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SENATE

RURAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE

Estimates

MONDAY, 17 OCTOBER 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE
RURAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Monday, 17 October 2011

Senators in attendance: Senators Abetz, Adams, Back, Boswell, Colbeck, Cormann, Edwards, Gallacher, Heffernan, Macdonald, Madigan, Milne, Nash, Rhiannon, Siewert, Sterle, Urquhart, Waters and Williams

AGRICULTURE, FISHERIES AND FORESTRY

In Attendance

Senator Ludwig, Minister for Agriculture, Fisheries and Forestry

Senator Farrell, Parliamentary Secretary for Sustainability and Urban Water

Department of Agriculture, Fisheries and Forestry

Executive

Dr Conall O'Connell, Secretary

Ms Rona Mellor, Deputy Secretary Biosecurity

Mr James Flintoft, Acting Deputy Secretary

Mr Phillip Glyde, Deputy Secretary and Executive Director, Australian Bureau of Agricultural and Resource Economics and Sciences

Mr Paul Morris, Acting Deputy Secretary, Live Animal Export Taskforce

Corporate Finance/Corporate Policy/Corporate Services

Ms Fran Freeman, Executive Manager

Ms Libby Bie, General Manager, Ministerial and Parliamentary Branch

Ms Jenny Barbour, General Manager, Communications Branch

Ms Cassandra Kennedy, Acting General Manager, Portfolio Strategy and Coordination Branch

Ms Heather Hemphill, Acting General Manager, Portfolio Strategy and Coordination Branch

Mr Bill Withers, Acting Chief Operating Officer, Corporate Services Division

Ms Kate McRae, Manager, Enterprise Agreement Team, Corporate Services Division

Ms Jacquie Walton, General Manager, Human Resources Branch, Corporate Services Division

Mr Darren Schaeffer, Chief Finance Officer

Mr Aaron Hughes, General Manager, Commercial Business Branch

Ms Nicole McLay, Acting Deputy Chief Finance Officer

Mr Matthew Ryan, Deputy Chief Finance Officer

Ms Vanessa Berry, Deputy Chief Finance Officer

Ms Lisa Hind, Acting General Manager, Levies Revenue Services

Mr Graham Gathercole, Chief Information Officer

Climate Change

Mr Tom Aldred, Executive Manager

Mr John Talbot, General Manager, Forestry Branch

Mr Andrew McDonald, General Manager, Farm Support and Adaptability Branch

Ms Julie Gaglia, Acting General Manager, Climate Change Policy Branch

Australian Bureau of Agricultural and Resource Economics and Sciences

Dr Terry Sheales, Acting Deputy Executive Director

Dr Kim Ritman, Chief Scientist

Mr Bruce Bowen, General Manager, Biosecurity and Farm Analysis Branch

Dr Gavin Begg, General Manager, Fisheries and Quantitative Sciences Branch

Dr David Cunningham, General Manager, Land and Forests Branch

Sustainable Resource Management

Mr Ian Thompson, Executive Manager

Ms Michelle Lauder, General Manager, Landcare and Regional Delivery Improvement Branch

Ms Kimberly Green, Acting General Manager, Grants and Sustainable Agriculture Branch

Mr Gordon Neil, General Manager, Fisheries Branch

Ms Anna Willock, Director, International Fisheries

Australian Fisheries Management Authority

Dr James Findlay, Chief Executive Officer

Mr John Bridge, General Manager Corporate Governance

Mr Peter Venslovas, General Manager Operations

Mr Malcolm Southwell, Acting General Manager Fisheries

Mrs Tanya Howitt, Chief Finance Officer

Mr Steve Bolton, Senior Manager Research and Co-Management

Australian Pesticides and Veterinary Medicines Authority

Dr Eva Bennet-Jenkins, Chief Executive Officer

Mr Tony de la Fosse, Program Manager Corporate Services

Dr Raj Bhula, Program Manager Pesticides

Mr Allen Bryce, Program Manager Veterinary Medicines

Trade and Market Access

Ms Jo Evans, Executive Manager, Trade and Market Access Division

Mr Simon Smalley, General Manager, Multilateral Trade Branch

Ms Paula Svarcas, Acting General Manager, Bilateral Trade (North Asia, Europe and the Middle East)

Mr Paul Ross, General Manager, Bilateral Trade (Americas, South East Asia, Subcontinent, New Zealand and The Pacific)

Biosecurity (includes Australian Quarantine and Inspection Service; Biosecurity Australia; Product Integrity, Animal and Plant Health; and the Australian Plague Locust Commission)

Mr Russell Phillips, Acting Executive Manager, Biosecurity Strategic Projects
Dr Robyn Martin, General Manager, Partnerships Branch
Mr Robert Murphy, General Manager, Risk Branch
Ms Louise Clarke, General Manager, Sustainable Biosecurity Funding Branch
Mrs Barbara Cooper, Acting General Manager, Food Exports
Mr Stuart Grant, Acting Program Manager, Imported Food Program
Ms Nora Galway, Acting General Manager, Residues and Food Safety
Dr Ann McDonald, General Manager, Export Reform
Mrs Slava Zeman, Acting General Manager, Export Standards
Mr Jonathan Benyei, Acting Executive Manager, Biosecurity Quarantine Operations Division
Dr Colin Grant, Executive Manager, Plant Division
Dr Vanessa Findlay, General Manager, Plant Biosecurity (Horticulture) Branch
Mr Bill Magee, General Manager, Plant Biosecurity (Grains and Forestry) Branch
Mr Rob Schwartz, Acting General Manager, Plant Biosecurity (Grains and Forestry) Branch
Dr Mikael Hirsch, Principal Scientist
Ms Lois Ransom, Chief Plant Protection Officer
Ms Louise van Meurs, General Manager, Plant Quarantine Operations Branch
Ms Kylie Calhoun, Acting General Manager, Plant Export Operations Branch
Mr Darryl Barbour, Senior Manager Plant Biosecurity (Grains and Forestry) Branch
Dr Mark Schipp, Australian Chief Veterinary Officer, Office of the Chief Veterinary Officer
Dr Bob Biddle, General Manager, Animal Health Programs
Ms Lee Cale, General Manager, Live Animal Exports Reform Taskforce
Dr Jenny Cupit, Acting Executive Manager, Animal Division
Mr Dean Merrilees, Acting General Manager, Animal Export Operations
Ms Jackie South, Acting General Manager, Animal Quarantine Operations
Dr Andrew Cupit, Acting General Manager, Animal Biosecurity
Mr Chris Adriaansen, Director, Australian Plague Locust Commission
Dr Kevin Dunn, Interim Inspector-General of Biosecurity
Ms Lynne O'Brien, Executive Manager, Biosecurity Regional and Business Services
Live Animal Exports
Mr Paul Morris, Acting Deputy Secretary, Live Animal Export Taskforce

Mr Matthew Dadswell, General Manager, Live Animal Export Taskforce
Dr Mark Schipp, Australian Chief Veterinary Officer, Office of the Chief Veterinary Officer
Ms Lee Cale, General Manager, Live Animal Exports Reform Taskforce
Mr Tom Aldred, Executive Manager, Climate Change Division
Mr Andrew McDonald, General Manager, Farm Support and Adaptability Branch
Mr Simon Murnane, General Manager, Livestock Industries and Animal Welfare Branch
Ms Jo Evans, Executive Manager, Trade and Market Access Division
Ms Paula Svarcas, Acting General Manager, Bilateral Trade (North Asia, Europe and the Middle East)
Agricultural Productivity
Mr Greg Williamson, General Manager, Agricultural and Veterinary Chemicals and Farm Leadership Programs Branch
Mr Mike Ryan, Acting General Manager, Research and Development and Food Security Branch
Mr Richard Souness, General Manager, Food Branch
Mr Peter Ottesen, General Manager, Crops, Horticulture and Wine Branch
Mr Simon Murnane, General Manager, Livestock Industries and Animal Welfare Branch
Mr Matthew Worrell, General Manager, National Food Plan Taskforce

Wheat Exports Australia

Mr Ted Woodley, Chair
Mr Peter Woods, Chief Executive Officer

Grains Research and Development Corporation

Mr John Harvey, Managing Director
Mr Keith Perrett, Chairman

Committee met at 09:00

CHAIR (Senator Sterle): I declare open this public hearing of the Senate Rural Affairs and Transport Legislation Committee. Today the committee will commence its examination of supplementary budget estimates with the Department of Agriculture, Fisheries and Forestry. The committee has fixed Tuesday, 29 November 2011 as the date for the return of answers to questions taken notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday, 21 October 2011. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has a copy of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

CHAIR: As agreed, I propose to call on the estimates in the order shown on the printed program. I welcome Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and

Forestry, Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry, and officers of the department. Minister, do you or Dr O'Connell wish to make a brief opening statement before we go to questions?

Senator Ludwig: No, thank you, Chair.

CHAIR: Then we will move to questions. Senator Colbeck.

Senator COLBECK: I would like to start off with the efficiency dividend. We had a lot of discussion about the department's plan about how it might be going to meet that. Could you give us an update on where you are at with achieving the efficiency dividend?

Dr O'Connell: I will pass over to the chief finance officer, Darren Schaeffer.

Mr Schaeffer: We announced in the budget a savings measure of \$32.8 million over four years and an increase in the efficiency dividend of quarter of a per cent over four years, totalling \$11 million over four years. The department has underway a program of work which includes prioritising activities across the department, including in our corporate space, and reducing our discretionary spending where possible. Through that, we will be realigning certain elements of the department throughout the course of the year. We are still in the design of that program at the moment, so we are not able to explicitly detail the activities that we will be looking at and then rationalising throughout the course of the year. We hope to bring that back at the February estimates.

Senator COLBECK: You speak of discretionary spending. What have you identified as discretionary?

Mr Schaeffer: Staff and contractors make up 75 per cent of the department's spending. We consider 20 per cent fixed, which entails basically our IT, rent, depreciation, travel and some analytical testing. The other five per cent is what we consider discretionary. However, some of that is also put to our cost-recovered activities such as travel in our cost-recovered areas such as the sea cargo container inspections. We covered this last estimates.

Dr O'Connell: In the budget papers, it was made clear that we would be looking at corporate areas for some of the savings in terms of the management of the staffing levels, and we are going through a process of realigning our business to manage that. That will be finalised in the next month or so. That then should position us over the forward estimates to manage the targets we have got to deal with and would include the efficiency dividend. So we should be in a position in the next month or so to have finalised that process.

Senator COLBECK: So you have effectively got five per cent to play with out of your total budget, plus potential alterations in your staffing levels?

Mr Schaeffer: That is right. We need to look at all activities.

Dr O'Connell: Our target essentially, coming out of the budget, was \$32.8 million over four years. At the time, we indicated that the corporate realignment process would manage a significant proportion of that. We will look at the overall approach coming out of that corporate realignment and make an assessment after that about what else, if anything, needs to be done. But I am reasonably confident that we will be on target after that process.

Senator COLBECK: We have been through this a number of times now over a couple of years, because the efficiency dividend is not an issue that is necessarily new.

Dr O'Connell: We had factored into our business the efficiency dividend that was the continuing efficiency dividend. That already had been factored into our business. The one that we are talking about now is just that additional 0.25 per cent efficiency dividend that was added in the last budget. Apart from that, the previously existing efficiency dividend was already factored into our budgetary process. There was 0.25 per cent for 2011-12 and 2012-13.

Mr Schaeffer: Yes, out to 2014-15.

Senator COLBECK: I understand that but, given the responses that you gave to the committee at the last estimates and the answers to questions on notice that we received post the last estimates hearings, I have a serious lack of confidence in whether the department really knows where it is heading on this. We get this answer on four occasions, in answers to questions on notice Nos 181, 183, 184 and 186:

The efficiency dividend will focus the department in consolidating and streamlining our organisation, in an effort to eliminate red tape and duplicate functions across our corporate functions.

What does that mean? That is just gobbledegook.

Dr O'Connell: Just to give an example, I might ask the chief finance officer to explain the work we have been doing on the chief executive instructions—this is the red tape—and managing FMA Act responsibilities.

Senator COLBECK: But how are you going to get any efficiency if you are duplicating functions across your corporate functions?

Mr Schaeffer: No. We are removing the duplication.

Senator COLBECK: That is not what the answer says.

Mr Schaeffer: Which number are you referring to?

Senator COLBECK: There are five of them if you want to look at it. You have done a cut-and-paste job on us on 181, 183, 184 and 186, and there is a very similar response in 174.

Mr Schaeffer: The answer is that duplicated functions across the department will be removed.

Senator COLBECK: That is not what the answer says. Let us move off that for a second. What is the process for sorting out questions on notice?

Dr O'Connell: I think there is a difference—I hate to say this—between a noun and a verb here.

Senator COLBECK: I can only go on what I read.

Dr O'Connell: I will read it out:

The efficiency dividend will focus the department in consolidating and streamlining our organisation, in an effort to eliminate red tape and duplicate functions across our corporate functions.

So we are aiming to eliminate duplicate functions, not aiming to duplicate functions.

Senator COLBECK: Well, I have been through this a number of times and it is a bloody hopeless answer, quite frankly.

Dr O'Connell: Senator—

Senator Ludwig: Is there is a question there? I am happy for you to make as many statements as you like—

Senator COLBECK: There is a question there. I have asked it and I have had a diversionary answer. I want to know what the process is for preparing and clearing of answers to questions on notice. A portion of that goes on in the department and a portion of that goes on in your office. I want to clear up that first.

Dr O'Connell: Can I be clear about the question you are asking? Is it what are the clearance processes?

Senator COLBECK: Yes. Who signs off on the questions in the department before they come to the minister's office?

Dr O'Connell: They are signed off through the relevant line paths and through myself and then they go to the minister.

Senator COLBECK: Who signs off on them when they come to the minister's office?

Senator Ludwig: I eventually do.

Senator COLBECK: You eventually do. Okay.

Senator HEFFERNAN: In the case of transport out of this estimates. Why does it sit on the minister's desk for such a long time? Is it simply because the minister does not get to it or because there are political considerations to the answers? Anthony Albanese as of Friday had not returned answers.

CHAIR: Give the minister a chance to answer, should he choose to do so.

Senator Ludwig: I need to understand the context of the question. Are you referring to ours and have you said what the timeline is or are you simply making a broad statement that you think to be true?

Senator HEFFERNAN: I am asking you why is there always an unexplained delay.

Senator Ludwig: It is not actually a question. First of all, is there a delay? We can then get the timeline for you as to between the questions here—

Senator HEFFERNAN: I will put it this way: is it a fair thing on the Friday afternoon before estimates to have not received answers to questions for those estimates? Do you think that is a fair thing for any political party to have to deal with?

Senator Ludwig: Are you referring to questions here?

Senator HEFFERNAN: I am.

Senator Ludwig: We will check whether that is accurate.

Senator HEFFERNAN: Do you think that is a fair thing?

Senator Ludwig: It is not a question of whether it is fair or not. Let us get the facts right. Let us find out what questions have been put on notice, when they were answered, whether they were answered within the required time—

Senator HEFFERNAN: They never are.

Senator Ludwig: no—in relation to these estimates, for this portfolio and then how many were answered outside of the time?

Ms Freeman: The QONs that were received regarding the additional budget estimates were all tabled on the due date; all answers were tabled on the due date for this portfolio.

Senator Ludwig: So perhaps you would like to ask your question again without making a slur on the portfolio by indicating—

Senator HEFFERNAN: I am not making a slur on anyone, Joe. You're a big boy.

Senator Ludwig: And so are you! And you did!

CHAIR: Senator Heffernan, you might want to raise your questions with a different department. You are way off the mark because they have all come in.

Senator COLBECK: Now that we have established the process, and let us accept that there is a capacity for a couple of interpretations of the answer—

Senator Ludwig: I do not agree. It is very plain to me—

Senator COLBECK: Of course, you do not agree, Minister, you are defending your position. Let us go to another question.

Senator Ludwig: Let me read it out for the record so nobody gets into any difficulty.

Senator COLBECK: I have read it twice.

Senator Ludwig: It says:

The efficiency dividend will focus the department in consolidating and streamlining our organisation, in an effort to eliminate red tape and duplicate functions across our corporate functions.

Senator HEFFERNAN: So if you claim it on a credit card you would probably be able to do a lot—

Senator COLBECK: In other words, it does not say anything; it does not really answer the question. It is a nonsensical statement.

Let us go to question 181, which is part of that package I have just read out. In 181 I ask:

1. Will Biosecurity Services Group be impacted in any way by the Departmental Efficiencies measure in BP2, p86?

2. If so, please provide details.

The answer is 'Yes' and then we go on to:

The efficiency dividend will focus the department in consolidating and streamlining—

It does not give you any detail. It is basically management speak; it does not respond to the question. We have exactly the same answer to 184: will ag productivity be impacted by the departmental efficiency measures? It says, 'Yes, the efficiency dividend will focus the department,' but it does not actually detail anything.

Mr Schaeffer: The details are still being worked through. We can give you some examples that we expect to—

Senator COLBECK: Why can't you say that?

Mr Schaeffer: They were not clear at the time.

Senator COLBECK: What do you mean by, 'They were not clear at the time?'

Mr Schaeffer: We are still working through a program which is identifying the types of functions and processes throughout the department, including the Biosecurity Services Group, so that we can come up with a better and more efficient way of delivering these support services to the business generally. That takes some time to work through. It is a complex

department with complex processes. We would not want to table anything that takes us down a path which is not right.

Senator COLBECK: But you could say that you were working up a program that you might have finished by a certain time frame, which is effectively what you said to me when I asked the question this morning. Had I had that information, perhaps my first question this morning could have been, 'How is the time frame going and when are you likely to have it finished?'

Mr Schaeffer: Sure, I will take that on.

Senator COLBECK: So you are hoping to have that sorted out by the next round of estimates in February?

Mr Schaeffer: Yes, we have a formal program of work going on.

Senator COLBECK: Is that program meeting its goals? Have you got a timeline for that process?

Mr Schaeffer: Yes.

Senator COLBECK: Are you on your timeline?

Mr Schaeffer: We are broadly on time, yes.

Senator COLBECK: What does that mean?

Ms Mellor: Since the completion of those questions on notice the department has established a change management committee which is focusing on a number of change agendas. One of them is the delivery of the savings out of the last budget. A significant piece of work is to develop a program, as others have said, which will enable us to integrate our corporate services a lot better. We have probably duplicated services through AQIS over time. We are looking at having centres of excellence in corporate service delivery, including IT. We are certainly spending a lot of time looking at the best delivery of IT services for the department. As you would appreciate, a significant part of that is the delivery of biosecurity services. We have also run separate finance areas. We are integrating finance areas. We are fully integrating our human resources management areas. As you would appreciate with a large network around the country we want to make sure we have good HR and financial service delivery right through the business nationally. We are looking at better property management services. We have a large portfolio of properties, including quarantine stations, regional offices and a range of quarantine sheds and quarantine approved premises, for example. We are looking at integrating the management of those a lot better.

