notice about the minister's overseas travel?

Senator Abetz—Feel free to.

CHAIR—Surely there would have to be some merit in the commonsense of saying, 'Until we sort out what it is we're dealing with here, we'll drop the door.'

Mr Cahill—I have hesitated coming forward because I do not like to volunteer myself in an area that I do not know very much about.

CHAIR—We know nothing about it.

Mr Cahill—I think we have touched on something that I do know a little bit about, which is talking about the circumstances in which we might head off to a potential exporting country to investigate a change in the pest and disease status of that country that affects imports into this country.

As we have discussed at previous hearings, Biosecurity Australia is doing a lot more of that in relation to its risk assessments, and will continue to do so into the future. The government has specifically funded us to help in that purpose. But what we are talking about here, from what I have heard, is a change in disease status of bees from a country that we do not import bees from. We are monitoring—not just in Biosecurity Australia but in other areas of the department—changes in pest and disease status in countries throughout the world for all sorts of things.

If we ended up in a situation where we were heading off to countries on the basis that we needed to have a first-hand look at all of those changes, particularly in circumstances where we are not importing the relevant product into this country, I am not sure we would have too many staff looking on to do the job.

CHAIR—Thank you very much for that. Once again, we congratulate all the good people that do all this good work for Australia. We have been dealing with fire blight, and at every estimates hearing that we have had—and we have just had another one and are about to report to the Senate again—there is another country that has fire blight without an explanation. It just keeps hopping around. I am not saying that we should go and visit Italy, but shouldn't we put someone in the field, as we did with foot and mouth in the UK, with their science and a laboratory?

Mr Cahill—As Dr Martin has indicated, what we are doing—and I am sure the product integrity division is also doing this—is monitoring and discussing the issues with our scientific and professional counterparts and talking to the CSIRO about these matters. We are watching very closely how that scientific information is developing. There may be some point

that we will reach where we would want to investigate that more closely and first hand, but I do not think we are at that point yet.

CHAIR—Mr Cahill, in the meantime why wouldn't you err on the side of caution?

Mr Cahill—We are not importing from the US.

CHAIR—No, but how do we know where it is? We do not even know what it is we are dealing with. If we do not think we have it, why not shut the gate until we sort out what it is we are dealing with? It is not the end of the world. We have heaps of bees.

Mr Cahill—I understand your point, but we have had those discussions also in relation to a whole range of other products coming into this country. Pig meat imports are a classic example of that.

CHAIR—Yes, but this could be a pandemic.

Dr O'Connell—I do not know whether this will help at all, Senator, but we do not have an identified disease that we are looking at. We have at the moment, I think, a syndrome, which is really just a set of occurrences. We seem to have a relatively conservative import policy at the moment, with simply queens, which are then destroyed, and their progeny. In a sense, I think we are looking already at a relatively conservative set of arrangements in a context where we do not have any specific disease. It is a little bit different from fire blight or foot and mouth, where there are very specific known diseases which we need to understand in terms of the potential here. I am not an expert either, but I am looking at that in the sense of the overall nature of that being a fairly conservative regime when there is no identified disease.

CHAIR—I appreciate that, but if the box falls off the truck on the way to wherever it is it has to go—it is the human aspects of this. Why take the risk? We are sitting pretty. Why take the risk? I would just shut the gate.

Senator O'BRIEN—In relation to the information that AQIS provided at February estimates about preparation for an influenza pandemic, can you provide an update on the AQIS preparations, please.

Dr Carroll—We are continuing with the training of rapid deployment teams. We are putting through approximately three groups each year at this stage, so we build up the number of people who are trained in the use of thermal scanners and in managing people that have been thermal-scanned. We will continue to do that for the next three years.

Senator O'BRIEN—So there is a training program for those staff, which is ongoing?

Dr Carroll—Yes.

Senator O'BRIEN—Are the thermal scanners in place?

Dr Carroll—The Department of Health and Ageing have secured the thermal scanners. They are responsible for determining how many scanners will be sent to each airport et cetera and they look after those. They would be deployed if there was a need to deploy them.