A lot of the work at the moment is in the planning stage. It does involve some restructuring in the organisation, which will need the attendant consultation with staff et cetera. We are looking to have all of that in place early in the new calendar year and to start better service delivery within the agency but at a more effective price.

Senator COLBECK: You say you are looking to have it in place early in the next calendar year.

Ms Mellor: That is right.

Senator COLBECK: I suppose you have given us some indication of where you are going through that process now with those AQIS duplications and IT duplications, human resources and financial services.

Ms Mellor: I think the key thing is to actually aggregate the staffing first and aggregate the functions and then have a look at what duplication can be cut out quickly and to start measuring that. For example, we have, as I say, a large portfolio of properties. We obviously have buildings in Canberra but we have buildings right around the country. We have properties at airports. We manage that at the moment out of two separate areas. We want to bring those two areas together, working with our property managers a lot better to see if we can reduce the cost of delivering property services. That is just a small example, although we do have a large portfolio. Step one is to identify the tasks and functions, then to bring people together and then each of the executive managers involved in this will start working through where the savings can be delivered.

Senator HEFFERNAN: Could you provide on notice a list of those properties which are rented, who they are rented to and what the rent is?

Ms Mellor: There are over 120 properties.

Senator HEFFERNAN: Thank you. Can you provide that on notice?

Ms Mellor: We will see how we go.

Senator COLBECK: I think I might already have a question on notice floating around on that.

Senator HEFFERNAN: Because there is some dodgy—

CHAIR: That may be an opinion of yours, Senator Heffernan. Senator Colbeck, do you have any more questions because you are—

Senator HEFFERNAN: I cannot hear you, mate; you're mumbling!

CHAIR: Sorry, Senator Heffernan. It is just that I watched the grand final replay. I am still cheering for Geelong—they won again. I must admit that I was still arguing with the television about the umpire's decisions in the first two quarters. Senator Colbeck, we are tight for time—

Senator COLBECK: Did you get a better price? Yes, I do have more questions.

CHAIR: There are colleagues of yours that do have questions as well. Your call, Senator Colbeck.

Senator COLBECK: At additional estimates we talked about the draft social media policy and whether that had been finalised or not. In answer to a question on notice—No. 234—you said the policy had not been finalised. Where are we up to with that?

Ms Freeman: It remains in draft form.

Senator COLBECK: Going back to the additional estimates in February, there has been no progress on that at all? You said in answer to question 234 that additional staff members at ABARES's Corporate Communications Branch have been given access to support the outlook conference in March. Have there been any further changes to that protocol?

Ms Freeman: I beg your pardon, Senator. I did not quite understand your question.

Senator COLBECK: I am going to the question on notice No. 234, which deals with access to social online media. Question 2 of that question asks, 'Have there been any changes to the staff who are permitted access to social media?' Your answer to that, at that stage, was, 'Yes'. That related to some people from ABARES and Corporate Communications Branch to

support the outlook conference. I am just asking: have there been any further changes to access?

Ms Freeman: I would have to refer to my IT colleagues on the specifics of access for individual staff members, but, as was answered in question 234, the use of social media for those specific things—for example, the ABARES outlook conference and the Plague Locust Commission—was there and active. But I will hand over to my colleague Mr Gathercole.

Mr Gathercole: Access to social media is permitted within the department upon request. When an executive manager requests access for their staff it is given.

Senator COLBECK: How does that comply with the draft social media policy?

Mr Gathercole: I believe it complies with it.

Senator COLBECK: What is the time line for finalising that? It is obviously not an urgent issue.

Ms Freeman: I would have to take that on notice.

Ms Mellor: It is fair to say that we are involved in different ways with social media. We have certainly used it at the ABARES outlook conference. We used it quite heavily during the locust season to engage with people in communities affected by locusts. We have a number of elements in place, as that answer points to, in the use policy, the IT security policy et cetera. But we need to balance that with its best use for people. For example, our chief vet is currently contemplating where he might use social media to engage with the veterinary community. So not just having the policy but also understanding how to best use it as a communication tool is part of the progress that we are making.

Ms Freeman: The fact that it is not finalised is not prohibiting us from exploring alternative uses, as Ms Mellor said, and it is also feeding into the work as we develop its use.

Senator COLBECK: I want to move on now to the allegations of fraud in the department. Minister, can you advise us what scrutiny and security processes were in place prior to September and what actions have been taken to redress or prevent a recurrence of that situation?

Senator Ludwig: That question should be directed to the department, clearly. The period was before my time as minister.

Senator COLBECK: My understanding was that you requested—

Senator Ludwig: When the allegations were made—

Senator COLBECK: You requested a full report, as I understand it.

Senator Ludwig: That I can confirm. That is a different question.

Senator COLBECK: I just wanted to clarify that—that is all.

Dr O'Connell: I might ask the Chief Finance Officer to go through the control measures we have now and had prior to that *Sydney Morning Herald* allegation.

Mr Schaeffer: The department has in place a quite extensive controls framework, particularly stemming from the FMA Act. Basically, there are a whole bunch of chief executive instructions, policies, guidance material, staff training and audits governed by a committee structure that includes an executive management team and an audit committee. There are various governance arrangements such as the whole-of-government certificate of

compliance. We have a financial statements subcommittee. There is an internal audit process. We report monthly on our budget and our performance against the budget. We do random spot checks throughout the accounts. There are various reconciliations that go on through the accounts. We apply the Commonwealth cost recovery guidelines and the Commonwealth procurement and grant guidelines. We have a delegations framework in place, and that is governed by the Financial Management and Accountability Act—FMA Act—regulations. We have finance circulars, finance minister's orders and internal controls assessments. We do process mapping and risk and control mapping and we have management of our quality assurance processes.

Senator COLBECK: Were there any changes made to the process post this investigation?

Dr O'Connell: No, those processes were in place beforehand. I might take the opportunity to make it clear that, contrary to both the impression and specifics of that article, there have been no findings of fraud against the departmental officer, either during 2008-09, when it was mentioned, or since. Importantly, the Australian National Audit Office has reported no significant findings or control weaknesses for the portfolio in the 2010-11 financial statements interim audit report. I would go so far as to say that our control measures are effective—

Senator HEFFERNAN: So the \$7,000 allegation was a lie?

Senator Ludwig: You should allow the secretary to finish his evidence, and then I am sure you can ask a follow-up question.

Senator HEFFERNAN: We have limited time.

Dr O'Connell: I would say that our control measures are effective and that the article in the *Sydney Morning Herald* gives a misleading sense of the controls and the effectiveness of the controls and in some cases is just plain false.

Senator HEFFERNAN: The allegations in the *Herald* about the \$7,000 that was misappropriated are false?

Dr O'Connell: I think the \$7,000 was a different department.

Senator HEFFERNAN: Let's get this clear. There was an allegation in the *Herald* that someone took \$7,000. In the *Herald* it said they were not entitled to it—

Dr O'Connell: Senator, you are talking about a different department.

Senator HEFFERNAN: Just hang on. They were not entitled to it and that person no longer works for the department. That is what it said. Is that right or wrong?

Dr O'Connell: That is wrong.

Senator HEFFERNAN: So what is the truth about that matter?

Dr O'Connell: The truth is that you are talking about a different department. The *Sydney Morning Herald* ran a series of articles and that allegation refers to a different department, not this department.

Senator HEFFERNAN: What department does it refer to?

Dr O'Connell: I am not quite sure. I think it is the department of transport, but I—

Senator Ludwig: We should manage this one at a time, if you don't mind.

Dr O'Connell: I think it is the department of transport.

Senator HEFFERNAN: So someone in the department of transport allegedly took \$7,000, did not go to jail—

CHAIR: Senator Heffernan, you will have your chance to raise that under the correct department.

Senator HEFFERNAN: In your department, is it right or wrong that 63 per cent of the respondents—the people interviewed—as per the *Herald* report, in some way misused their credit card? That was one of the allegations.

Dr O'Connell: Of my department? I do not think that was one of the allegations of my department.

CHAIR: Senator Heffernan, you may wish to revisit your notes and you might want to raise that tomorrow. We are short of time and other senators also have questions. I will go to Senator Colbeck.

Senator COLBECK: Let us deal with some of the other elements of this report that we have talked about. One of the things mentioned in the report is that there were allegations—let us put them in that context—of staff being confused and poorly trained. How do you respond to that?

Ms Mellor: I think those comments were in relation to findings in an audit report. We took recommendations from that audit report and implemented them all. We have certainly made a very large investment in training in the quarantine staff, with a set of staff instructions electronically referenced now for all staff and a very rigorous training program. In the particulars of that audit report we took the action straightaway that the audit recommended, but we have grown that process more systematically across the operational staff.

Dr O'Connell: If I could add to that: we run these internal audit reports in order exactly to improve our business. So all these reports that have been mentioned are about our internal controls working to look for areas we can strengthen, and then we take the action to strengthen them. They are part of our business model, which allows us to ensure we are continually improving. So in the area of the staff training referred to, that is the process of working to discover where we need to strengthen our game, and then strengthen it. This is an internal process.

Senator COLBECK: But surely staff having a good understanding of their responsibilities around use of corporate credit cards and things of that nature would be fairly fundamental.

Mr Schaeffer: It is fundamental, and there is training available for all staff.

Senator COLBECK: And the fact that staff are confused and poorly trained would have to be something that—

Dr O'Connell: That was not referring to credit card use.

Senator COLBECK: We are talking about their general awareness and if they are—

Dr O'Connell: There is a series of separate internal audit reports. These are separate reports dealing with different issues.

Senator HEFFERNAN: Can I help clarify this, Senator Colbeck. Dr O'Connell, you may care to deny this. According to the report:

Almost 10 per cent of the senior officials running the federal Department of Agriculture, Fisheries and Forestry—

I presume some of them are in the room—

were investigated last year for fraud, internal documents show.

What would trigger that sort of an investigation? Would there be an event or just a general audit? Ten per cent of senior employees were investigated for fraud.

Dr O'Connell: The claim made in the *Sydney Morning Herald* is inaccurate. It is not 10 per cent.

Senator HEFFERNAN: But not wrong?

Dr O'Connell: No, it is wrong.

Senator HEFFERNAN: You say that there were eight and your spokesperson, Jodi Gatfield, says, 'No, sorry, there were only three.' The report continues:

This is contradicted by a fraud report filled out by Edward Stanmore, the head of audit. Released under freedom of information, the document states eight "senior executives/managers", each with more than nine years' tenure, had been the target of internal fraud investigations.

Would that be going to Melbourne on departmental business, getting a taxi to the meeting but then going off to a party that night and putting that on your Cabcharge as well? What sort of fraud initiates that sort of an investigation?

Dr O'Connell: If I could just go to the basics of the claims, the claim that 10 per cent of the executives had been investigated for fraud is inaccurate.

Senator HEFFERNAN: So what is the accurate figure?

Dr O'Connell: The department reported nine allegations of fraud at executive level and senior executive level of service. At that level we have roughly 900 to 1,000 people. It is important to note that—

Senator HEFFERNAN: So what was the outcome?

Dr O'Connell: If I could just finish. It is important to note that these were allegations only—they were not findings of fraudulent activity—and none of the nine allegations were substantiated. Three of the allegations were against Senior Executive Service officers. Two of those investigations related to credit card usages. Those two were self-reported by the people involved and were rectified. One was an allegation related to corruption, which was subsequently dismissed, after initial inquiries had been made, as baseless.

Senator HEFFERNAN: Once again, what actually triggers a fraud investigation for a particular person?

Mr Schaeffer: We have a standard process that is governed by our policy on credit cards. Basically no personal expenditure is allowed on your corporate credit card unless with the express agreement of the chief executive or his delegate. For example—and I am not saying this is the case—if someone went down to Bunnings and used the wrong credit card, then that would be a reportable instance.

Senator HEFFERNAN: Fair enough. Do you have Cabcharge?

Mr Schaeffer: Yes, we do.

Senator HEFFERNAN: I am not entitled to Cabcharge in Sydney, but every member of parliament fills out a monthly report on what they do with their Cabcharge and what it was spent on. Do you do that?

Mr Schaeffer: All travel is acquitted.

Senator HEFFERNAN: No, that was not the question. Do you mandatorily get sent a form to fill out saying, 'This is what your credit card reports; would you like to comment on this to verify it?' And is it monthly, or six-monthly?

Mr Schaeffer: Each expense is acquitted by the officer themselves and then it goes to their supervisor to be checked, verified and approved on our IT systems.

Senator HEFFERNAN: We fill out a monthly report. We actually have to sign off on it. Do you sign off on a monthly report?

Mr Schaeffer: We use our computer system. It is all done automatically through a reconciliation system online.

Dr O'Connell: The result is equivalent.

CHAIR: Before we go to Senator Colbeck, I am mindful of the time and, although I know this committee is very flexible with its times. With your agreement, and depending on time, I will come back to you, Senator Colbeck.

Senator MILNE: I just want to follow up on the issue of the fraud investigations. The allegation is that hundreds of fraud investigations were conducted inside the department during the past two years. Can you tell me how many fraud investigations were conducted in the department in the past two years?

Mr Withers: In 2010-11 the department received 23 allegations of fraud against departmental employees. In the 2011-12 year to date there have been three allegations of fraud against departmental employees.

Senator MILNE: And what about 2009-10?

Mr Withers: I do not have those figures, I am sorry.

Senator MILNE: Then I will put that on notice, please. Going to the 23 allegations in 2010-11 and the three in 2011-12, can you break those up in terms of departments, as opposed to generic things like travel and credit cards? What about issues like procurement? Among the areas of agriculture, forestry and fisheries, how many relate to each of those departments?

Mr Withers: In 2010-11, six of those 23 matters proceeded to investigation., and all six matters were dismissed. There was no finding of fraud.

Senator MILNE: But which departments were they?

Mr Withers: They were all in this department.

Dr O'Connell: Perhaps Mr Withers has misunderstood. Senator Milne, you are asking for a split by parts of the department. Is that correct?

Senator MILNE: Yes, that is right. I am trying to understand the allegations in relation to forestry, agriculture or fisheries—within the department—pertaining to those fraud inquiries.

Dr O'Connell: We would have to take that on notice. I doubt that we have that break-up. Naturally we are a department, not three departments.

Senator MILNE: I understand there are generic issues like credit card use or whatever. When you come to procurement surely it would come down to specific departments.

Dr O'Connell: It would come down to specific areas, but we could take that on notice for you. I do not think that we would have that there, because it does not naturally break up like that. We would have to look at it.

Senator MILNE: Okay. Going to the issue of procurement, media reports suggest that there are systemic issues and that the audit report said that there needed to be a substantial change in the behaviour of those executing and approving procurement processes. The 2009 audit file noted a high level of non-compliance in procurement and that it might not be able to be shown that tenderers were treated fairly and consistently. There was also widespread evidence of inadequate procurement processes. It went on to allege that in relation to a particular conference event the tender was split into two parts to avoid an open tender. So my question is particularly in relation to a problem that seems to be ongoing and systemic in terms of procurement processes and the allegation about a tender being split so that it would not have to go to open tender.

Senator HEFFERNAN: Bear in mind that this has become systemic, as evidenced in the ICAC inquiry in New South Wales.

Dr O'Connell: I first make the point that I do not see that there is a systemic problem in terms of procurement. We found that one issue. The department has continued to make improvements in procurement practices as a consequence of those internal audits. I remind the committee that the internal audits were our own control process to strengthen our efforts. We have revised and strengthened the procurement guidelines and instructions. We have standard procurement and contracting templates. We have put in place mandatory protocols regarding legal sign-off on high-value procurement and probity and we have mandatory training for officials involved in procurement activity. So regarding the question as to whether there is anything systemic, I would be suggesting that we have that controlled. Regarding the specific case of the conference, we can probably provide some further information.

Senator HEFFERNAN: But that was a clear breach of the law.

CHAIR: Senator Heffernan, Senator Milne has the call.

Senator MILNE: I particularly wanted to ask about the allegation that a conference event was split so that it did not go to open tender. Was that found to be the case?

Mr Withers: The situation in relation to that was that it was for the procurement of interpretation services and translation services for a conference, the joint meeting of the Food and Agriculture Organisation and the World Health Organisation Food Standards Program, the Codex Committee on Food Import and Export Inspection and Certification Systems. That was held in March 2010. The auditors queried whether the process of obtaining separate quotes for the interpretations and translation services had the effect of circumventing the Commonwealth procurement guidelines for contracts valued at \$80,000 or more. The circumstances were that the contracts for the interpretation services and the translation services were in fact awarded to the same provider and the value of each component was less than \$80,000 but together exceeded \$80,000. The auditor suggested that that looked as though it had been deliberately to circumvent the guidelines.

In response to that finding, the department revised its procurement guidelines. It has prepared new procurement templates, introduced additional requirements for approval of material contracts and implemented the training activities that the secretary has referred to to build awareness of and compliance with our procurement obligations. In addition, the department's internal audit team is periodically reviewing our procurement activities to ensure compliance with the requirements. The program area involved in that particular procurement has changed its processes to comply with the requirements to go to open tender for those services for subsequent meetings.

Senator MILNE: That is fine for subsequent meetings and this is the problem here. In future, you say, 'We've put in place these things,' but just going back, who made the decision to split the tender?

Mr Withers: The decision was made by the line area at the time. Procurement in our department is decentralised, but there is advice from a procurement advisory unit within the department that is available to people in relation to procurements.

Senator MILNE: So in fact interpretation and translations are determined to be separate and therefore by splitting them in that way it avoided having to go to an open tender, didn't it?

Dr O'Connell: It had the effect—

Senator MILNE: Yes, it did have the effect.

Dr O'Connell: Again, I want to emphasise that there is no question here of fraudulent behaviour. This was a weakness in the procurement process, which we identified ourselves through our audit process. We put in place strong processes to ensure that it does not happen again.

Senator HEFFERNAN: So you would never have entered (Indistinct) along these contracts?

Dr O'Connell: No. This was an isolated incident, as the report makes clear.

Senator MILNE: What about the other one that is reported in relation to the legal advice contract where the department requires legal advice for variations worth more than half a million dollars to be looked at? This policy was not complied with and there were no documents to show that the variation represented value for money. What is your response to that?

Senator HEFFERNAN: A 42 per cent increase in the value of the contract just by a stroke of a pen and a glass of wine.

CHAIR: That is maybe how you do business most of the time, but that is your opinion. Will you answer Senator Milne's question, Dr O'Connell.

Mr Withers: The variation to that contract with Blake Dawson and the increase in the cost of legal services was a consequence of an increase in demand, as a consequence of the outbreak of equine influenza, as well as an increase in the agreed blended hourly rate. The variation to the contract was based on a cost assessment of Blake Dawson's fees, compared to the fees charged by our panel of legal services providers. It represented value for money. Importantly, the department, in 2010-11, reapproached the market for legal services for an ongoing period and has subsequently appointed the Australian Government Solicitor as our legal services provider.

Senator MILNE: Finally, Dr O'Connell, every year we get told following the Auditor-General's reports and so on, and I am referring here to the Community Forest Agreement, 'We've learnt from that, we've improved our practices.' And every year we get this sort of response, 'We've fixed that and we've improved our practices.' At what point can the parliament have confidence that DAFF actually has good practices in place?