Senator O'BRIEN—Thank you for that information. I have some questions about the importation of tree species. Can someone tell us about particularly plantation forestry tree species. Is there a general information source here for that? My office has become aware that

in relation to some Indian hardwood—in particular, teak varieties—according to sections of the nursery sector, there is significant difficulty in bringing those tree types into Australia, and new technology breakthroughs into commercial forestry. What barriers have we in place in relation to those types of species?

Mr Lihne—I would need to take on notice the specific species. All nursery stock imported into Australia is required to go through testing in post-entry quarantine. A lot of the commercial production species require extensive testing to ensure that they meet our quarantine requirements before they are released from quarantine. I would need to look at the specific species and get back to you.

Senator O'BRIEN—I would have to give you more than I have in front of you at the moment to do that. So it is a long-term trialling process, is it, like fruit trees?

Mr Lihne—It is like fruit trees, exactly. The appropriate testing needs to be done to ensure that there are no viruses or other diseases associated with the plant. That normally requires a protracted period in quarantine before they can be released.

Senator O'BRIEN—Presumably it is not cheap.

Mr Lihne—No. It is a cost-recovered process and the fees are charged on the amount of space that is taken up by the plant. It is an area charge and it is a flat rate for that area; the space occupied. The testing and maintenance are charges that are on top of that which are direct cost recovery.

Senator O'BRIEN—How long would you grow out a forest tree?

Mr Lihne—I cannot answer that without knowing the species. I am sorry.

Senator O'BRIEN—You would need an awful lot of space.

Mr Lihne—No, it is normally a potted plant and it is grown in a pot until such time as it is released. Other species are brought in as tissue culture and they are much easier to bring in because they are easier to manage. They are brought in as tissue culture. There may be some tests applied to those. It is a much shorter period and much quicker for release.

Senator O'BRIEN—I will get that information for you. Thank you. There may be questions from others.

Senator SIEWERT—I want to go back to apples in the MOU. Who do I ask?

Ms Gordon—I might be able to help with questions about apples, but it depends on the nature of the question as to whether it is me or Biosecurity Australia.

Senator SIEWERT—It is not just about apples, it is about the MOU. It came up because of apples and because of Western Australia's regional difference. I asked about this some time ago. I think it might have been this time last year. When I asked about regional differences in the MOU, the answer that you gave me—and I can give you the number—was:

The Memorandum of Understanding (MOU) between the Commonwealth and the States/Territories on Quarantine matters (1995, amended 2002) makes specific provision for the recognition of regional differences in pest status and risk.

I have been trying to find a copy of the updated MOU, and I cannot find one, where it specifically refers to regional differences. This is an issue because, as you are probably aware,

the legislation is finally about to go through the Western Australian parliament and regional difference was a big issue for us.

Ms Gordon—I cannot answer your question. I am not aware of the MOU. It might be a matter that we have to take on notice and identify in the department where the information lies.

Senator SIEWERT—Could you do that urgently, because I was asked about this a while ago. Our minds were put at rest because we were given these answers and we had had a discussion about it as well. I thought it was fixed. Now questions are being raised that suggest perhaps it might not be, so I am trying to resolve it quickly.

Dr O'Connell—We will treat that as a matter of urgency.

Senator SIEWERT—That would be appreciated if you could, because we appreciated the fact that the regional difference issue had finally been put into the MOU.

Ms Gordon—I am not sure that it is an AQIS matter, within the responsibility of AQIS, but we will chase it up.

Senator SIEWERT—It could be a BA matter, I appreciate that. Thank you.

CHAIR—Do you think it would be an idea as a precaution at Emerald to inspect the nearest citrus trees that are in existence around the quarantine zone?

Ms Gordon—That is a matter for the product integrity area, the Office of the Chief Plant Protection Officer, not for AQIS.

CHAIR—Righto, that is it.

[10.01 pm]

Biosecurity Australia

CHAIR—Senator O'Brien.

Senator O'BRIEN—Six months ago, the minister announced tough new import laws for uncooked prawns. A Biosecurity Australia spokesman justified the measures in the *Sunday Telegraph* on 21 January:

These measures are necessary to protect the Australian aquaculture industry from exotic diseases associated with imported prawns—

and the minister agreed with that comment at previous estimates, saying:

I would have thought it is not only for the aquaculture industry. I think we may have some concerns about our wild sea prawn fisheries as well.

Minister, assuming you still agree that those measures are necessary to protect the Australian prawn industry from exotic diseases, why haven't they been implemented?

Mr Cahill—I think that in all of the public comments I have made, including at this committee, I have qualified everything by saying that Biosecurity Australia had flagged the intention to tighten import conditions when it released the draft report on prawns but that was subject to consideration of stakeholder comments. Since we discussed this on the last occasion, we have been considering stakeholder comments. We had more than 50 submissions. Understandably, many of the views expressed in those submissions are quite

polarised, so we have been going through a process of considering those submissions and talking to stakeholders about them, clarifying understandings on both sides. We are getting very close now to forming a conclusion about that and making recommendations to the Director of Quarantine.

Senator O'BRIEN—When will the recommendations go to the Director of Quarantine?

Mr Cahill—I would expect that we would finish our consideration of stakeholder submissions in the next few weeks.

Senator O'BRIEN—So by the end of June?

Mr Cahill—I would expect so, yes.

Senator O'BRIEN—Can we be guaranteed that, or are you not sure?

Mr Cahill—No. We have not finished the consideration of stakeholder comments, but I am indicating that we are very close to doing that.

Senator O'BRIEN—Minister Abetz told the committee back in February:

With respect, this risk assessment has been dragging on for some time. When I became minister 12 months ago I was concerned about that. We allocated some more resources to try to get it expedited.

Later, he said:

I think a 10-year delay is too long. That is why when I became minister and became aware of it I sought an expedition of this matter.

That was in February. We are now talking about maybe the end of June.

Senator Abetz—21 February was the date when submissions closed. It is appropriate that the appropriate science be run over those submissions, that they be carefully considered, because at the end of the day we say these decisions are science based, so we want to ensure that there is integrity about any measure we might introduce, especially when you keep in mind that any measure we might introduce is appellable to the WTO. Then we might have a regime foisted upon us rather than one of our making that we think is defensible, so in the circumstances it is important to get it right rather than quick. Hopefully, it will not be another 10 years but we are talking now with a clear conclusion in sight.

Senator O'BRIEN—Mr Cahill, you said then:

The final report will be—

I think you left the words out, but I interpose 'subject to appeals' because it is apparent that that is what you meant—

but we are proposing, as we flagged in the draft report, to potentially introduce revised conditions earlier than the final report. We are not going to wait until the final report.

Were all final submissions in by 21 February?

Mr Cahill—Yes, they were.

Senator O'BRIEN—How many?

Mr Cahill—Over 50.

Senator O'BRIEN—How many people are assessing them?

Mr Cahill—We have an IRA team working on that. I think there are five members of the IRA team, and they have been looking at those submissions. As I say, we have been engaging in discussions with stakeholders at the same time. Our intent has not changed. We flagged the prospect of introducing tighter interim conditions subject to stakeholders' submissions—the views expressed by stakeholders—and we would do that at an earlier stage than the final IRA report. So we are not going to wait until the final IRA report to form that view, and I flag now that that is within a few weeks.

Senator O'BRIEN—I am advised that Biosecurity Australia staff met with the authors of a submission to the import risk assessment team by the Seafood Importers Association on Friday, 11 May. I understand the meeting included Professor Tim Flegel of Mahidol University in Thailand and Professor Roger Morris, principal author of the submission, from Massey University in New Zealand. Who else was at the meeting? Did that meeting include the independent members of the import risk assessment team?

Dr Martin—Yes, it did.

Senator O'BRIEN—What was discussed at that meeting?