Dr O'Connell: You can now be confident. As I pointed out, we have an extremely good record. The processes we have in train are self-controlling processes. There are very few exceptions here to exceptionally good performance. You can now have confidence.

Senator MILNE: So you can assure me that there is no variation to deeds of agreement away from what is set down in the department's guidelines for any agreements or contracts that the Commonwealth enters into in relation to, for example, the intergovernmental agreement on forestry?

Dr O'Connell: You can have confidence in the overall systems and the ability of this department to run according to the FMA Act. In a large organisation, with many, many thousands of transactions, there will always be issues that need management and correction. That is why we have internal control processes. As Mr Schaeffer says, we have a very comprehensive and complex set of control processes and every one of these things that has been raised has been discovered by our control processes and we have then corrected them.

Senator HEFFERNAN: What was the blended rate?

CHAIR: Senator Colbeck.

Senator COLBECK: I just want to finish on this particular topic that Senator Milne is talking about. Mr Withers, you said you had done an assessment of fees across the panel of lawyers who were providing services and there was a circumstance, the equine influenza, that caused an increase in demand and that that internal process had demonstrated value for money. Why is it then that the report itself said there were no documents to show that variation represented value for money? You are telling us that an assessment was done. Wouldn't there be some record of that process, if that were the case?

Mr Withers: I will have to take that question on notice in terms of what the record shows.

Senator COLBECK: But you told Senator Milne that there was a process that was undertaken. Yet, the information we have is that there are no documents to show that that occurred. That is where the noncompliance arises, isn't it? You say that you have been through a process and the auditors go back and check that process to find out whether there are documents that support the assertion that a process has been undertaken.

Mr Withers: There is quite a difference in the hourly rates that were provided by our three other service providers under the panel arrangement and the blended hourly rate that was provided by Blake Dawson. So there was quite a significant cost in moving from the corporate legal unit provided by Blake Dawson at the time to the fees charged under the panel providers. There is clearly a value-for-money element associated with—

Senator COLBECK: That is what you said to Senator Milne. I understand that you have said that. That would indicate some process or assessment has occurred, but the quotation is that this policy was not complied with and there are no documents to show the variation represented value for money. So you are going to take that particular point on notice for us.

I want to go back to the question that I asked in relation to staff being confused and poorly trained. Dr O'Connell, you said that did not relate to financial matters and credit card use.

Dr O'Connell: Are you referring to AQIS?

Senator COLBECK: Yes.

Dr O'Connell: That is right.

Senator COLBECK: So you are talking about how in that circumstance:

AQIS staff are poorly trained and confused about their role, as one confidential document says.

I am quoting from the article again.

Dr O'Connell: That was about the quarantine approved premises.

Senator COLBECK: So effectively what we are talking about is the base role of AQIS officers that they are confused about and poorly trained on.

Ms O'Brien: The particular audit in question was of the management of quarantine approved premises by AQIS. These are premises where imported goods are held, subject to import conditions. The audit looked at a range of management controls around the quarantine approved premises. Importantly, it found that there was consistency in documentation of the import permit conditions and also that the treatment directions issued by staff were appropriate. So the substance of the audit was very solid. It did, however, raise issues in relation to the training of our audit staff—the staff who go out and conduct audits of the premises—and the way some of those audits were conducted. As Ms Mellor indicated earlier, as a result of that audit immediate action was taken to improve the training. We also invested significantly in the documentation and support that is provided to the staff on the ground who complete these audits. It was quite a specific focus.

Senator COLBECK: For example, there are not warnings issued now when unannounced audits are to be carried out?

Mr Benyei: There were three sets of concerns raised in that report, as my colleague mentioned. In terms of the announcement of the audits, I can assure you that unannounced audits are just that. Since the audit report was released there has been quite a bit of effort put into training staff on the job more formally and there has also been a great deal of rigour around the implementation of those unannounced audits.

Senator COLBECK: So they are now unannounced, as they are titled?

Mr Benyei: There are unannounced audits and there are announced audits, and the unannounced audits are unannounced.

Senator COLBECK: The other item was the training, and we had a discussion about that earlier. The third item—is that the inconsistency in instigation of sanctions?

Mr Benyei: Yes.

Senator COLBECK: What has happened with that?

Mr Benyei: I think we accepted that that could be improved. Now we have, if you like, a categorisation of the findings into minor, major or critical, depending on the materiality of the findings. We also have a more consistent way of recording the behaviour and the outcomes of those audits and, as a result, those that are of critical noncompliance, they are referred immediately to the national office for attention and are dealt with at that higher level.

Senator COLBECK: In relation to the categorisation of those noncompliances, if you want to call it that, are there guidance notes around that?

Mr Benyei: There most certainly are.

Senator COLBECK: They are available to everybody who is subject to them?

Mr Benyei: By and large they are training and guidance materials for staff to undertake that. They go to the heart of our compliance regime. Certainly the framework for compliance is known to those who are subject to its requirements. The actual details of how we go about that—some of that may remain confidential. Certainly the conditions under which people operate are widely known by those who are subject to them.

Senator COLBECK: So the premises subject to the audit would be aware of the classifications and the parameters around which those minor, major and critical indiscretions, if you like, or breaches might be classified?

Mr Benyei: Certainly. They are aware of what the requirements are that they must meet. They are also aware of what they must meet in terms of the investigations. When there is a finding, a report back from the audit, that is also made clear to the parties involved.

Senator COLBECK: Has there been any assessment level work about satisfaction in relation these changes, how they might be working, and consideration of, say, a broad range of indicators relating to that—say, absenteeism, reporting of bullying and harassment, and staff turnover?

Ms Mellor: Sorry, in relation to this audit report's implementation or more generally?

Senator COLBECK: In relation to this, but I suppose more generally would perhaps come out of that, if that is an issue.

Mr Benyei: I am not aware of the staffing issues or bullying and harassment, but I can certainly confirm that there is ongoing review of the efficacy of the audit regime. We have also engaged the services of the Australian Centre of Excellence for Risk Assessment to help verify the effectiveness of these measures.

Senator COLBECK: What about the management reporting functions that also formed a part of that recommendation? What has happened as far as that is concerned?

Mr Benyei: If we are still talking about the audit of the—

Senator COLBECK: Quarantine-approved premises, yes.

Mr Benyei: quarantine-approved premises, all of the recommendations have been implemented.

Senator COLBECK: Including changes to the management reporting functions?

Mr Benyei: Yes.

Senator COLBECK: Could you characterise those for me?

Mr Benyei: I think I have mentioned to you that the classification of all noncompliances now is transparent and consistent and they are reported back to those who operate quarantine-approved premises and that all non-compliance incidents of a critical nature are now reported to a national level. In terms of the documentation now, we have pass/fail criteria, and those who have consistent noncompliance, if you like, are put on certain warnings. We adjust the rate of audit and inspections commensurate with their performance against those audits.

Senator IAN MACDONALD: I am conscious these are just further estimates, so I do not want to go into things too quickly. Could you define the 'blended hourly rate'? I take it that as a result of the blended hourly rate from Blake Dawson being too high you have now switched to the AGS. Is that correct?

Mr Withers: No, the blended hourly rate is an agreed rate that the legal provider charges us. It reflects the fact that we will need senior partners to address some matters, counsel—

Senator IAN MACDONALD: So it is blended across Blake Dawson?

Mr Withers: Across the various services.

Senator IAN MACDONALD: From the most expensive to the—

Mr Withers: The move earlier this year to AGS as our legal services provider was on the basis of an open approach to the market, in which the fee structure was just one element of the procurement decision.

Senator IAN MACDONALD: Could you tell me the blended hourly rate for Blake Dawson compared to the AGS? You might need that on notice.

Mr Withers: I will take it on notice.

Senator IAN MACDONALD: Minister, in relation to the fraud thing, you called for a report. Have you got the report?

Senator Ludwig: Yes, I have.

Senator IAN MACDONALD: And is it a public document.

Senator Ludwig: As I understand it, it is. I am happy to table it.

Senator IAN MACDONALD: When did you get it, Minister? Perhaps on notice.

Senator Ludwig: On 30 September.

Senator IAN MACDONALD: Did it require you to take any action, or have you taken any action as a result of the report?

Senator Ludwig: My recollection is that it did not provide any recommendations to take particular action. I could say that, as you have heard this morning, the fraud and internal controls of the department are quite robust. What I was specifically looking at was the reports. I asked the department—I spoke to Dr O'Connell that morning—from the reports in the *Sydney Morning Herald* to have a look at what those allegations were. I am satisfied with the report and how the department deals with those internal audit and control mechanisms. I can say that there is always room for improvement, but I am satisfied that since that time the department has made significant improvements in their internal fraud control processes.

Senator IAN MACDONALD: Getting back to the efficiency dividend, Dr O'Connell, has the efficiency dividend in any way curtailed your negotiations on the next workplace agreements? Has it impacted them? I think you told us last time that it had had an impact on your graduate intake.

Dr O'Connell: That was the previous year. It has had no specific and particular impact this year on the negotiations. It is part of the budget framework—the budget that we have to manage.

Senator IAN MACDONALD: Will you end up with fewer staff as a result of it?

Dr O'Connell: As an overall part of the budget target we have, and that is \$32.8 million savings plus the dividends—\$11 million—we will obviously have to have some reductions in staffing levels over the forward estimates. That is an inevitable feature of managing that level of savings in appropriation. That is on the appropriation side, assuming there is no other new policy, which very often occurs during the period of the estimates. Of course, 60 per cent of our staff are cost recovered based, coming particularly out of the biosecurity area, and that comes from a different revenue stream and not from the appropriations. So, the overall numbers of staff will depend very much on the mix of appropriation and cost recovery staff.

Senator IAN MACDONALD: Because time is short can you on notice tell me over the forward estimates—and I appreciate the qualification, as you say—where you would anticipate the staff cuts would come from?

Dr O'Connell: Yes.

Senator IAN MACDONALD: Again on notice, can I get an update on the hospitality spend of the minister's and parliamentary secretary's offices and any departmental hospitality related to the minister or the parliamentary secretary.

Dr O'Connell: I think we can do that now, if you like.

Senator IAN MACDONALD: Perhaps you can answer all of these questions at once. Was there a hospitality spend in relation to the New Zealand apple import protocols and the impact risk analysis? I understand that you hosted New Zealanders or spent some time in New Zealand. I am particularly interested in what hospitality went into the decisions in relation to that.

Ms Freeman: I can comment in relation to hospitality spend for the minister and parliamentary secretary. In relation to that specific event, I might have to take that on notice.

Dr O'Connell: Our understanding, and we can confirm it, is that there was not any hospitality spend on that.

Senator IAN MACDONALD: Because time is short and my colleagues want to ask questions, could I get all the answers on notice. Finally, question No. 5 taken on notice at the last estimates was about whether the department had done any specific work on the impact of a carbon price on portfolio industries. That is something I can raise the appropriate time in this estimates. But, as a corporate question, has the department done any assessments of its carbon imprint or how you could reduce carbon, such as shutting off lights, reducing travel, reducing overseas visits?

That is one part of the question, but the final part of my final question is this. I note that you say ABARES was doing some work on sequestration and the potential for reforestation activities, but doesn't the department feel some obligation to do some sort of assessment of the impact of carbon pricing on all of the industries for which the department does indirect advocacy? There are several questions there.

Dr O'Connell: Yes. In terms of the footprint of the department, I think it would probably be best to take that on notice. We do record that according to the government's environmental and sustainability requirements, so we will get that on notice.

Mr Withers: I can make a couple of comments in relation to that. In terms of our electricity provision, we have an arrangement with ERM Power through the whole-of-

government procurement arrangements for the supply of electricity, and that provider sources 10 per cent of the electricity from renewable green power sources. In addition to that, in terms of the way that our Canberra central office buildings are run, there are a range of environmental measures including movement sensor lights, energy efficient lighting, stormwater fed toilets throughout the building and other water-saving features like waterless urinals and hand activated taps in the bathrooms. We recycle our organic and other waste, including paper, glass and plastic, as well as our printer and toner cartridges.

Senator IAN MACDONALD: Do you have a measure of what that is reducing your carbon output by?

Mr Withers: No.

Senator IAN MACDONALD: How are you going to know if any of that works? But, more importantly, from 1 July next year, according to all reports, increases in the price of electricity are going to be anywhere from 10 to 20 per cent. Have you budgeted for that? How are you going to pay for that increase? Perhaps I should ask: what is your total electricity spend per financial year and, secondly, how are you going to budget for any increase in the cost of electricity?

Mr Withers: I will have to take that on notice.

Senator IAN MACDONALD: I will come back to you, Dr O'Connell, on the other part of the question, on the industry.

Dr O'Connell: We can deal with this in a little more detail when we get to the area that manages the carbon issues, but the way that the government overall has been working on the assessment of the impact of a carbon price on industries has been through the Treasury's carbon price modelling approach, to make sure that this is consistent and coherent. We have participated in the interdepartmental processes for that. In addition to that, where Treasury have asked us, through ABARES, to do some work on carbon price paths for sequestration and potential for reforestation we have done that as well. So the short answer is that this is a whole-of-government approach and Treasury has managed the modelling of the impact of carbon prices. We do not do any specific modelling outside of the whole-of-government approach.

Senator IAN MACDONALD: That is probably the answer to my question. Does Treasury assess with its modelling what the impact on each industry is going to be and then refer it to you and you get your people to have a look at it and say, 'Hey, Treasury, your model may not have taken into account the cost of imported fertiliser,' for example?

Dr O'Connell: I think it would probably be best to ask that when we get the people who engage directly with Treasury on the issue, but of course Treasury can also provide that.

Senator IAN MACDONALD: I am more interested in how you look after your industries.

Dr O'Connell: I have suggested there that when the area in the department which is—

Senator IAN MACDONALD: I accept that.

Senator ADAMS: There was a question on notice which I would like you to add to. What is the extra cost to the department of using 10 per cent green power? Could you put that in with Senator Macdonald's list, please?

Senator HEFFERNAN: I have a question further to Senator Macdonald's question on the blended rate. He has asked for the blended rate. Could you give me the formula for the blended rate included in the question? In other words, how many at \$30 an hour and how many at \$1,000 an hour are there to get the blend? What is the percentage of the various officers in the blended rate? You would have to know that as the chief operating officer.

Senator IAN MACDONALD: Can I answer that for you? The answer would be that they asked Blake Dawson to give them a figure. It does not matter who they send—

Senator HEFFERNAN: But I want to know what Blake Dawson's thinking is. We are entitled to know that. I also confirm that I have put on notice that you will provide us with all details of all leases—including the rate per square metre, the title details, the owners and their ACNs—for all the properties you lease. The last thing I want to put on notice is: how many people have been disciplined or sacked in the last three years due to fraud, misappropriation or misinterpretation of procurement issues? How many have been investigated?

Dr O'Connell: I can answer the first part of that now: none.

Senator HEFFERNAN: How many have been investigated? You can take that on notice.

Senator SIEWERT: As per usual, I may be asking this of the wrong area, but I ask it here specifically. Has the department responded to Greenpeace's report on the wheat scandal, which looks at the development of GM crops?

Dr O'Connell: I think you are in the wrong area. When the Sustainable Resource Management people—SRM—come along, perhaps we can remind them. It was the GM—

Senator SIEWERT: The Greenpeace report on the wheat scandal, which is about GM wheat varieties. The reason I am asking about it here is that it makes comments about vested interests such as biotech companies being involved in research. I am wondering, therefore, how the department ensures that vested interests do not have an untoward influence on research. That is not just about GM; it can be about a variety of issues.

Dr O'Connell: This is through the RDCs—is that correct?

Senator SIEWERT: Yes, and any other work that the department does.

Dr O'Connell: When the Agricultural Productivity people come along, they should be able to manage that issue.

Senator SIEWERT: At a corporate level, you do not take an overview of that to ensure that no interest is having an undue influence on research?

Dr O'Connell: Our Agricultural Productivity division looks after the research and development corporations in terms of their statutory funding agreements and other related issues, and that is the area you would be interested, I think, in looking at GRDC issues.

Senator SIEWERT: How do you keep an eye on that?

Dr O'Connell: Through them, really.

Senator SIEWERT: How does that process work? Have you had any reports about concerns around undue influence on research? Let's use GM as an example.

Dr O'Connell: Not to my knowledge, but I might want to talk with my Agricultural Productivity people.

Senator SIEWERT: Can you take that on notice?

Dr O'Connell: We can do that, yes.

Senator SIEWERT: I appreciate that they are the ones who specifically do it, but what I want to know is how the department keeps an eye on that overall to ensure that does not happen?

Dr O'Connell: As I say, the overwhelming amount of resources going to research is channelled through the research and development corporations and APD looks after that area in governance terms.

Senator SIEWERT: Can you take on notice how many reports you have had?

Dr O'Connell: We will do.

CHAIR: Dr O'Connell, the committee acknowledges that there were some 297 questions taken on notice. Well done to the department for getting them all back on time. They may not be the answers that some would want, but well done to your department.

Dr O'Connell: Thank you, Chair.

CHAIR: I also take this opportunity to welcome our new senators who are full members of the committee: Senator Gallacher, Senator Urqhart and Senator Edwards, three very fine replacements for our longstanding senators who have departed. I welcome them to their first round of Senate estimates.

Senator IAN MACDONALD: Chair, I endorse your comments about questions on notice. It is a rare occasion when any department—

CHAIR: You might not be happy with them all.

Senator IAN MACDONALD: We certainly will not be happy, but at least you have got them and that is a great step forward.

CHAIR: I thank the officers from Corporate Finance, Policy and Corporate Services.

[10:17]

CHAIR: I welcome officers involved in live animal exports. Senator Heffernan will commence questions.

Senator HEFFERNAN: Minister, there is a report which also talks about the decision-making by the government to ban the live exports and FOI documents that indicate that the advice to the government was indeed not to ban live exports. Obviously this was a perfect political ambush, well executed by people who want to end the trade. Can you confirm that the advice, as per the FOI documents, was indeed not to ban the trade?

Senator Ludwig: On that, given that it is departmental advice, maybe it is worth while for the department to go through the advice that they provided me at the time.

Senator HEFFERNAN: I have deliberately gone away from the stuff that is in the paper, where cabinet was not provided with papers and the decision was taken with pressure from caucus. We will just go to the department.

CHAIR: You got that statement in, Senator Heffernan, but I believe Ms Evans is going to respond to your first question.

Ms Evans: Just to confirm what Senator Heffernan was saying, the documents that were released under the FOI request do not reflect the full range of advice that the department provided to the minister on the matter. Two relevant documents in particular that the senator

referred to have been exempted in their entirety because they are subject to legal privilege and cabinet exemptions. Just to set the context there—that the FOI request really only has a subset of the information that we provided to the minister—I believe the senator may be referring specifically to the brief entitled 'Live trade: options for regulating exports', where there was a recommendation about continuing to work collaboratively with industry and then to revisit the question of regulation if and when the voluntary efforts from industry failed to deliver improvements in animal welfare. That brief was provided in advance of the department seeing the evidence of what was shown on the *Four Corners* report and also in advance of a series of discussions that were held with industry about the plan they had put forward. Certainly, as is on the public record, at the time that we provided that brief our advice was to continue to work collaboratively with industry and then to revisit the question of further regulation if those voluntary efforts failed to deliver improvements in animal welfare.

Senator HEFFERNAN: My interpretation of that answer is that the advice was, 'Don't ban the trade.'

Ms Evans: Our advice was to continue to work collaboratively with industry.

Senator HEFFERNAN: Fair enough. That is nice bureaucratic language, thanks.

Senator BACK: As a result now of the new arrangements being in place, can you tell me what the added costs are to an exporter of fees associated with the department in terms of reviewing the audit processes that must now be undertaken? Can you give me in either hours or dollars the added costs to the exporter for that purpose?

Ms Cale: The costs to the exporter are the same. They have not increased under the new regulatory framework. The costs to the exporter for cattle going to Indonesia remain \$1.55 per head for the first 11 hours of assessment. If they go over the 11 hours, there is a fee of \$8.50 per quarter-hour thereafter. Those fees are the same as have been in place for some time.

Senator BACK: My question then is: based on your experience to date, can you give us an estimate of the added hours that have been taken into account as a result of the new arrangements being in place? How many more hours are having to be applied to satisfy the department and therefore the minister of compliance with the new requirements?

Ms Cale: It varies from exporter to exporter, depending on the complexity of the supply chain that they are putting in place, the information that they are pulling together and the time taken to get that information. Some exporters can pull it together relatively quickly. An exporter may be using a supply chain for the first time, which takes a little bit longer. If they use the supply chain subsequent to that where the arrangements are in place it takes considerably less time.

Senator BACK: Can you tell me how many instances there have been since the new arrangements have been put into place?

Ms Cale: Sorry—how many supply chains?

Senator BACK: Yes.

Ms Cale: There are about 14 supply chains across five exporters.

Senator BACK: So there are 14 occasions on which the new arrangements have been activated?

Ms Cale: There are 14 supply chains, but there have been more applications to export. Thirty-two notices of intention to export have been submitted. To date, the department has approved 26 of those.

Senator BACK: Perhaps you could take on notice then to give us the range over those 26 of just what has been the added time and what have been the added costs. Is it possible to do that?

Ms Cale: Certainly.

Senator BACK: Thank you. That then leads me to the question: has there been an allocation of more staff time to execute these compliance arrangements within the department?

Ms Cale: There have been staff taken offline to work on the implementation of the new regulatory framework. Those staff are also assessing the notices of intention to export. So there is extra effort.

Senator BACK: Again, could you take on notice to give us an indication of what that extra staff allocation has been.

Ms Cale: Sure.

Senator BACK: Could you also advise us: is the process of application by exporters in terms of communicating with the department a 24/7 process or are there limited hours during a working week in which exporters can communicate with the department?

Ms Cale: We have core hours. However, we tend to be contactable at any time. So we regularly have contact with exporters over the weekend, if necessary. We are contactable. In relation to the regulatory framework, yes, we have been working across weekends to assess and analyse where the information is made available by the exporters.

Senator BACK: Is that emergency-type communication or is that just standard-activity communication? When you talk about the core hours, is it the core hours of a working week in which the normal processing takes place, and any weekend or out of hours time is just for an emergency, or is it in fact a continuing process?

Ms Cale: Generally exporters do provide the information during the week, during the core hours. We do not have staff sitting in the office on the weekends or after hours. However, they will come in and make themselves available where required.

Senator BACK: I do not know who the appropriate person to ask here is, but, as a result of the new arrangements, what, if any, communications have there been with other live-animal-exporting nations in terms of their acceptance or otherwise of the new guidelines? My question goes to: is Australia now on its own in terms of the new guidelines or are the communications between the department, the minister's office and our target markets such that other countries are also now moving into compliance with the new guidelines, either as they are or their equivalents?

Mr Morris: At this stage, the new regulatory framework only applies to Indonesia. There has been no decision made as yet as to whether it will actually be applied to other countries. However, the government has flagged, through the establishment of two industry-government working groups, that there was an intent to look at whether the regulatory framework might be able to be applied to other countries. Those working groups have reported, and a decision

is pending on that. Given that a signal has been flagged that there may be a move in this direction, certainly there have been discussions with other countries about the directions that the government may be heading in. We have had quite an extensive process of consultation with other countries who have been very interested in what has been happening with Indonesia but also in the context of this potential to move to a new framework for them as well.

Senator BACK: When you say other countries, are you talking about other countries which import or other countries which compete with us to export live animals, or both?

Mr Morris: I think it has been almost exclusively with the countries that are importing our animals, but there may have been some peripheral contact with other countries. But most of the contact that I am referring to has been with the countries that we are actually exporting animals to.

Senator BACK: You mentioned Indonesia. Are there not other target countries to which our new guidelines are also being applied in relation to exports of cattle?

Mr Morris: Through the establishment of those industry-government working groups, the government flagged that it may wish to extend the arrangements to all countries and all livestock, but, as I said, there has been no announcement made on any decision that has been made around that.

Senator BACK: Are you aware of any instances in which Australian exporters have been disadvantaged as a result of the new guidelines being in place and other exporting companies from other countries taking advantage of this to take market share away?

Mr Morris: As I mentioned, Indonesia is the only country where the framework applies at the moment.

Senator BACK: I am aware of that.

Mr Morris: I believe that Australia is if not the only then certainly the predominant supplier of cattle to that market. I am certainly not aware of any other countries that have come in and taken market share from us in that market. As the regulations do not apply to other markets as yet, it is not really relevant to those countries as yet.

Senator BACK: So you are not aware that in countries other than Indonesia other suppliers have taken advantage of new conditions applying to Australian exporters that do not apply to other exporters into those markets?

Mr Morris: Not as a result of those conditions, but—

Senator BACK: Exactly as result of those conditions?

Mr Morris: Yes, not as a result of those conditions. There have been other market factors which have been influencing the trade, obviously, and will continue to influence the trade over time. I should just add that I should have also mentioned, of course, that there was the Bill Farmer review into the industry as well, and that is being considered as part of the consideration as to how the government goes forward as well.

Senator HEFFERNAN: When will that become a public document?

Mr Morris: That will be a decision for the government and—

Senator HEFFERNAN: They seem to have had it for a long time.

Mr Morris: The report from Mr Farmer was presented on 31 August, so it has been around for about six weeks. But, as I mentioned, the government is considering that as part of its specific—

Senator HEFFERNAN: So I ask the minister: when do you anticipate that that will become a public document?

Senator Ludwig: It is a matter for government—

Senator HEFFERNAN: I know it is an uninteresting document because I have part read it.

Senator Ludwig: Let me answer the question. It is a matter for government. It will be released, and it will be released shortly. The date will be, of course, a matter for government to determine.

Senator HEFFERNAN: Does 'shortly' mean—I do not want to put words into your mouth—this side of the end of the parliamentary sitting sessions?

Senator Ludwig: I have said 'shortly'. I am not going to suggest a time frame.

Senator HEFFERNAN: So you are not prepared to cooperate with the inquiry which I am chairing to put it on the public record so that we can have some critique of it through that process before the end of this year's—

Senator Ludwig: I have answered your question.

Senator HEFFERNAN: Can you give me an undertaking to do that?

Senator Ludwig: I have answered your question.

Senator HEFFERNAN: It would be helpful to the people of Australia if you could release that document, because you have had it since the end of August. You are giving, no doubt, serious consideration to the implications of it. I realise the political difficulties you have had with this issue and I appreciate that—it is real life. But you are unaware of when you are going to release it?

Senator Ludwig: As I have indicated, the release of that report is a matter for the government. I will release it, and I have indicated 'shortly', but I am not going to announce it in advance and I am not going to give you a date in advance.

Senator HEFFERNAN: Can I just ask one further question?

CHAIR: No, we will come back to you, Senator Heffernan, after the break.

Ms Evans: If I may, before the break, I would just like to clarify, because I am concerned that the answer I gave earlier may have left the impression that the advice that is in the public domain on this matter was the end of the department's advice. I just want to reiterate that the particular advice that I was talking about was provided to the minister before the airing of the *Four Corners* report and before a sequence of discussions with industry, all of which provided us with more information about the context and the situation that we were dealing with and amended the nature of the advice over time that the department was giving to the minister.

Senator HEFFERNAN: But at no stage did you—

CHAIR: Thank you, Ms Evans. I am sure you will have an opportunity to reiterate that. We will now go to a break, thank you.

Proceedings suspended from 10:32 to 10:46

CHAIR: We will now reconvene. Senator Back, did you finish?

Senator BACK: I will defer to others and come back if time permits after they have had their goes.

Senator COLBECK: I want to go through some of the issues relating to the FOI release of last week. I want to clarify a couple of things in relation to that process.

Dr O'Connell: The process of the FOI requests?

Senator COLBECK: The process of FOI. I want to quickly deal with a couple of issues around that and the decision. In the letter that came with the FOI document, under 'authority' it says, 'The secretary of this department has authorised me to make decisions on access to the information requested and any associated charges.' Is there any requirement to consult further up the chain in relation to that decision-making process or do you effectively have delegated responsibility for the FOI document? Is there any approval process that fits around that document?

Mr Withers: Once I was appointed as the decision maker in relation to that—and all SES officers are delegated to become decision makers—it was my decision as to what documents were released. But, as a non-expert on the subject matter, I consulted with my colleagues in terms of what documents came within the scope of the request and how they should be treated.

Senator COLBECK: So there is not a final sign off further up the tree, if you like, as far as the release of documents goes—you are the decision maker.

Mr Withers: That is right.

Senator COLBECK: I want to get some clarification in respect of the term 'irrelevant to the scope of the request'. How is that defined?

Mr Withers: The applicant determines the scope of the request in terms of their initial request. But the decision maker has to be satisfied that he or she understands exactly what is being asked for. In some cases, that requires consultation with the applicant to exactly define what they are trying to discover and therefore what documents come into the scope of the request.

Senator ABETZ: I have a question on that, if I may. So the matters which are deemed to be irrelevant are not as of necessity not allowed to be divulged. It may be that they are just not relevant to the scope of the inquiry.

Mr Withers: Yes. Only documents that are relevant to the scope of the inquiry, the request, are considered for release.

Senator ABETZ: And when you talk about documents, we are also talking about parts of documents.

Mr Withers: In most cases, that is right. There are some areas of the documents that were released last week that were redacted because they fell outside the scope of the request.

Senator COLBECK: Let's go to something specific within the documents. We are talking about document 05806, minister's comments. That is a document whose critical date was 6 June. It was signed by the minister on 10 June. The minister's comments are redacted and,

according to the documents here, are not relevant. How are the minister's comments in relation to this matter not relevant?

Senator HEFFERNAN: He didn't want to get the sack.

Mr Withers: They were not relevant as in they were not relevant to the scope of the request.

Senator ABETZ: Minister, are you able to tell us what was part of that which was obliterated, given that there is no legal reason why it cannot be made available?

Senator Ludwig: I will take that on notice and have a look at what I said.

Senator COLBECK: So, because the request asked for advice to the minister, the minister's responses to that advice are not relevant?

Mr Withers: No, the minister's comments may not have been directly relevant to the revised scope, which was 'representations from animal welfare and live cattle industry groups and briefing minutes provided to the minister by the department relating to the live cattle export trade with Indonesia in the lead-up to and imposition of the (a) suspension and (b) extension of the ban on this trade'.

Senator COLBECK: I think my question still stands. Because the question relates to representations from industry and cattle groups and briefing notes—

Mr Withers: Sorry—the title of that minute is 'Animal welfare and the cattle export trade'.

Senator COLBECK: I understand that.

Mr Withers: The request was about the temporary suspension and the extension of the temporary suspension on the export of cattle to Indonesia. So there are elements of this minute that are not within the scope of the request.

Senator ABETZ: On the minute dated 13 May, marked urgent, which the minister finally got around to signing 14 days later as being noted—but we will go there later—underneath the minister's signature we have, I assume in the minister's handwriting, 'Please add to reading pack.' Why was it deemed that that was relevant but that which has been obliterated was deemed not to be relevant?

Mr Withers: The comment is also not relevant, but not all material that falls outside the scope has been redacted. In some cases there is just no requirement, or some things were overlooked in terms of—

Senator ABETZ: Overlooked—so there are varying degrees of relevance and irrelevance, are there?

Mr Withers: It is about what falls within the scope of the request.

Senator ABETZ: The scope of the request—we got there before. Can you tell us how 'Please add to reading pack' was part of the request.

Dr O'Connell: Can I just suggest that maybe an annotation such as 'Please add to reading pack' is not an issue of materiality. It is not materially relevant either way. It does not go to any other issue, whereas it is potentially the case that some comments would be about something else altogether.

Senator COLBECK: So the minister is going to write in a minute relating to the likely animal welfare consequences associated with prohibiting export of live feeder cattle to Indonesia something completely unrelated to that issue?

Dr O'Connell: Something completely unrelated to the scope of the request, which is different.

Senator ABETZ: But 'Please add to reading pack' clearly was directly relevant, so it was left in.

Senator COLBECK: I am just trying to get a sense of how literal we are being here, and obviously it is quite literal. So anything that goes from the agency to the minister is relevant to this request, but anything that the minister might respond with is not?

Mr Withers: No.

Senator COLBECK: I am trying to understand why it is not relevant.

Mr Withers: Not all things that go from the department to the minister—

Senator COLBECK: But I did not see anything in here—

Mr Withers: Only those documents that related to the suspension of the live animal trade with Indonesia. Only the documents that were provided to the minister in the lead-up to the suspension of the trade and the extension of the suspension of the trade with Indonesia were considered to be within the scope of this request.

Senator COLBECK: I understand that, but the minister's responses to those documents are not relevant.

Mr Withers: No, they are relevant.

Senator COLBECK: That is what I am trying to understand. In this circumstance—on this document, which is, critically, dated 6 June but not signed until 10 June—the minister's response is not relevant.

Mr Withers: The minister's response to that minute did not relate to the suspension or the extension of the suspension of the trade with Indonesia.

Senator COLBECK: That is what the minute was about.

Mr Withers: No, it was not. The minute was about animal welfare and the cattle export trade.

Senator COLBECK: But that is what the request is about. The request is relating to the live cattle export trade with Indonesia.

Mr Withers: But the minute is broader than the trade with Indonesia.

Senator COLBECK: 'You have requested advice on the likely animal welfare consequences associated with prohibiting the export of live feeder cattle to Indonesia.'

Dr O'Connell: Senator, obviously I was not the decision maker but I can perhaps try and help.

Senator COLBECK: That is why we should deal with the decision maker.

Dr O'Connell: I normally try to help the committee.

CHAIR: Dr O'Connell, I ask you to ignore the comments from the side. If you could answer Senator Colbeck's question that would help.

Dr O'Connell: The agreed revised scope went to representations from animal welfare and live cattle industry groups and briefing minutes provided to the minister by the department. It did not actually go to comments by the minister on those briefs.

Senator COLBECK: That is what I was getting to. Had the request included responses by the minister then the issue of relevance may have been different.

Dr O'Connell: You may have had a different response.

Senator COLBECK: So the minister is taking on notice a question from Senator Abetz about whether or not he is prepared to provide those responses?

Dr O'Connell: That is right.

Senator COLBECK: Okay, fine.

Senator ABETZ: Perhaps the decision maker can assist us with a minute of 13 May. Why did we leave in 'as relevant, please add to reading pack'?

Mr Withers: I thought the Secretary has answered that, in the sense that whether it should be left in or redacted out was not material in one way or the other.

Senator COLBECK: So there was no sensitivity in adding it to the reading pack, whereas there may have been something that was sensitive to this and in that circumstance the request dealt with stuff going up but not stuff coming back; it was redacted. Is that right?

Mr Withers: That minute with the critical date of 6 June was, as you said, about animal welfare considerations. The request was about documents that were related to the suspension of the trade and the extension of the suspension.

Senator HEFFERNAN: They are clearly animal welfare related.

Mr Withers: I do not disagree, but that was not what the request was about.

Senator ABETZ: Was the department given prior notice that some coalition senators might be seeking to ask questions about this FOI request today?

Dr O'Connell: I think we saw it in the press clippings,. I am not sure. I presume we got notice.

Senator HEFFERNAN: They were given notice.

Mr Withers: My understanding was that there was some advice that live animal export issues may be wished to be raised, but nothing specific.

Senator ABETZ: There was nothing specific about the FOI?

Mr Withers: About this particular request?

Senator ABETZ: Yes, about this particular FOI.

Mr Withers: Not as I understand it.

Senator IAN MACDONALD: The document I have here from 6 June says: 'You may wish to draw on this advice to inform you response to the forthcoming *Four Corners* report in relation to cattle exports to Indonesia.' Then it recommends 'that you note'—but then it is blanked out—and 'that you agree', which is then left in. So your advice on what to agree is left in, but the advice after 'that you note' is left out.

Mr Withers: Could you clarify the minute number, please? It is in the top right-hand corner.

Senator COLBECK: It is 5518.

Senator IAN MACDONALD: It is dated 30 May. It is marked as urgent and was signed by Senator Ludwig on 6 June. On what basis was the advice of what to 'note' removed but the advice of what to 'agree' left in? I am curious about what you asked the minister to note.

Mr Withers: That minute, 5518, had a critical date of 30 May, which is still visible. It has not been redacted, but the recommendations have been redacted.

Senator IAN MACDONALD: Sorry, but what do you mean by 'redacted'?

Mr Withers: I mean that it was blacked out.

Senator ABETZ: The recommendation of what to 'note' is blacked out. The recommendation of what to 'agree' is left in. Why? That which the minister is being asked to agree to has in fact been left in. That which he is being asked to note has been redacted. So one would assume that the matters that the minister is being asked to note are in the category of 'If you note this, then you would agree to a certain course of action'.

Mr Withers: The items that were listed as A, B and C under the recommendation 'that you note' were redacted under section 42(1), which relates to the document being exempt if it is of such a nature that it would be privileged from production in legal proceedings. So legal professional privilege is the reason.

Senator IAN MACDONALD: So there is legal privilege on your asking him to note something.

Mr Withers: It relates to legal advice.

Senator IAN MACDONALD: Do you mean advice to the minister, or someone else's advice?

Mr Withers: Legal advice to the minister, yes.

Senator COLBECK: The A, B and C on that document have been taken out. There are three reasons for redacting information on that document: legal privilege, personal information and also relevance. How do we identify which is which?

Mr Withers: Within the redacted area there is a marking that shows what the reason is.

Dr O'Connell: The top left corner of each of the redacted areas has just got the section of the act, the exemptions.

Senator COLBECK: I could be accused of having a blokes' look at this, but I cannot see any—

CHAIR: Senator Colbeck, can I just interrupt for a second. For some strange reason, we have a newspaper photographer in the room. He probably took the wrong turn left and has appeared! I am just checking with my full-time members on the committee whether there is any drama about the newspaper taking photos. Do not surprise me and say yes, there is. There is no objection.