Dr Martin—Professor Flegel and Professor Morris went through some of the points in the submission.

Senator O'BRIEN—Why was that necessary?

Dr Martin—We have met with many stakeholders during this process, including state governments, the Prawn Farmers Association, the Seafood Importers Association, overseas government veterinary authorities.

Senator Abetz—But wouldn't you support this due process?

Senator O'BRIEN—I am not saying I do not support due process, Minister, but I am entitled to ask about it.

Senator Abetz—You are, but the implication in the question—I thought it would be a good process to follow.

Senator O'BRIEN—Was there any agreed outcome of that meeting?

Dr Martin—No. The IRA team said they would consider the comments as they are considering all the comments.

Senator O'BRIEN—I take it the government commitment to implementing proposed new restrictions on imports is conditional on the findings of the import risk assessment team.

Mr Cahill—The assessment, as you know, Senator, is a science based assessment. That task is undertaken principally by the IRA team, but ultimately it is Biosecurity Australia that makes the recommendations to Australia's Director of Quarantine.

CHAIR—Which applies to raw prawns only.

Mr Cahill—Yes.

Senator Abetz—I think I was at pains at the last Senate estimates when you had a whole lot of questions on this, Senator O'Brien, to say that this would be a science based outcome, and that is still the government's view.

Mr Cahill—There is little doubt that there is robust debate about the science, and I am prepared to acknowledge, as I think I did at the last hearing, that we would have liked to have concluded that process more quickly than we have. But we are endeavouring to be as fulsome in the process as we can, to give everyone an opportunity to make sure that they put all the views they have to us and that they have had an opportunity to talk to us about it as well.

CHAIR—This is not about the end of the importation of prawns, though, is it?

Mr Cahill—No. It is about the potential imposition of tighter import conditions.

Senator O'BRIEN—Similarly, a delegation of Thai officials met with the government to discuss the import risk assessment back in March. Who was at those meetings?

Dr Martin—Biosecurity Australia was present and officials from Thailand. We could give you a list of names.

Senator O'BRIEN—Was it the import risk assessment panel or Biosecurity officials?

Dr Martin—No. Two members of Biosecurity Australia are on the IRA team, so they were present, but the external members were not present.

Senator O'BRIEN—What was discussed at those meetings?

Dr Martin—As I said before, they raised the concerns that they have put in their submission. That was discussed and they were given an opportunity to express their views.

Senator O'BRIEN—Has the Thai government or its representative raised any legal concerns with the Australian government regarding the import risk assessment?

Dr Martin—There have been press reports about potential WTO action that I am aware of.

Senator O'BRIEN—But the Thai officials did not raise that?

Dr Martin—No, they did not.

CHAIR—Once again, this is about a robust process that this committee is historically on the lookout for, to protect Australia's well being. We have heard all the WTO stuff, but if it is, as the minister said, scientifically based, that does not scare me.

Senator O'BRIEN—At previous estimates I asked whether the committee could be provided with a copy of the minutes of all meetings of the scientific assessment panel, and Mr Cahill advised us that there are summary records of IRA team meetings published on the BA website. The most recent summary record of the prawn IRA team on the BA website is dated May 2006. Was that the last time the team met?

Dr Martin—No. There are meeting notes up to October 2006 on the web.

Senator O'BRIEN—Was that the last time it met?

Dr Martin—We have met since the IRA draft report went out, and that was in March, but we have not put those notes up yet.

CHAIR—Are you aware of any meetings between the people representing the importers in Australia and the representatives of the exporters from whence the prawns were coming and their government officials to develop notes and strategies?

Dr Martin—There has been press about that.

CHAIR—Which is predictable.

Senator O'BRIEN—Do the summaries record whether a member of the team held a dissenting view, if that ever occurs?

Dr Martin—I do not think we have had a dissenting view.

Senator O'BRIEN—It is unanimous? On all the import risk panels, you have not had dissenting views?