Senator COLBECK: I am back to my blokes' look on the front page of 5518. You are saying on each redacted section there is—I certainly cannot see it. I want to go back to Senator Abetz's question about whether or not the department had notice—

Dr O'Connell: I apologise. We did have notice that FOI would be raised today. We had notice that live animal exports issues would be brought forward to this morning and also that you would want to discuss the FOI issues.

Senator COLBECK: It is good to clarify that. An individual gave the notices, sending fervent emails to remind you that you cannot get away with that. My documents do not show that those numbers for detailed redaction—

Dr O'Connell: Those must be copies then, because we certainly have it in our originals.

Senator COLBECK: Let us go to some specific questions around the documents more broadly. What is the date of the legal advice which has been exempted from the FOI request and on what date was it seen by the minister?

Ms Evans: I will try to answer that question. Are you still referring to brief 5518?

Senator COLBECK: Yes.

Ms Evans: The legal advice obtained for this brief was obtained just prior to 30 May. I would have to take on notice to check exactly which date. This brief was provided to the minister's office on 27 May. We worked with legal advisers to procure that legal advice to that deadline. Again, I will double-check that we did not have it any earlier than that, but I think we received the advice and finalised the brief very shortly. I cannot say exactly when the minister received the brief after it was received by his office, but you can see from the annotations on the public version that it was signed by the minister on 6 June.

Senator COLBECK: That is another point. It is dated 30 May, it is marked urgent, yet the minister does not sign it until 6 June.

Senator ABETZ: One week later.

Senator COLBECK: I do not know whether it is a procedural thing, but there is no date of preparation on the brief. I think only one of those has a preparation date on it, which makes it very difficult for us to give a time line on it.

Senator ABETZ: And the date received by the minister's office.

Senator COLBECK: Yes.

Ms Evans: We operate an electronic filing and procedural system for briefs in the department. While the date of signature is recorded on a hard copy, often it is the electronic transmittal of the minute through the system which is used. That is the case with a number of documents that you have here. The date the documents are passed to the office and the date they are signed are recorded fully in the departmental system, so we are able to answer these questions if you have them.

Senator ABETZ: Why wasn't that provided to us in the FOI? I would have thought that the date on which minutes went from the department to the minister's office would be highly relevant.

Ms Evans: I am happy for the decision maker to correct me on this, but the way we handle FOI is to identify the specific documents and then go through a process of removing duplication and so on. These particular documents did not happen to have that date on them, and we are not in the practice of adding that information to the documents before they would be considered for FOI.

Senator ABETZ: Can I suggest you change your practice for the future, because these time lines are vital?

Senator COLBECK: Let's clear this up now. Can we go through these documents and get those dates? Let's start with 5051, which had a critical date of 13 May. It was not signed by the minister until two weeks after that. Can we get the date of preparation and the date of transmission?

Ms Evans: Yes. That was completed and provided to the minister's office on 13 May.

Senator COLBECK: Completed and provided?

Ms Evans: Correct.

Senator IAN MACDONALD: The important thing about that document, Minister, is that it says:

Industry wishes to publicly launch its program for in-market animal welfare improvement on ABC's Landline program prior to the ABC Four Corners report on the live cattle trade with Indonesia going to air later this month.

The minute was sent on 13 May, marked urgent, and you actually get round to reading it a fortnight later—14 days later—on the 27th, which is the end of the month that you are advised that the *Four Corners* program was actually going to air. Then you say, 'Please add to reading pack,' which suggests you didn't do more than skim it. Minister, industry clearly wanted to pre-empt the ABC *Four Corners* program, but your delay in even dealing with that meant that the *Four Corners* program, which I understand was in early June, was in play and industry had no opportunity to put its case prior to that very damaging and many allege unreal report on the *Four Corners* program. How do you explain your actions in relation to an industry that has suffered millions of dollars loss and to individuals who have suffered millions of dollars loss.

Senator Ludwig: Dealing with a couple of things first, I reject the assumptions that you make in your question. One, the date of signing is not consonant necessarily with the date of reading. The information flow between the department and me through that period of time had been quite significant, I think you would say, and the date of signing does not mean that the document was only read at that time. Administratively, you can sign off on a brief subsequent to dealing with it.

Senator IAN MACDONALD: Of course you can, but you usually sign it when you have read it.

CHAIR: Senator Macdonald, I would urge you to listen to the minister's answer.

Senator Ludwig: Let me finish answering the question. So, in relation to that document, the date of signing was not the date that it was first read or first actioned within my office and by me. Secondly, on the issue that you raised in relation to them, industry did announce, as you should recall, and they launched on 22 May, as you may be aware, prior to the *Four Corners* program. So that assumption is also incorrect.

Senator IAN MACDONALD: But why did you add, 'Please add to reading pack,' if you had read it?

Senator Ludwig: No. It is an administrative instruction. Many of the documents throughout that period I added to the reading pack so that I had them electronically and so that

I could then go back and recall them and reread them. I look at the flow of documents that come to me to see what the advice is and go back and recall earlier documents, particularly where a later brief might refer to an earlier brief. It is so I have the time series before me. That is not unusual, I would suspect. Maybe others might take different approaches, but I am happy to reread documents and reflect upon them again if there is a later brief that refers to them so that I can consider them again.

Senator IAN MACDONALD: So you say that prior to 27 May you had fully read this brief?

Senator Ludwig: Yes.

Senator IAN MACDONALD: When?

Senator Ludwig: I will take that on notice.

Senator ABETZ: You were advised that we would be pursuing this, I understand from the secretariat, and that the FOI documentation would be pursued at these estimates. So we have that clear. Minister, are you unable to tell us, despite that warning, when you actually read this brief? If you cannot tell us, why shouldn't we read it as per the face of the document, because one assumes your signature of 27 May 2011 was put on the document on 27 May at the same time as you wrote, 'Please add to reading pack.'

Senator Ludwig: There are two things. Firstly, there were a range of documents coming to me from the department at the time. They are communicated electronically and then they are delivered subsequently in some instances. I will just check the records as to when it was read by me. I do not want guess when I read it, but all of these matters were dealt with urgently. It certainly was not first read on 27 May.

Senator COLBECK: Let us go to the next document, which is 4741.

Senator IAN MACDONALD: Can I just ask something before that. Minister, so all of your briefs with your signature on them would have a notation, 'Please add to reading pack'?

Senator Ludwig: Many, not all.

Senator IAN MACDONALD: So you wanted to reread some briefs but not others?

Senator Ludwig: There are many different types of briefs, as you would appreciate—

Senator IAN MACDONALD: The ones we have been given—

Senator Ludwig: That is a different question. You mentioned briefs more generally.

Senator IAN MACDONALD: No. I said if we could see your signature, meaning that in many instances your signature appears to have been redacted for some reason. Perhaps they would show that not all of these important briefs were put in the reading pile.

Senator Ludwig: It depends on the nature of the brief whether I want to reread it or reflect on it. If I think there is going to be further advice in relation to a brief I might want to put it on the iPad and read it.

Senator IAN MACDONALD: You are not seriously expecting us to believe you on this, are you?

Senator Ludwig: That is a matter for you.

Senator COLBECK: Let us go to 4741. Its critical date is 13 May. It is marked urgent. What was the date of preparation of the document and the date it was transmitted to the minister's office?

Ms Evans: This brief was prepared, finalised and transmitted to the minister's office on 29 April. I should clarify. We prepared the brief over a number of days, concluded it on 29 April and provided it to the minister's office that day.

Senator COLBECK: Minister, your signature does not appear on that document. Given it is part of the same process and there is also no note such as 'Add to reading pack,' can you tell us when you read that document.

Senator Ludwig: As I recollect—but I am happy to check to confirm it—it was a document that was specifically requested by me but then was subsequently overtaken by events.

Senator COLBECK: It is a bit hard for us to tell, because we cannot see most of it. It talks about potential consultation with colleagues, including cabinet, in a time to allow you to respond to the program. There is not too much there, because we have blacked out pages.

Dr O'Connell: That looks to be on the basis of section 47C(1), which is deliberative material.

Senator COLBECK: So this is the type of material that could be regarded as preparatory for a cabinet submission?

Dr O'Connell: Deliberative material under section 47C(1).

Senator IAN MACDONALD: Can you help us by telling us what 'deliberative material' is?

Mr Withers: Section 47C(1) concerns deliberative material. Under section 47C(1): 'A document is conditionally exempt if its disclosure under the FOI Act would disclose deliberative matter of the kind described in the section.' The document for which exemption is claimed is a minute to the minister concerning options for improvements in the live animal exports trade. It is clear from the document that it is a document which contains deliberative matter. There is material in the document in the nature of advice and recommendation to the minister for consideration of what actions the minister and the government might wish to take.

In making my decision I considered, in identifying material to which 47C applies, whether the material is operational information or purely factual information within the meaning of section 47C(2). In my view, it is not. I weighed the public interest as required under section 11A(5) of the FOI Act. There is clearly a public interest in the disclosure of the information relating to the live animal trade and the considerations of the minister and the government relevant to the decision to impose a temporary suspension. However, I believe that the options canvassed in the minute would, if disclosed, have a tendency to reveal matters considered by cabinet. I considered that the public interest in the maintenance of cabinet confidentiality outweighs the public interest in disclosure of the text of this document for which a section 47C exemption claim is maintained. I therefore considered the information exempt from release.

Senator COLBECK: But the minister told us that this document was overtaken by events and therefore as part of his rationale for not having signed it, even though he did finally get to the previous document which has the same urgent date on it on the 27th—that is, 13 May—so if it is overtaken by events, how is it then something that is deliberative?

Dr O'Connell: There is no inconsistency between those two things.

Senator HEFFERNAN: The inconsistency was the (indistinct) put on the Prime Minister's office to kill off the politics of not being in the trade. He was told (indistinct).

CHAIR: That may be an opinion. The next document we have is 5518. It is again marked 'urgent', critical date 30 May. Can you give us the date of preparation and transmission of that?

Ms Evans: Minute No. 5518 was completed on 27 May and transmitted to the minister's office on that date. That date was at the request of the minister's office.

Senator COLBECK: It was prepared and transmitted on the 27th?

Ms Evans: That is correct.

Senator COLBECK: For urgent consideration by the 30th, at the minister's request, and yet the minister did not get around to signing it off until the 6th of the following month? Can you explain that to us, Minister?

Senator Ludwig: It is the same issue as I said before. The signing does not necessarily mean that I have not read it or actioned it or spoken to the department. During that whole period I was in close discussion with the department on this issue.

Senator COLBECK: But the minute is signed, is noted, 'For decision, urgent, by 30 May,' and on 6 June you sign, 'Please discuss'—

Senator Ludwig: Well, it is relevant—

Senator COLBECK: and it says, 'For decision.'

Senator Ludwig: And many of these events were overtaken as well. But the decisions were made at the appropriate time, as you can see, and the actions that I took were—

Senator COLBECK: The evidence before us does not indicate that decisions were made in appropriate time, because the first minute was signed two weeks after it was set; the second minute was not signed at all; and the third minute is signed a week after the critical date. Let us go to 5806.

Senator ABETZ: Before you do: you say that events overtook. If you were the minister in full control, how can you overtake yourself?

Senator Ludwig: The type of information you asked for in relation to the earlier document—events in that instance overtook the type of information that I asked for, and then subsequent briefings. You can action things and then, of course, a course of action follows. That is why it was 'Please discuss', because that is what was happening during that entire period. I was in close consultation with the department and the secretary about the events as they were unfolding and the action that I was taking. It is entirely consistent.

Senator ABETZ: This is the department has given us evidence that it can prepare and deliver a brief to you on the same day. You are saying that it just gave you the odd brief, but the vast amount of your briefing was verbal?

Senator Ludwig: I am sorry; I was just distracted. Could you ask that again please?

Senator ABETZ: Yes. The department have given evidence that they are able to prepare and provide a brief to you on the same day, as most departments I think are quite capable of doing. Why do we have these briefs being overtaken without any written confirmation that that is exactly what has occurred?

Senator Ludwig: I said that in relation to that one that I requested, which is before you, redacted. Others were simply for information or for noting. In this instance, particularly the one that says it is noted and then, 'Please discuss,' that is actually what happened.

Senator ABETZ: A week later—when it was marked urgent?

Senator Ludwig: No. At the time it was noted, and of course it reflects that we discussed it.

Senator ABETZ: No, it says, 'Please discuss.' It does not say, 'Discussed'; it says, 'Please discuss.' And you signed that on 6 June, one week later. Are you now saying that we can no longer read your minutes on face value—that there is some secret meaning behind 'Please discuss' and that 'Please discuss' really means that it is past tense rather than future tense?

Senator Ludwig: There are three choices: 'Agree', 'Disagree' or 'Please discuss'.

Senator ABETZ: And you used 'Please discuss'.

Senator Ludwig: 'Please discuss' is relevantly close to the conversation that unfolded between and through this period.

Senator ABETZ: Yes, but before or after you signed the minute on 6 June? This was one week after you were given an urgent minute. You signed it off, 'Please discuss,' which would suggest that it had not been discussed as of 6 June.

Senator Ludwig: It was not following 6 June that these matters were discussed. They would have been discussed at the time.

Senator ABETZ: So this minute is in error and you are suggesting that your notation of the minute—

Senator Ludwig: No, it is not in error; it just reflects what occurred.

Senator ABETZ: It says 'please discuss'. That suggests a future action. If it said 'as discussed' that would suggest a past action. But you signed this, Minister, on 6 June, having been told that it was urgent. One week later, it has the lame notion 'please discuss', which suggests that it had not been discussed as of 6 June.

Senator Ludwig: And what I am clearly saying to you is that there was a range of discussions between me, my office and the department during this period. The time of signing and that notation was subsequent to those discussions. There would have been discussion, obviously, on 6 June when I signed off the brief. But there would have been discussions throughout that entire period.

Senator ABETZ: So why didn't you delete 'please discuss' and put an extra notation 'as discussed' so that we could read the documents and make sense of them? With great respect, Minister, this sounds like a reconstruction of events. You signed a document and circled 'please discuss'. Now you say, 'No, just because I circled please discuss does not mean that's

what I meant, because I'd actually discussed the matter previously.' On what dates did you discuss the matter previously?

Senator Ludwig: Throughout that entire period from 30 May. There would have been discussion on 1 June and the following day.

Senator ABETZ: There would have been? You do not know. This is just plucking things out of the way, isn't it?

Senator Ludwig: No. There would have been discussions.

Senator ABETZ: Are there any minutes of those?

Senator Ludwig: I am sure that there are. I will take it on notice.

Senator ABETZ: Why weren't they disclosed to us in the FOI? Does anybody have an answer to that, or is it once again part of this notion that we cannot take these minutes at face value?

Dr O'Connell: The scope of the request by the looks of it was representations from animal welfare and live cattle industry groups and briefing minutes provided to the minister. Notes of meetings subsequent to that would not have been in the scope at all.

Senator ABETZ: But we were told that events overtook this. So are you saying that events took place without any—

Senator Ludwig: I said in relation to that—

Senator ABETZ: additional briefing material being provided to the minister? That sounds highly unlikely. Give that one a crack, Minister.

Senator Ludwig: If you recall, what I said was that, in relation to that one brief that I requested, events overtook that, which is why it went unsigned. Other briefs were brought forward as urgent. They were discussed with the department at the relevant time. They were either noted or the record will show what action was subsequently taken.

Senator COLBECK: So any information that was provided to you by the department during those discussions was outside the scope of this request?

Senator LUDWIG: I do not know. You would have to ask the department about the FOI request.

Senator COLBECK: I am asking Mr Withers. If advice was given to the minister as a part of that overtaking process, would they fall outside the scope of the FOI request as well? It is advice to the minister in relation to the animal welfare issues. It may have been verbal but it might have been minuted. Would that also fall outside—

Mr Withers: Oral advice is outside the scope of the request, obviously, yes.

Senator COLBECK: How is that advice recorded then? If the events are developing, how is that advice to the minister recorded?

Mr Withers: In an FOI context, oral advice is not covered by the act.

Senator COLBECK: I get that. But how is it recorded in the context of the minister making a decision? We have a minute here, 5518, that says, 'The recommendation is that the minister agree to continue working collaboratively with industry to encourage it to voluntarily improve their efforts on animal welfare, including voluntary restricting supply of Australian animals to abattoirs that ...' And so on. You can read it—it is point (d). Then (e) recommends

revisiting the question of regulation. They are the recommendations. The minister on 6 June said, 'Please discuss this.' This is a week after the *Four Corners* program. You were still not able to make a decision at this point in time. Your advice to him, as we have it, at that stage was that the government continue to collaboratively work with industry, which I assume would reflect the legal advice that you received. How is the process of decision making by the minister recorded? What document is there that gives an indication of how the minister made his decision in relation to this? There is nothing here that shows that. There is reference to potential—

Dr O'Connell: The scope of the request was representations from animal welfare and live cattle industry groups and briefing minutes provided to the minister. That is all. There was nothing about decisions that had been made, notes of meetings or other things. So we have provided a response to the scope as agreed for the FOI. We did not go beyond that. We did not go outside of that to provide extraneous material.

Senator COLBECK: But we have documents that talk about the decisions. That is part of this process. You provided minutes to the minister on this issue to provide advice to him in relation to a decision.

Dr O'Connell: I think it is important to be clear about the scope of the request. The scope was very clear, and the response was in response to the scope of the request, which was representations and briefing minutes provided to the minister by the department relating to the live cattle export trade with Indonesia in the lead-up to the imposition of the suspension and extension of the ban.

Senator ABETZ: Let us cut through it. That is the technical thing—so be it. Why can't that information be provided now to the committee without hiding behind the limitations of the FOI request?

Dr O'Connell: Which information is that? Could you reframe the question more clearly?

Senator COLBECK: Basically the minutes of the discussions between the minister and the department as things 'evolved'.

Senator ABETZ: Or were overtook.

Dr O'Connell: I think the minister took that on notice.

Senator ABETZ: But surely the minister and his office must have that available for us, given that they were given notice that we would be pursuing this issue.

Senator Ludwig: As indicated, I will take it on notice. I will have a look at what is available. Some of it will obviously be, as earlier indicated, legal advice. As you know, there is a longstanding convention not to release legal advice. I take it that you are not asking me for that.

Senator ABETZ: Except on the Malaysian solution.

Senator COLBECK: We have not asked for it.

Senator Ludwig: There may be other issues which may be cabinet in confidence.

CHAIR: Minister, you have made that very clear. You will take it on notice.

Senator COLBECK: I just want to clarify time lines in the last two minutes. 5806 was dated by Mr Murnane on 6 June. Is that correct?

Ms Evans: That is correct.

Senator COLBECK: That was transmitted in a different manner. Was that the date of preparation and the date of transmission?

Ms Evans: Yes, that is correct.

Senator COLBECK: So those two dates are the same?

Ms Evans: Yes.

Senator COLBECK: Again, that was for urgent consideration by the minister by 6 June. So that was obviously something that was requested pretty quickly, but it was not signed off until 10 June.

Senator Ludwig: It is for the same reason, that we would have been in discussion with the department during the entire period. The date of signing does not indicate the date when it was read or, depending on the type of information provided within it, there was any action or it was dealt with in some way.

Senator COLBECK: Can we go to 5793. What were the dates on that?

Ms Evans: Brief 5793 was finalised on 6 June and provided to the minister's office on 6 June.

Senator ABETZ: And the minister signed off on it on 6 June.

Senator COLBECK: Sounds like 6 June was a busy day, because we have two or three documents signed off—

Ms Evans: If I may add some context to that. As the minister has been saying there had been a number of discussions over the days preceding this window of time, particularly around 6 June. A number of the briefs—which I have clarified—were provided to the office on 6 June, which did in fact document the nature of discussions we had already been having with the minister over the preceding period of time.

Senator ABETZ: For my purposes, on brief 5518—I think it is only because of photocopying—we are told 'critical date 30 May 2011'. What does 'critical date' tell me? Was that the date you transmitted it to the minister's office?

Ms Evans: No, the date we transmitted this particular brief to the minister's office was 27 May. Because we were flagging that it was advice that related to the forthcoming *Four Corners* report we flagged that the critical date, perhaps, for consideration might be 30 May.

Senator COLBECK: You have talked about events moving and overtaking the advice you had received. Does that also relate to the legal advice you had received? Did events actually overtake that as well? So, was there any requirement for further legal advice as this process had continued?

Ms Evans: In relation to his particular brief, this was a particular set of options, and further advice that was different to the advice in this particular minute was obtained at other points in time as events proceeded.

Senator COLBECK: Can you give us the dates of those pieces of legal advice.

Ms Evans: I would have to take that on notice.

Dr O'Connell: To clarify Ms Evans's comments, we are talking about legal advice to the department—

Ms Evans: That is correct—

Dr O'Connell: and not directed legal advice to the minister. Some, as we have discussed, would have been transmitted to the minister in a context briefing. Others would have been for our own purposes.

Senator COLBECK: I can understand that it would be legal advice to the minister, but would it not be reasonable to presume—and I know that is always dangerous—that that legal advice would in some way be reflected in the advice the minister was receiving from the department?

Ms Evans: That is correct. That is why there are redactions in this document. It is because it did go to the question of legal privilege. So, in this particular case the redactions reflect the removal of the legal advice itself.

Senator COLBECK: That also relates to the items that are noted in (a), (b) and (c) in 5518?

Ms Evans: Yes, that is correct. Although I should be clear that the recommendations were of course that of the department summarising or paraphrasing the legal advice.

Senator COLBECK: But at that stage, which is 30 May, the day before the airing of the *Four Corners* program, the department's advice was that the government continue to work collaboratively with industry?

Ms Evans: It is worth focusing. If you look at the second page of that brief, I think it makes it clear that it was an on balance recommendation from the department. We were weighing up a lot of considerations about the options available for regulatory action and the nature of the plan, or draft plan, we had in front of us at the time. At that stage, based on the information we had, we thought there continued to be merit at that point in continuing to work collaboratively with industry. We are very clear—I point you to the third page of the same brief, 5518, to the sentence directly above the final redactions on the page. The brief clearly states, even then:

In the event that industry is unwilling to provide this level of clarity—

and that is explained in the paragraph above, about what we were looking for. We were after plans to be publicly available, to include detailed implementation plans, that they would be publicly reporting on progress towards achieving their goals and so on. We had quite a long list of things that we saw as needing to be improved in the plan that we had in front of us at that point in time, and we very clearly said in the brief that if the industry were not able to provide that level of clarity or deliver on the plans then there were a number of regulatory options that the minister could consider. So I just have to stress again that it was a point in time and the department's advice was on balance, based on what we had in front of us on 27 May that, at that point, continuing to work collaboratively with industry seemed to be the right way to go.

Senator COLBECK: But by the same token 'unwilling' and 'unable' are two different things. Are you saying the industry was unwilling to do those things that we are not allowed to see?

Ms Evans: We proceeded over the next few days, and subsequent to a series of changes in the landscape, to meet with industry and to review their plan and what they intended to do. In particular, when they brought forward a revised picture of what they wanted to do, which my

recollection was on 3 June, we revisited that proposal from the industry and identified a whole series of continuing gaps and concerns. At that point, when we had become aware of the nature of the footage and the nature of the concerns in Indonesia, in our view, as the department, there were still really substantial gaps in the type of proposal that the industry was putting forward, and we advised the minister accordingly.

Senator COLBECK: So when did you actually become aware of the footage and have available the footage?

Ms Evans: I have answered this question once before but, so that you are aware, the footage was not provided to the department in advance of its showing on the *Four Corners* program. I attended a meeting with the minister and representatives from RSPCA and Animals Australia on 30 May, so on the day that the footage was shown on *Four Corners*. That day a DVD was provided to the office, not to the department, and a member of my staff was able to view the DVD with—

Senator COLBECK: So that is on the day of—

Ms Evans: On the day of the *Four Corners* report, and my understanding is that the footage on the DVD did not match the footage that was actually shown on *Four Corners*. So we did not see the material that was on the *Four Corners* report until it was shown on ABC.

Senator COLBECK: Minister, when were you offered the footage? When did you have the opportunity to see the footage?

Senator Ludwig: At the same time.

Senator COLBECK: So you were not offered the opportunity to view the footage prior to the showing of *Four Corners*?

Senator Ludwig: We had requested that. We were aware that there was video footage around. We had requested it and it was not made available. The earliest it was made available was on the 30th.

Senator ABETZ: At what time?

Ms Evans: My recollection is the meeting was around 11.30 in the morning and I think the footage was seen by the office perhaps later that day, in the afternoon.

Senator COLBECK: So *Four Corners* did not offer you, Minister, the opportunity to view the footage?

Senator Ludwig: They offered me, as I recollect, an opportunity to look at the footage not much earlier than that. I cannot quite recall the date but I can get it for you, but predicated on the basis that I then provide an interview as well. So it was conditional.

Senator COLBECK: How many days before the airing of the show were you provided that opportunity?

Senator Ludwig: I will check the records on that. It was not a long period.

Senator COLBECK: Was it a week?

Senator Ludwig: I will check the records.

Senator HEFFERNAN: Can that be considered to be an inducement?

Senator Ludwig: Well, I was not—

Senator HEFFERNAN: You did not take up the inducement, but—

Senator Ludwig: I asked for the footage. The footage should have been made available to the department for investigation. That is what the footage should have been made available for.

Senator COLBECK: I agree with that. I also asked for the footage, so you are not on your own. But I am interested to know at what point in time you were offered the opportunity of having a look at it.

Senator Ludwig: It is my recollection that was not from Animals Australia, that was from the *Four Corners* program. We had requested the footage from Animals Australia, but it was not made available to the department. I had asked for it for the purposes of having it investigated to verify the issues that it raised because, of course, the allegations were very serious and we take all of those allegations very seriously. There was no evidence upon which to act until after the information was made available—that is, the video footage and the *Four Corners* program, which as you have indicated was also additional footage.

Senator ABETZ: Who provided the DVD that was delivered to your office at 11.30 on 30 May?

Ms Evans: Yes, the DVD was handed over by Heather Neil of the RSPCA.

Senator ABETZ: What were the material differences between that DVD and that which the ABC aired later that night?

Ms Evans: I am not able to give you a detailed comparison—

Senator ABETZ: But was it similar in nature?

Ms Evans: It was similar in nature, but the actual footage that was shown on *Four Corners* was not necessarily on the DVD that was provided.

Senator HEFFERNAN: You are aware that this was shopped around before it got to you? Some members of the Senate had seen the footage a month or so before.

Senator Ludwig: I understand former senator Helen Coonan—I am not sure whether she had or had not, but I understand a range of senators had been offered it.

CHAIR: As we all understood there to—

Senator HEFFERNAN: It was a perfectly prepared ambush of the industry. My question is: can you confirm that animal cruelty in Australia is a criminal offence?

Senator Ludwig: It would be state regulation.

Senator HEFFERNAN: Is that a yes? A near neighbour of mine was put in jail—

Senator Ludwig: I am not hesitating to answer your question; I do not deal with state regulations dealing with animal welfare, but I think you could presume it would be.

Senator ABETZ: Let us take it as given.

Senator HEFFERNAN: If I have information that I decide could be a criminal offence and I do not go to the correct reporting authorities for that information when I receive it, I then prospect myself as a felon under the Crimes Act. Couldn't those thoughts be brought to this case? If it was shopped around for months—the whole prospect of this for the perfect ambush—doesn't felony come into play?

CHAIR: Senator Heffernan, your question is grounded and I know it very emotive out there; I have travelled with you. I suggest that is probably a different department you may want to take it up with.

Senator HEFFERNAN: The department has legal advice.

CHAIR: I am not going to get caught down on that.

Senator ABETZ: A lot of cruelty occurred overseas.

CHAIR: We do have a lot of questions, Senator Abetz—

Senator HEFFERNAN: Okay, I surrender.

CHAIR: and after Senator Colbeck finishes his questions I am going to Senator Rhiannon.

Senator COLBECK: Going back to the minute we were just discussing and you got to page 3:

In the event that industry is unwilling to provide this level of clarity, or to deliver on these plans, a number of regulatory options are available.

Can you tell us what the industry was prepared to do?

Senator Ludwig: One of them was to meet OIE standards by 2015.

Senator COLBECK: That is early in the piece, Minister. That is in a document that was well ahead of this stuff. It goes back to one of the initial—

Senator Ludwig: I will check on that, but I am not sure that is correct. The department can respond.

Ms Evans: The other brief that was released as part of the freedom of information pack, which is brief No. 5051, goes to the strategic vision for any market animal welfare. That was the original plan provided by the industry.

Senator COLBECK: That is correct; that is that is the original plan. We discussed that at budget estimates. We had a fairly significant discussion about that.

Ms Evans: There was a further plan provided on 3 June—

Senator COLBECK: 3 June?

Ms Evans: yes—which I presume there would be no issue in my tabling. I am happy to provide that for you. Unfortunately, the copy that I have—

Senator Ludwig: I think you can ask for it.

Ms Evans: has some hand annotations on it, so I might provide you with a clean one.

Senator Ludwig: I think, if you ask for it, there is no reason for the department not to provide it.

Senator COLBECK: No, I do not think there is an issue around that document.

Senator Ludwig: I am not going to intervene.

Ms Evans: Perhaps I can give you a flavour of some of the concerns that we had about the version of the plan that we saw on 3 June. That might give you a sense of where we were at.

Senator COLBECK: Yes. The point I would like to make, though, is that, given that that minute at the outset was saying, 'To continue to work collaboratively with industry,' and, by the minister's own admission, even if he had not signed off most of those minutes by their due

dates, things were evolving fairly quickly, you get the sense in reading these documents that there was a sense of industry and the government working together and yet, all of a sudden, on 7 June, we ended up with a ban being imposed on the industry and we are now cleaning up the mess.

Senator Ludwig: It was a suspension; it was not a ban. There are entirely different issues.

Senator COLBECK: A rose by any other name, Minister.

Senator Ludwig: Well, no.

Senator Heffernan interjecting—

Senator Ludwig: Because the trade was recommenced. Clearly it was not a ban; it was a suspension. A ban would denote something that was not going to be re-enlivened. In this instance, it was re-enlivened. But it would be worth—

Senator ABETZ: So you cannot have a temporary ban?

Senator Ludwig: That is a different name.

Senator ABETZ: You cannot have a temporary ban.

Senator COLBECK: I think I go back to my—

CHAIR: Senators, I advise that the time we have—

Senator HEFFERNAN: The state governments were not consulted.

CHAIR: With the greatest of respect, we have had a lengthy debate here.

Senator HEFFERNAN: The state government of Queensland was not consulted—

CHAIR: Senator Colbeck, do you have any further questions?

Senator Heffernan interjecting—

Senator COLBECK: I do have some further questions. I am waiting for the answer to my question.

Senator Ludwig: The department were still waiting to respond to your original question, so it would be helpful if they were allowed to do so.

Senator HEFFERNAN: Before the ban was put in place, can you confirm that—

Senator Ludwig: We are just going to go to the evidence from the department, and then we will get to the next question.

Senator HEFFERNAN: Can you just confirm, before we get to the next question—

Senator Ludwig: No, we will deal with this question first.

Senator HEFFERNAN: that the Queensland government, the Northern Territory government and the Western Australian government were not consulted before the ban was put in place? When you are ready to answer that—whenever you are ready.

Senator Ludwig: We will get to that question.

CHAIR: Senator Colbeck?

Senator COLBECK: I think I have a question almost on notice!

Dr O'Connell: We were going to table the industry report?

Senator COLBECK: Yes, and I think there was also—I am asking about—

Senator Ludwig: The officer was going to give you, in her words, 'a flavour of the document' and then the concerns that they had with it.

Senator COLBECK: Yes.

Ms Evans: I can do that. When we saw the version of the plan provided to us on 3 June, which was not substantially different from the plan that had been provided earlier—

Senator COLBECK: By the way, is that dated May 2011?

Ms Evans: No, I think the plan that you are referring to dated May 2011 is the one that is the subject of the earlier brief. I have a version of the plan that is dated 3 June, which I will arrange to have—

Senator COLBECK: Obviously things were evolving. We had an initial plan, then we had a May version and then there was another iteration by 3 June, so things were moving.

Ms Evans: That is correct. On 3 June—you can appreciate that this is a plan that comes after the *Four Corners* report, so—

Senator COLBECK: Yes, I understand that.

Ms Evans: everyone is now in full knowledge of the nature of the issue that is at hand. Our concern, once we saw that version of the plan, was that we supported the notion that there would be OIE standards in place, but the plan did not give any idea or any indication of how that would be achieved or how the judgment would be made about how current practices met or did not meet OIE standards. The plan also seemed to entrench the use of mark I restraining boxes, which at that stage we had started to understand would not meet the OIE standards, and that is the subject of the brief also included in the freedom of information release—

Senator COLBECK: Yes, that is the final—

Ms Evans: the final one dated 6 June. So you can appreciate that we had started to be aware of the likely direction of that briefing. The plan at that stage relied on those mark I boxes being able to meet OIE standards. There was no precision in the time lines either for its commencement or for meeting any of the milestones. There was no specific commitment to raising what they were calling category B abattoirs up to a standard of what they were calling category A, to an acceptable standard. They didn't appear to have any publicly auditable reporting or monitoring of performance against their plan. And they had no discussion in their plan on the animal welfare practices up to the point of slaughter, which are required by the OIE guidelines. It wasn't clear to us how the compliance regime would be working and it appeared to be entirely based on industry's own approach.

Those were our concerns, but we did acknowledge that there were some positives in the plan as well. We thought that the concept of accreditation that they put forward had some merit and was worth looking at further. The idea of using verification, the idea of using independent assessment of the animal welfare practices, the idea of using OIE and the fact that industry was prepared to support or make a financial contribution to working on improvements were all useful. The plan also acknowledged that the mark 1 boxes were not the best available technology and that they were likely to use an NLIS-style approach to tracking cattle. So there were some positives but at that point our view as a department was that, overall, the plan really lacked the substance, detail and precision that would be necessary to be acceptable to the minister.

Senator COLBECK: Going to the minute you referred to, the one provided on 6 June in relation to mark 1 restraint boxes, were any external stakeholders consulted in the preparation of that?

Dr Schipp: There was no external consultation during the process of preparing these reports, beyond sourcing material for their preparation.

Senator COLBECK: So it was effectively a desktop process based on information you already had?

Dr Schipp: No, it was based on information that we could source from both industry and the animal welfare groups.

Senator COLBECK: So it was based on the footage from Animals Australia and the ABC and also on information that you had from industry.

Dr Schipp: Yes. We obtained further video footage from Meat and Livestock Australia, still footage and design specifications and reports.

Senator COLBECK: The note says that this is a preliminary analysis. Was a final analysis prepared for the minister?

Dr Schipp: There was, yes.

Senator COLBECK: When was that provided?

Dr Schipp: It was released on 26 August and is available on the DAFF web site.

Senator COLBECK: 26 August?

Dr Schipp: Yes.

Senator COLBECK: Was the preliminary advice something that was used as part of the cabinet decision to discontinue the trade?

Dr Schipp: I am not able to comment on the cabinet process. Just to correct my previous statement: it was released on 24 August.

Senator COLBECK: I noticed the minister being distracted by something else on that question. You don't have a response to that?

Senator Ludwig: I'm not going to the workings of cabinet or cabinet deliberations.

Senator COLBECK: The committee is interested—

Senator Ludwig: I understand your interest, but it is a long-standing convention. You respected it; so do I.

Senator COLBECK: I am respecting it, Minister, but these documents quite clearly can indicate whether or not there was a cabinet document, and there is no mention of a cabinet document in any of these documents.

Senator Ludwig: I'll take that on notice.

Senator COLBECK: I want to know whether there were documents that went to cabinet as part of the decision-making process, because this FOI process does not refer to any documents that went to cabinet. All it refers to is documents that may have formed part of preparations for briefing for a cabinet process. So I want to know whether anything went to cabinet or not.

Senator Ludwig: As I have indicated, it is a matter for cabinet. I will check as to what we can say.

Senator ABETZ: We do not know what went to cabinet.

Senator COLBECK: We want to know whether anything went to cabinet.

Senator ABETZ: We are entitled to know whether (1) anything was prepared for cabinet and (2) whether anything was prepared for cabinet, without knowing what it was, and whether it went to cabinet. Those are two specific technical questions, to which we are entitled to an answer. I have no doubt the secretary would be able to give us an answer to that.

Senator COLBECK: And, Minister—

CHAIR: We are running out of time, Senator Colbeck. I would urge you—

Senator Ludwig: I will take it on notice.

CHAIR: You have had the answer.

Senator ABETZ: Minister, please. You do not need to take that on notice. Can you give an explanation. I am entitled to ask—

CHAIR: You had an answer, whether or not you liked it.

Senator ABETZ: I am entitled to ask—

CHAIR: I have been more than fair here. I have been very patient. You have asked; you have got an answer. If you did not like the answer, stiff.

Senator ABETZ: I am entitled to ask why the question has to be taken on notice.

Senator COLBECK: Absolutely.

Senator ABETZ: Because the minister does not know. There is no official sitting beside him or behind him who knows the answer to the question. Why do you need to take it on notice, Minister?

Senator Ludwig: First of all, it is your consideration as to whether or not I can say whether a document has gone to cabinet. I do not accept that at face value. I will go away and check that myself.

CHAIR: Do you have any further questions? If not, I will go to Senator Rhiannon.

Senator COLBECK: I would like the minister to come back to us after the lunch break with that information.

CHAIR: You can put in your request. The minister has answered the question.

Senator Ludwig: I will see what I can do in the time available.