Mr Cahill—As you know, in bananas we have a dissenting view, and we published that. There are all sorts of discussions that go on in the IRA teams. That is the nature of the scientific analysis—that people bring different views to the meetings and those issues are discussed. That is an iterative process. If people are maintaining different points of view on the conclusions, then we will make those known, as we did in the case of bananas.

CHAIR—This will be a pretty robust process, because I have had someone on the importing side say to me that they do not give a rats about whether there is an industry here home-growing. They do not care.

Mr Cahill—It will be a robust analysis, yes. We will need to make absolutely certain, as we try and do with all of our risk assessments, that they will stand up to scrutiny by anybody.

Senator Abetz—All of these visits, might I add, by people from overseas highlight or are a good explanation of why a rushed decision has not been made since 21 February. They are going through them very carefully to ensure that due process has taken place and that they are aware of all the scientific arguments.

CHAIR—Usually everyone that comes through your door has a vested interest.

Senator Abetz—Of course they do. But somebody with a vested interest may, nevertheless, have a very strong scientific argument in support of their cause and, if that is the case, it needs to be listened to and taken into account.

CHAIR—Yes. I guess it does not necessarily preclude a vested interest from the national interest.

Senator Abetz—They can all converge.

Senator O'BRIEN—At the previous estimates I asked whether Biosecurity Australia had published the study by the University of Arizona's Dr Don Lightner, and Dr Martin said:

We put that out as a progress report prior to the import risk analysis draft being released. So that is on our web site.

I think, Mr Cahill, you said:

As it turns out, it has been published anyway so there is no problem with that.

Who wrote the progress report which is published on the Biosecurity website? It has no author.

Dr Martin—The report that we obtained was from the University of Arizona, so it is their report to Biosecurity Australia. You are referring to the scientific study?

Senator O'BRIEN—Yes. Was it written by Dr Don Lightner, or was it a summary prepared by someone else?

Dr Martin—In the policy memorandum that accompanies it, there is a summary that is written by Biosecurity Australia, but the actual document that is attached, or that we have said was available, is written by the University of Arizona.

Senator O'BRIEN—Did Dr Lightner approve the summary prepared by Biosecurity Australia?

Dr Martin—I would have to check that. Certainly we were in communication with Dr Lightner.

Mr Cahill—It would not be usual for some outside person or authority to approve notices that Biosecurity Australia puts out in its own name.

CHAIR—Well, the thing about it is that, in some of these cases, there is competing science as independent as the person who pays you, if you know what I mean.

Senator Abetz—That is a bit of a reflection.

CHAIR—Yes, it is late at night.

Senator O'BRIEN—Again, why not publish the full report and not a summary?

Dr Martin—The full report has been provided to the Prawn Farmers Association for people that were interested in it. They could obtain it.

Senator O'BRIEN—So it is now a public document?

Dr Martin—I think in the policy memorandum we said that it was available, if they wished to have it.

Mr Cahill—As you will recall, Senator, I think the discussion at the last hearing was not about whether we were prepared to release information that we had into the public domain but rather a concern that we had that a third party had sought a report that we commissioned without our knowledge or permission.

Senator O'BRIEN—Thanks. There was a story in the *Australian* newspaper by Selina Mitchell on 28 October last year which said:

Federal Agriculture Minister Peter McGauran said the government was considering potential sources of imported grain after receiving 40 applications from commercial operators to buy grain to feed stock.

Can we have an update on the number of applications.

Mr Cahill—That is a matter for AQIS. It deals with the permits. We are involved in the assessment.

Mr Quinlivan—Sorry, the relevant officer, Peter Liehne, has gone.

Senator O'BRIEN—I thought that AQIS and Biosecurity were staying together for the last section. When did this change?

Senator Abetz—I think there was a misunderstanding.

Ms van Meurs—I can give you an approximate number. The information I have is that, to date, AQIS has received about 47 applications. That does not necessarily mean that those import permits have actually been issued. That application is to import.

CHAIR—How many were issued and how much came in?

Ms van Meurs—Again, I think that is a question for AQIS. I cannot answer that.