Senator RHIANNON: Minister, I am interested in your response on plans for the future of the livestock industry. Are you aware that the Queensland Minister for Agriculture, Food and Regional Economies, Tim Mulherin, has stated:

Over-dependence on a single export market and the lack of competition for meat processing capacity ... are significant issues for the industry.

Do you agree with that?

Senator Ludwig: I have a broad recollection of Minister Mulherin making a similar statement to that. I cannot recollect when and in what document it appears. But I am sure you could tell me.

Senator RHIANNON: He was making those comments publicly in July and he was talking about the need for strategically—

Senator Ludwig: As I indicated, I am sure I have read it in the same public documents that you may have read it in.

Senator RHIANNON: He talks about the need for strategically located abattoirs and how it could give access to millions of cattle in North Queensland and, obviously, the possibility of generating jobs in the area. I am interested in your thoughts on the future of the livestock industry, particularly in Northern Australia.

Senator Ludwig: More broadly, I support the continuation of the export of live animals into various markets. The actions that I have taken have clearly ensured that we now have a regulatory framework in place that ensures animal welfare outcomes. They do have elements which the industry plan lacked, including traceability. It did not have a plan that included confidence that, when the cattle or animal left Australia, it went through a supply chain that was—

Senator RHIANNON: But, Minister, my question was specifically within—

Senator Ludwig: Let me answer the question. I think it is important to put it in that frame.

Senator RHIANNON: But my question was specifically about the future of the industry within Australia.

Senator Ludwig: That is a different question. I am happy to answer that one, but that was not your primary question, which I have not finished answering. I think it is important to recognise that it is about ensuring that there is accountability, reportability and also independent auditing of the supply chain throughout the system which we now have, plus a compliance model to ensure that the supply chain is transparent and does have transparency.

In relation to your second question, I do understand that there are a range of commercial interests who are looking at establishing abattoirs across the north. There is a northern beef strategy. It is in a different portfolio to mine, but a range of work are on foot about looking at all of these options, about broadening and deepening the industry right across and in the north of Australia. These have been going on for some time. The minister responsible is Minister Crean. He is the lead minister. The lead department is the RDA. Of course, it is supported by my department in many of these issues. I am not sure that we have the relevant people here at the table, but we can add to that answer at the relevant time.

Senator RHIANNON: Thank you, Minister. Dr O'Connell, I have a question about salmonella and the sheep. Is it the case that otherwise healthy sheep carrying salmonella can be loaded undetected on to a live export vessel? I am also interested in the context, because I understand that there is a vaccine for salmonella registered for cattle that could be used for sheep prior to loading for export. If it was used, that would clearly reduce the suffering of animals with that disease. I am interested in progress in that area.

Dr O'Connell: I will pass that over the Dr Mark Schipp.

Dr Schipp: To answer the first part of your question, yes, it is possible that sheep that are not yet expressing salmonellosis will express it once they are put on board and are under stress. It is also possible for there to be rapid spread of salmonellosis within a stressed group of sheep. Once it starts in a pen, it is ideal to move affected sheep out to prevent spread to

other sheep. I am not able to answer your second question on the vaccine. I do not know whether a vaccine registered for cattle is efficacious in sheep. I will have to take that on notice.

Senator RHIANNON: From what I understand about how this works presently, sheep that look as though they are in good condition are selected. We cull the scouring sheep. We have one veterinarian on board. They are provided with some antibiotics. Then, basically, we hoped for the best. That seems to be the regime that is in place. As you have acknowledged in your answer to my first question, when sheep are under stress, which is clearly the situation, there can be an outbreak of the disease, terrible suffering and the loss of the livestock. Is that the regime that we are living with at the moment?

Dr Schipp: I can answer the disease questions. I cannot go into the issue of live export conditions. I would have to call on the general manager for that area in terms of the Australian standard for export of livestock and review of that standard. But I can address your previous question.

Senator HEFFERNAN: Can I add to that? Would that explanation include the new ban that we have out of the western division in certain months of the year on live sheep export and the impact that that has had on—

Dr Schipp: I did not hear the last part, I am sorry.

Senator HEFFERNAN: As you would be aware, we now have a ban on sheep coming out of the western division for some months of the year, which is a bit of a pain in the arse to those people.

Dr Schipp: Yes.

Senator HEFFERNAN: Has that had an impact on better animal welfare? Are we on the job, in other words?

Dr Schipp: It has had positive outcomes in terms of live animal export mortalities. I take your point that it is an inconvenience for those processors.

Senator HEFFERNAN: Which the industry has worn.

Senator RHIANNON: Going back to the secretary, I understand that you have to sign off on the approval necessary for the sheep to be sourced and eventually exported. When the risk of disease outbreak cannot be acceptably addressed, how can you do that reliably?

Ms Cale: To be clear, the secretary or the secretary's delegate signs off on the approved exports program, which outlines how the sheep or other animals are to be prepared for export. Could you repeat your question, please.

Senator RHIANNON: It is specifically on that issue of the sign off. On what grounds do you sign off the approval necessary for the sheep to be sourced and exported when the risk of disease outbreak cannot be acceptably addressed?

Ms Cale: The secretary or the delegate signs off on the measures that need to be taken or the conditions that need to be followed to prepare those animals for export. Those conditions and the Australian standards for the export of livestock are such that they strive to address the welfare and health aspects of the animals to be exported.

Senator RHIANNON: But in the case of salmonellosis, because it is unknown, if the ship is infected we can have a severe outbreak and nothing can be done about it. Nothing

effectively is done about it. So we have this serious problem here that your sign-off method does not take into account.

Ms Cale: The sign-off identifies how those animals are to be prepared. The inspection is a fairly important part of the process. At the stage when the AQIS-accredited veterinarians and the AQIS veterinarians inspect animals at the registered premise they can identify to the best of their ability animals that may have some—

Senator RHIANNON: But I thought that was the whole issue with this disease—that at that point the sheep present healthy but can be loaded, and the export process starts, but the disease does not manifest itself until the animals are under the stress conditions.

Ms Cale: In cases in which we do hit the mortality rate, if you like—or exceed the acceptable mortality rate—then extra conditions are often placed on the subsequent consignments. There is also, as you alluded to, vaccines or additional measures that can be taken onboard when there are signs of outbreak. Animals can be fed extra chaff et cetera to try to manage the problem at the time. But subsequent to any mortality event there can be conditions placed on the subsequent NOIs.

Senator RHIANNON: Could you please take on notice and inform us of what those conditions are?

Ms Cale: Sure.

Senator RHIANNON: Minister, I understand that a letter was written to the government by Her Royal Highness Princess Alia of Jordan saying that the broader implementation of stunning throughout the Middle East would be assisted if Australia required stunning as part of our export agreements. Could you inform the committee of whether government officials or you yourself have communicated with Princess Alia with regard to the feasibility of expanding stunning to other Middle Eastern countries?

Senator Ludwig: I might just get Paul to run through where we are up to.

Mr Morris: There has been quite a bit of communication with Princess Alia over time. What was the date of that letter?

Senator RHIANNON: I do not have the date here, I am sorry.

Mr Morris: I know from my own experience in talking to Princess Alia and from communications with her that she has been a very good advocate for animal welfare and in particular for stunning in Jordan and more broadly in the Middle East. But, as you may be aware, a number of those countries in the Middle East have quite firm views about the consistency of stunning with halal slaughter practices. So while Jordan allows stunning, a number of those other countries do not currently allow stunning. Specifically on your question, there has been quite a bit of communication with Princess Alia over a number of years around these matters.

Senator RHIANNON: Could you take it on notice to provide the committee with an update on the nature of that communication—when it happened and what the essence of the communication was?

Mr Morris: We certainly can, yes.

Senator RHIANNON: Just to stay with this issue of stunning in the Middle East, I understand that the major importers of live animals in the Middle East are also the major

importers of chilled Australian meat, which has been stunned. What discussions have government officials had with these importers? You mentioned that not all countries in the Middle East, because of their varying traditions, will accept it. But I understand that the Kuwait Livestock Transport and Trading Company, Al Mawashi in Qatar and the Bahrain Livestock Company are all involved in the import of meat that has been stunned.

Mr Morris: Australia certainly exports both meat and live animals to the Middle East. At the moment they are meeting differing market demands in the Middle East, so it is likely that there will be an active trade in both animals and meat for some time to come. I understand that some of the importers are involved in meat as well as the live animal trade.

Senator RHIANNON: But the point here is about the stunning—that the processed meat is being sourced from animals for which stunning is part of the killing process.

Mr Morris: In Australia, we allow unstunned slaughter for sheep, and so—

Senator RHIANNON: But does that occur for export?

Mr Morris: We do export meat—

Senator RHIANNON: Is some of the meat that is exported sourced from unstunned animals?

Mr Morris: Yes, into the Middle East. I am talking about sheep here, because for cattle we do not have pre-slaughter stunning—but we have post-cut stunning in Australia for cattle.

Senator RHIANNON: Are you suggesting that the processed meat going into Kuwait, Qatar and Bahrain is sourced from unstunned animals?

Mr Morris: Unfortunately our data is not clear enough to indicate that for certain. We have looked at this question before. We certainly do export kosher slaughtered meat, which is unstunned meat, into Israel. At the moment, there is quite a bit of trade in unstunned slaughtered sheep, or meat, into that country. For the Middle East, we would have to see if we can double-check on exactly what the nature of the export is there, but it is possible some of it will be unstunned. Some of it may be stunned, but, as I understand it, we would have to take that on notice.

Senator HEFFERNAN: You are referring to sheep and not cattle, aren't you?

Mr Morris: Just to clarify it, we do allow unstunned slaughter of sheep in Australia. For cattle, we do allow, for ritual slaughter purposes, stunning to occur after the cut has been done, so it is a post-cut stunning. We require it in fact. So there is a slightly different situation for cattle than for sheep in Australia.

Senator RHIANNON: So you will take on notice the quantities of the chilled Australian meat that are stunned and unstunned?

Mr Morris: We will try and identify it. We have looked at that question before. If we can identify it, we will certainly advise you.

Senator RHIANNON: I understand that the DAFF budget statements provide that 100 per cent of funds have been allocated to deliver capacity building and technical assistance projects to improve animal welfare in the Middle East and south-east Asian countries through the Live Trade Animal Welfare Partnership program. Could you provide details on how these funds have been allocated between those countries?

Ms Evans: I can.

Senator RHIANNON: I am happy if you take that on notice.

Ms Evans: All of the information about the projects that have been allocated is publicly available on the web. I am happy to provide that for you in hard copy this afternoon.

Senator RHIANNON: Thank you very much. I understand that the Meat and Livestock Australia reports between 2004 and 2010 did consistently highlight significant welfare problems at the point of slaughter in Indonesia. You have explored some of these details in previous answers, but I am interested in considering the length of time that that material was being presented for. What action was taken by the department in response to such a lengthy period of information being presented to you?

Mr Morris: I think the policy over that period of time by a number of governments was to try and work with the countries we were exporting animals to to try and improve animal welfare, and so the industry and the government were closely involved in looking at how we could improve the animal welfare standards in those countries beyond where they were at the time. So there has been quite a lot of effort. But the policy at the time was towards an improvement in animal welfare.

Senator RHIANNON: If that was the policy, you would have to say that that has largely failed. Is that what you would conclude, considering the evidence that came out as a result of the *Four Corners* investigation?

CHAIR: I think you are asking for an opinion there, Senator Rhiannon.

Senator RHIANNON: Okay. I am happy to move on. I would just like to ask about the independent auditors. Are the newly prescribed independent auditors to be paid by the live exporters?

Mr Morris: The auditors are paid by industry. They could be paid by the exporters or they could be paid by the importers or anyone else, but not by the government.

Senator RHIANNON: Do you see there being a potential problem there? Would it have been wiser for the fee or levy to be imposed on exporters to fund the financing by government of truly independent auditors? Shouldn't that be the key thing we are aiming for here?

Senator Ludwig: They are truly independent auditors.

Senator RHIANNON: But considering their form of pay, Minister, doesn't this raise potential problems?

Senator Ludwig: These are internationally renowned organisations that do independent auditing. The underlying assumption is that you are suggesting that a payment by a particular body that is seeking the independent audit would influence their decision. I think they would reject that and I would reject that on their behalf. They do many audits outside of this industry across many industries. They are responsible for auditing, such as the AS 9000—all of those. Why would they put their independence and their auditing capability at risk. I will let the department answer it, but I find that the substance of the question throws in doubt what the independent auditor's role is. They are independent.

Senator RHIANNON: The whole era of such massive deregulation when government stepped back from having a more hands-on role certainly highlights the problem one has when such a close relationship comes when you have direct payments. Do you accept that?

Senator Ludwig: They are independent organisations. They are very large, sophisticated organisations that undertake a range of independent auditing across the globe. As a consequence of that I could not imagine where they would risk or jeopardise a small piece of a small contract for the sake of their international reputation. The substance of your question seems to suggest they would. I could not see where a large organisation that audits AS 9000 and AS 9001 across many manufacturers and all the other industries you could imagine, including the coal industry, would put that at risk for a very small slither of work in this area. It defies imagination. But that seems to be what you are suggesting. But forgive me for interceding as the department was going to provide a response.

Mr Morris: I think that is our answer!

Senator RHIANNON: What prosecutions, disciplinary proceedings or action of any substance have been undertaken by the federal department or its delegate, AQIS, in relation to breaches of live-export animal welfare standards prescribed by the department secretary?

Mr Morris: We would have to take that on notice, because it would be quite a list in terms of actions that are taken in the event of problems with compliance for exports of animals. I would note, though, that this is the first time we have had a framework that applies in another country, in terms of the Indonesian framework. The actions to date have been around the existing policy framework, which involves the preparation and export up to the point of arrival in the importing country.

CHAIR: We have run out of time, but I have agreed with Senator Colbeck that there are a couple of questions to be put on notice. Senator Abetz may have some.

Senator COLBECK: Just following on from Senator Rhiannon in relation to the data that has been collected in Indonesia as a result of this closed-loop process. Senator Rhiannon was talking about the auditors of that data. Has the department viewed any of that information, or, what plans does the department have to view any of that data?

Mr Morris: We certainly have plans to receive that data, and we have been receiving some information. As part of the notice of intention process for export, there are the independent audit reports that are done for the initial assessment of the supply chains. So we have independent audit reports pre export of animals. In Indonesia they have a rule where the animals have to remain in a feedlot for 60 days before they go to slaughter. The first animals were exported on 10 August, so we are just getting to that period now where animals are starting to go to slaughter. There will be independent audit reports received either after all the animals are slaughtered or after 180 days, whichever comes first. We will be receiving that sort of information. We will also be provided with an end-of-consignment report from the exporter, and that information will also be available. But, because, as I said, of the stage of the process we are at the moment, the information we mainly have is those initial audit reports.

Senator COLBECK: So it is a progressive process?

Mr Morris: Yes.

Senator COLBECK: I want to add to my question on notice to the minister in relation to the cabinet process. I wonder if the minister would be able to give us advice on the correctness or otherwise of the statement in the story in the *Australian* on 2 July which said: Cabinet made the decision ... without written submissions and without options other than a total ban.

Senator Ludwig: I am not going to discuss cabinet deliberations.

Senator COLBECK: Perhaps that is because one of the key suspects for advising of that information was not present that day, which is also indicated in the *Australian*. Further, it says in the *Australian*—and this is directed to you, Dr O'Connell:

An internal briefing dated June 21 demonstrated how ill-prepared Ludwig's office was for the impact of the decision. It shows the Australian Bureau of Agricultural and Resource Economics and Sciences—ABARES—

began surveying farmers so they could 'determine the effects on farm businesses of the suspension of trade to Indonesia'—two weeks after the ban was enacted.

Is it correct that information was being gathered two weeks after the ban was enacted? Perhaps we might have to come back and talk to Mr Glyde later.

Mr Morris: You will see that in one of the documents released as part of the FOI there was information provided about the possible impacts on industry of various options. That was in one of the documents. I would have to find it for you, but it was in there.

Senator COLBECK: I will go back and have a look.

Mr Morris: The relevant document was 5806. There was some information available at the time. Subsequent to the decision on the suspension being made, it was decided there needed to be more on-the-ground information as to the actual impact that the suspension was having as opposed to speculating about it, reading about it in the media or gathering it from other sources. We actually decided to go out, do the survey and collect some real on-the-ground information, and that was the basis of the ABARES survey, which would supplement information we were getting from other sources such as state and territory governments, industry and directly from the individuals affected.

Senator COLBECK: On notice, could the minister consider the not relevant stuff in 5806 over the lunch break as well?

Senator NASH: I want to ask some questions around the financial hardship that was created from the ban. One of the impacts of that ban was on families either educating their children at home through the School of the Air or who, in these remote locations, have no choice but to send their secondary school children away to boarding school. Has the department looked at that issue specifically?

Mr Aldred: As we have provided to the select committee, there is a range of assistance measures—

Senator NASH: No. I am really conscious of time. What I want to know is: have you addressed the issue of the costs incurred by families in these remote areas that have been affected by the ban financially? Have you specifically addressed that issue? Did you consider it in any way, shape or form as needing separate assistance to the overall assistance bucket?

Mr Aldred: Not as specific separate assistance but as part of the overall assistance that is available.

Senator NASH: So within the department you said, 'This is an issue for families. These costs are being borne by families. Financial difficulty has been created by the ban to educate these children at home in School of the Air. Often spouses have had to go out and work on the farm and so that has created a real difficulty and so the financial difficulty from boarding costs have specifically been addressed by the department within the overall bucket.'

Mr Aldred: As I said, we were aware of a range of cost pressures.

Senator NASH: Were you aware of that one?

Mr Aldred: Yes.

Senator NASH: So within the current arrangements then what sort of figure or value are you saying may be borne out of the bigger bucket to address these issues of education costs?

Mr Aldred: We do not specify the use of either the \$5,000 or the \$20,000—

Senator NASH: Do you have any idea of the average costs for these families to either have a governess at home for School of the Air or have their children away at boarding school?

Mr Aldred: I am not sure that we have a specific figure.

Senator NASH: If you do not have a specific figure, how have you rolled it into the overall bucket?

Mr Aldred: As I said, we were aware of a range of cost pressures. We did not try to itemise every cost that may be borne by each individual family and then calculate our assistance payment.

Senator NASH: But these education costs will only relate to some families. So if you are giving an overall figure in general across all farming families who have been affected by the ban education costs are an extra cost for some of these families over and above those general costs that you have taken into account, so surely this should have been addressed specifically?

Mr Aldred: Not necessarily. Obviously some families will have those cost pressures; others will have other particular cost pressures. What we were seeking to do through the \$5,000 and \$20,000 assistance payments was provide an allocation and relatively few rules around the disposition of those funds.

Senator NASH: Just refresh my memory: how does that \$20,000 payment work?

Mr Aldred: If someone has already accessed the \$5,000 business assistance payment, the business hardship payment—

Senator NASH: Okay, but business assistance would not relate to school costs, would it?

Mr Aldred: I believe that within the overall funding available to a farm family that sort of thing would be able to wash out, yes.