Senator O'BRIEN—I heard that things like palm kernel, stockfeed pellets from New Zealand, tapioca from Thailand, came in.

Mr Quinlivan—Some of those are approved for import but, to my knowledge, there have not been any imports of stockfeed pellets from New Zealand and tapioca and so on. There have certainly been imports of palm kernel from Malaysia.

CHAIR—My old mate that brought the wheat in last time brought the palm kernel in.

Mr Quinlivan—It is being used by the dairy industry in the Goulburn Valley.

Ms van Meurs—Since the last hearing, Biosecurity Australia has finished a number of other assessments on imports of different grains from other countries. That has been issued under a policy advice memorandum. For example, we have finished an assessment on soya bean from Brazil, so those assessments from our point of view, from the risk assessments, have been completed. But the issue about whether the import applications have been issued is an AQIS issue.

Senator O'BRIEN—Biosecurity Australia has done a number of risk assessments since that time about feed products—animal feed products, I guess—being imported. Which ones were they?

Ms van Meurs—At the moment, there are a number of finalised conditions. Again, I put the rider on that these really are only allowed to come into metropolitan areas for processing under very strict guidelines by AQIS that they have undertaken. At the moment, we have got corn from Argentina, parts of the USA; sorghum from Argentina, parts of the USA; soya bean, Argentina and parts of Brazil, Paraguay and parts of the US; sunflower from Argentina; wheat from Argentina, Canada and the UK; and rye from Canada. They are the assessments that we have completed.

Senator O'BRIEN—When did these import risk assessments begin?

Ms van Meurs—Because of the drought situation, we commenced those in late 2006. I would have to give you the exact date.

Senator O'BRIEN—When were they concluded?

Ms van Meurs—We have concluded them over a number of months. Those assessments are specific assessments to determine particularly the fungal issue—whether there is a low pest prevalence of fungal diseases in those particular countries. There is the issue around pests, so insects and seaborne diseases are actually rectified or sterilised through the hammermilling process. The risk management measures or the risk assessments that we have done are really looking at a specific pathway for fungal organisms.

CHAIR—How many of those hit the deck? How many arrived?

Ms van Meurs—None at the moment.

CHAIR—I cannot see any reason why we would want them now.

Mr Quinlivan—That is really the point that I was making: the need at present is not so much for grain and grain substitutes but for fibre products, which is why the palm kernel has been attractive to the dairy industry.

CHAIR—The rice stubble is competing with the kernel now. I was wondering who would know. Would someone else?

Senator O'BRIEN—We were relying on you, otherwise we will have to go home early. I thought Rachel Siewert was going to ask a lot of questions.

Senator SIEWERT—I asked mine of AQIS, sorry. I thought we were going to ask about the banana crop.

Senator O'BRIEN—We were.

Senator SIEWERT—Where are we up to with the protocol for bananas?

Mr Cahill—The draft report is still out for public comment and I have just extended the comment period by a further month, until the end of June.

Senator SIEWERT—Then how long will it take after that?

Mr Cahill—It depends on how many comments we get and the complexity of the issues that are raised. Once we have considered those submissions we would prepare a provisional final report which would then go to the Eminent Scientists Group. They would have a couple of months to consider that and it would then come back. We would finalise a report. It would then be published and subject to appeal.

CHAIR—When do we get the protocol back?

Mr Cahill—The protocol presumes that there is a need for a protocol on the basis that import applications are going to be received. The risk assessment is about identifying the risk and identifying whether there are risk management measures that can be put in place.

CHAIR—No, I was really referring to those human failure aspects.

Mr Cahill—I understand where you were going with it, yes, but we are quite some way away from that.

CHAIR—We are waiting with a baseball bat.

Mr Cahill—I will look forward to that, Senator. Thank you.

CHAIR—I think we should all go home. Can I on behalf of the committee just thank the department and all your officers for your courteous cooperation. Thank you, Minister, for your assistance and thank you to our people up there behind the glass for your patience and endurance, and to the secretariat thank you very much.

Committee adjourned at 10.29 pm