Senator NASH: Back to the \$20,000 again. You said if they have or have not accessed the \$5,000—

Mr Aldred: To be eligible for the \$20,000 payment you must have first accessed the \$5,000. Beyond that, you need to demonstrate that you have accounts that cannot be paid or basically have pressure on your finances. That sort of information is provided to Centrelink and Centrelink assesses those claims.

Senator NASH: Could you take this on notice for me. You were mentioning before the range of financial burdens that you took into consideration—one of those being school costs. As you said, one lot of costs will affect one family and not necessarily another. Within that bucket of funding, can you provide for the committee a list of the costs that you took into consideration that needed to be considered by the department in formulating this.

Mr Aldred: I will take the question on notice.

Senator ADAMS: Minister, you went to Indonesia during the suspension. Did you have two visits to Indonesia during that time?

Senator Ludwig: I have had two visits, yes.

Senator ADAMS: At that time, were you invited to inspect abattoirs or feedlots?

Senator Ludwig: No, I was not invited to.

Senator ADAMS: Did you request to go and look at them?

Senator Ludwig: I was there for a specific purpose, to inform them of the OIE operationalised guidelines. I did not consider it added value to be a tourist at that point. My job was to—

Senator ADAMS: I would not have thought it would be a tourist visit; you were making guidelines for a specific thing and you did not go to the area.

Senator Ludwig: Let me make this plain. The department, in a very short space of time, undertook very good work to operationalise which were OIE principles into OIE guidelines. There were draft guidelines that were made available to me. I thought it was incumbent upon me to go to Indonesia and provide those draft guidelines to Indonesia. That was my job. I am not sure the value of me traipsing around abattoirs. What I did was put in place—which the industry failed to do—a regulatory model. Self-regulation had clearly failed, I think as the evidence earlier had said. So the efforts I directed myself towards were putting in place a regulated supply chain which included those elements I mentioned earlier to Senator Rhiannon.

Senator ADAMS: So you were not invited to go—

Senator Ludwig: I answered that first.

Senator ABETZ: Can I be advised who signs off on cabinet submissions. Is that you, Secretary?

Dr O'Connell: Cabinet submissions are submissions from the minister to cabinet. So ultimately cabinet submissions are ministers' documents.

Senator ABETZ: The cabinet understands that but when they emanate from the department to the minister's office, do they go across your desk?

Dr O'Connell: It depends on the nature of the cabinet submission, but ultimately, as I say—

Senator ABETZ: Can you think of a cabinet submission that you have not signed off on?

Dr O'Connell: Over time, yes.

CHAIR: Probably to you, Senator Abetz!

Senator ABETZ: Can you think of an example?

Dr O'Connell: I am not going to speculate on an example, Senator.

Senator ABETZ: But on something as important as live exports, a submission would have come across your desk, would it not?

Dr O'Connell: As I said, documents that go into cabinet from a minister are documents that a minister puts into cabinet. Whatever passes my desk in the end, I am not necessarily responsible for the final step.

Senator ABETZ: It is still the minister's call—

Dr O'Connell: It is the minister's call. I do not want to presuppose any ministerial action by saying I am responsible for the minister's—

Senator ABETZ: Was anything prepared, without going into the detail, in anticipation that the minister might want to bring a particular document before cabinet?

Dr O'Connell: I think the minister has already taken on notice the issue of documentation going to cabinet.

Senator ABETZ: The minister will be relying on your advice because the minister will not know what the department has done and what you have signed in anticipation until he has actually received it. You must be aware, Secretary.

Dr O'Connell: I think that is not necessarily correct, and I do not want to pre-empt the outcome of the minister's response to you.

Senator ABETZ: So it is not correct that you would be aware of documentation that the department may have prepared in anticipation of cabinet discussing the live exports issue?

Dr O'Connell: No, I am saying it is not the case that I necessarily would be fully aware of the documentation that a minister or ministers might take to cabinet.

Senator ABETZ: I was not asking about that, and you know that, Dr O'Connell. I was asking about that which your department, for which you are responsible, prepared to assist the minister. Whether he takes that to cabinet or not, I am in great agreement with you: that is up to the minister. What did the department do?

Dr O'Connell: I think it is clear from the documentation that we have worked through in terms of the FOI request that there is information that has been provided to the minister of a deliberative nature in the context of potential cabinet consideration. Beyond that, I think I would need to leave that to the—

Senator ABETZ: So whereabouts in the documentation would you draw our attention, Secretary, that suggests that this was destined for cabinet? You have got the documents in front of you. Just show me one.

Dr O'Connell: I think what we've discussed is the nature of the deliberative material. There is other—

Senator ABETZ: Deliberative material is completely different.

Dr O'Connell: If you would let me finish: there are also other documents which have not been provided—I can't recall the details—through the FOI process.

Senator ABETZ: But none of those were excluded because they were cabinet documents, because if they had been they would have been excluded on the basis that there were a cabinet document. All we want to know is whether the department prepared anything for cabinet consideration.

Dr O'Connell: I will go to minute no 05730, which was exempt in its entirety because disclosure of the minute would reveal a cabinet deliberation.

Senator ABETZ: Sorry, that it?

Dr O'Connell: Disclosure of the minute is exempt in entirety under section 34(1)(d) and section 34(3).

Senator ABETZ: On what date was that?

Dr O'Connell: I will have to pass over to Ms Evans on that.

Ms Evans: Let me check whether I have that one. It may be the one I don't have a date on because it wasn't actually released. Can I take that on notice and come back after lunch?

Senator ABETZ: If you could I would be much obliged.

CHAIR: On that, Senator Abetz, we have a bit of an arrangement at 12.45. Senator Heffernan has a three-second question, and then we are going straight to ABARES.

Senator HEFFERNAN: Recently there has been publicity of an event in 2009 when several hundred cattle starved to death at Mataranka on a government supervised station—the station was partly involved with research. Are you aware of that?

Dr O'Connell: That's the Northern-Territory-government station?

Senator HEFFERNAN: Yes.

Dr O'Connell: I'm aware of the allegations.

Senator HEFFERNAN: Okay, that's the answer. Have you, on behalf of Australia's taxpayers, the government and Australia's farmers, initiated any inquiry at all into the disgusting proposition that 600 to 800 cattle could starve to death under the supervision of a university? It was a good season and the cattle could have been agisted. It is a criminal offence, but no-one was charged, the RSPCA said, 'Oh, it's outside our jurisdiction, we didn't look at it,' and the government of the Northern Territory said, 'Oh, yeah, we were a bit late in bringing up the thing and the time expired.' Someone let 600 to 800 cattle starve to death and no-one has got into trouble. What sort of bloody disgrace is that?

Dr O'Connell: Shall I take on notice the issues surrounding it?

CHAIR: Whatever you do, can you do it quickly, Dr O'Connell?

Dr O'Connell: I'm happy enough to take the question on notice.

Senator HEFFERNAN: I'm asking whether you're doing anything about it.

CHAIR: With that, to the officers from Live Animal Exports: thank you, very much.

Australian Bureau of Agricultural and Resource Economics and Sciences

[12:48]

CHAIR: I welcome officers from ABARES.

Senator CORMANN: I have a series of questions in relation to a model that Treasury has used as part of its carbon tax modelling, in particular, the global trade and environment model, GTEM. Is it correct to say that the intellectual property of the GTEM rests with ABARES within the Commonwealth government?

Mr Glyde: I think it is correct to say that the intellectual property of the model, of the data that goes into it and of the assumptions is shared between the Treasury and ABARES but, in summary, it is owned by the Commonwealth government.

Senator CORMANN: So you would not accept a characterisation by Treasury that the intellectual property is owned by ABARES?

Mr Glyde: I understand that the Treasury has written to you, as chair of another committee, but I don't actually have a copy of that letter in response to your request for

information about the intellectual property and the ownership, and of the subsequent release thereof of that information.

Senator CORMANN: The question that I put to you was a direct quote from the letter that David Gruen, the executive director of the macroeconomic group in Treasury, wrote to me. I see that Dr Sheales has a copy of the letter in front of him after all.

Mr Glyde: I am not sure if we have a copy of the final letter.

Senator CORMANN: Can you get a copy of the earlier letter? Can you confirm that ABARES previously released documentation of the GTEM model for public use in 2000 and an updated version in 2007?

Mr Glyde: That is correct.

Senator CORMANN: Who made the decision at the time to release that?

Mr Glyde: I would have to confirm this, but I think that the decision would have been taken by the executive director at the time in 2000. The decision was made by me in 2007.

Senator CORMANN: So it was a decision by ABARES in 2000 and it was a decision by you in 2007?

Mr Glyde: Correct.

Senator CORMANN: Could ABARES today make a decision to release the GTEM model or is that now a matter for somebody else?

Mr Glyde: As I said earlier on, things have moved on since that time. There has been the involvement of Treasury in the current versions of GTEM that have been used to inform the government's decisions on climate change. In essence, government will have to make that decision about release. There are a number of elements that go into the operation of the model. One is the model. There is the data that comes from a source called GTAP. There are the changes that have been made in relation to some of the assumptions since 2007, some of which have been made by Treasury. Then there is some further work that has been done on the development of it. Given the shared nature of it and the complexity of it, the release of that information is a decision for government. And that is my understanding of the Treasury response to your original request.

Senator CORMANN: I refer to an answer that ABARES gave to Senator Siewert in February 2008. That answer was: 'The Australian Bureau of Agricultural and Resource Economics first placed documentation and code for the GTEM on its web site in 2007. ABARE last updated the model documentation in November 2007 and expects the code to be updated in the coming months.' But in November 2007 we had a change of government. Since then, there has been no update, even though in November 2007 you anticipated that there would be. Is that correct?

Mr Glyde: There has been updating of the model that has been used to inform the government's decision making. That updating, both in terms of data and assumptions, has been conducted by the Treasury.

Senator CORMANN: But it has not been publicly released since then.

Mr Glyde: No.

Senator CORMANN: Has ABARES met with Treasury to discuss the public release of the GTEM model?

Mr Glyde: We have discussed with Treasury the release of the model.

Senator CORMANN: What was discussed?

Mr Glyde: The complexity of the request that you have put forward. As I tried to say before, a number of elements make up GTEM and it use: the model, the data that is supplied to it and other assumptions that are made. That is now shared. It is much more complex than it was when it was ABARES alone that using the GTEM model, as it did for many years.

Senator CORMANN: We had Ms Megan Quinn, who I am sure that you know, give evidence to a Senate committee that questions around the release of the GTEM model are matters for ABARES. In your view, then, that is not a correct characterisation.

Mr Glyde: In further discussions with Treasury, what has become clear is the complexity of the ownership of the intellectual property. In essence, it would be hard for Treasury to release the model and all that it entails without consultation and agreement with ABARES and vice-a-versa. It would be hard for us to release it, given the variations that have been made to it by Treasury.

Senator CORMANN: So which organisation would then be responsible for handling requests for the public release of the model—the GTEM model?

Mr Glyde: We would suggest that, as I said before, that is a whole-of-government matter. We would suggest that that would be a matter than in the first instance you might wish to address to the Department of the Treasury, but the response would be handled on a whole-of-government basis.

Senator CORMANN: As you understand it, are there any commercial barriers that would restrict the release of the GTEM model?

Mr Glyde: There is some commercial benefit in access to the data, the model and the underlying assumptions.

Senator CORMANN: In February 2009, a committee of the Senate received correspondence from Purdue University, which, I understand, as put this model together and maintains the database for the GTEM model. Is that right?

Mr Glyde: That is the GTAP part that I was referring to.

Senator CORMANN: That is right. They have said that any commercial harm could be avoided by the simple purchase of a licence. Is that no longer correct?

Mr Glyde: No, that is correct. There is a commercial dimension to that, but it does relate to the purchase. If someone else outside of government wanted to use the model and its assumptions were released then there would have to be that commercial transaction.

Senator CORMANN: If somebody purchased a licence, would they be able to get access to everything relating to the GTEM, as used in the Treasury carbon tax modelling?

Mr Glyde: The information in the GTAP database provides the basis for the data that is used in the Treasury model. There are other additions that have been made over the years by ABARES and also by Treasury to further flesh out some of the specific details of the industry sectors in Australia and Australia's economic circumstances. As you would appreciate, the

GTAP data is used right around the world by a large number of institutions and there is a basic dataset. In the case of Australia, we have been augmenting that over the years to suit the analytical questions that have been asked of that model.

Senator CORMANN: Would ABARES itself have any objection to the government releasing the version of the GTEM model that Treasury used in its carbon tax modelling?

Mr Glyde: As I said before, that is a matter for a whole-of-government decision.

Senator CORMANN: But you as an agency have no objection?

Mr Glyde: What we are saying is that we would have no objection to the release of the base model. As we have shown before, we have done that in the past when it has been our responsibility. What I am trying to convey is that, now that the model, the assumptions and the data are a collective product, this is not a decision that ABARES can take alone.

Senator CORMANN: What you are really saying is that, now that further refinement has been made to the GTEM model, the lead agency from your point of view should be Treasury. Is that right?

Mr Glyde: That is correct, yes.

Senator CORMANN: I have a generic question. You are involved in quite a bit economic modelling, obviously. Is it your view that an independent third party would be able to obtain sufficient access to the GTEM model now to run the same modelling scenarios that Treasury ran to produce its carbon tax modelling report?

Mr Glyde: Probably not, in that the third party would need to obtain the GTAP database, which, as we have discussed, is done through a relatively straightforward licence arrangement. But to capture all of the modifications to the database that have been made over the years by ABARES and Treasury—the amplifications for different industry sectors—they would need information that has not yet been publicly released. Therefore, I do not think anyone could replicate the results at the moment.

Senator CORMANN: You are saying that, on the basis of the information that has been released so far, the Treasury carbon tax modelling cannot be properly scrutinised by third parties?

Mr Glyde: At the moment it is not possible to take the current version of GTEM, its data and the assumptions that are there inside it and run that model.

Senator CORMANN: Are you familiar with the current requirements for having articles published in leading economic journals such as the *American Economic Review*, the *Economic Journal* in the UK or the *Economic Record* in Australia? They all require that any models used in the preparation of the report and any data used in the article be made available so that others can test the claimed results. Why would that not be the case in relation to the carbon tax modelling and, in particular, the GTEM model that your department or ABARES has some involvement with?

Mr Glyde: That is a question you really should be putting to the Treasury.

Senator CORMANN: Thank you.

Proceedings suspended from 12:59 to 13:59

CHAIR: Dr O'Connell would like to clarify something.

Dr O'Connell: There is a minor correction from Ms Cale.

Ms Cale: There is just a minor correction to the reference I made to current fees and charges for live animal exports. I referred to the penalty fee as \$80.50; in fact, it is \$70.50.

CHAIR: That was in relation to questioning from Senator Back, I believe.

Ms Cale: That is right.

CHAIR: Thank you, Ms Cale.

Senator ABETZ: What is the date for minute 05730?

Senator Ludwig: The 6th.

Senator ABETZ: Which was 6 June; is that correct?

Senator Ludwig: Yes.

Senator ABETZ: The reason it was not disclosed was that it was a cabinet deliberation, not a submission to cabinet, I note.

CHAIR: Senator Cormann has two more questions, then we will go to Senator Milne.

Senator CORMANN: Before the break you confirmed that ABARES had a meeting with Treasury to discuss issues around the public release of the GTEM model. Can you tell us when that meeting took place?

Mr Glyde: Dr Sheales might know the time of the meeting, but there was not just a meeting. There have been telephone and email exchanges as well. I do not know whether Dr Sheales knows the exact date of the meeting we had with Treasury.

Dr Sheales: The answer is along the lines that Mr Glyde said. I could not tell you off the top of my head. I would have to take that on notice and come back to you with some—

Senator CORMANN: Would you be able to provide us with information today? Specifically the date I am looking for is when consensus was reached between ABARES and Treasury that the release of the GTEM model was not something that ABARES could decide by themselves but that required a whole-of-government consideration to be led by Treasury, as you said earlier. Does that make sense?

Dr Sheales: I can answer that one: Friday, 7 October.

Senator CORMANN: It took until 7 October for you to reach that final consensus. Up until that time there was disagreement, was there?

Dr Sheales: No. We were going around talking about different aspects of the issue, along the line that we talked about this morning, where there was some intellectual input from Treasury as well as from ourselves, and we were not quite sure how best to handle that.

Senator CORMANN: When was the first discussion between ABARES and Treasury about how best to handle it?

Dr Sheales: I cannot give you a date. It is probably either late August or early September. That was a telephone conversation.

Senator CORMANN: But you would have that document and you would be able to confirm that to us?

Dr Sheales: Well, there is not a document, but I could check in my diary and confirm the date.

Senator CORMANN: The reason being that Treasury told a committee of the Senate as late as 23 September that it was a matter for ABARES as to whether and to what extent the GTEM model would be released. Between 2000, when you first released the GTEM model for public use, and 2007, when you released an updated version, expecting to release further updates to the code and so on over the following months, what sorts of refinements took place in the period 2000 to 2007 and did any of those refinements involve Treasury in any way, shape or form?

Dr Sheales: I would have to take that on notice. I am not sure of the details. It was not in my area of responsibility and I am just not sure of the details.

Mr Glyde: Between 2000 and 2007 there would have been quite a bit of updating of data sets for particular jobs that we might have done. We would be better off taking it on notice and being precise about what happened and for what purpose.

Senator CORMANN: Is it conceivable that Treasury would not have been involved in those updates between 2000 and 2007?

Mr Glyde: Absolutely.

Senator CORMANN: It is conceivable that they would not have been involved?

Mr Glyde: That is correct, because—and I will need to check when we first began to work with Treasury, and we are sharing the GTEM with them as part of their investigation of the consequences of various options for handling climate change—up until that period the model was entirely something that ABARES had responsibility for. Whilst there is the possibility of us confirming and working with Treasury around the assumptions behind the model—perhaps some of the macroeconomic assumptions—generally speaking it was entirely ABARES's responsibility.

Senator CORMANN: Up until the time that Treasury got involved and the GTEM was used for carbon tax modelling and ABARES was exclusively responsible, you were quite relaxed about being open and transparent and making it publicly available. As soon as Treasury got involved and it got used for the modelling of the impact of the carbon tax or carbon pricing, the shutters came down and you lost control in terms of being able to publicly release all of the relevant documentation and information.

Mr Glyde: I should make it clear that, whilst we released the 2000 version of the GTEM code and model documentation was further elaborated in 2007, we never released the data that you would need in order to run GTEM the way we have been running it. It has been our practice not to release the complete range of information that would enable a third party to use it in the same way we have.

Senator CORMANN: Were people prior to 2007 able to scrutinise the way the model operated to a larger extent than they are now?

Mr Glyde: They could look at the model code, but they did not have access to the data that we put into the model to give the results that we would then subsequently publish. We published that and described the nature of the data, but we have never made available the data that a third party would need to replicate our results.

Senator CORMANN: But people had a better capacity to scrutinise the data pre 2007 than what they have post 2007?

Mr Glyde: Yes, I think that is fair.

Senator MILNE: I wanted to go to the work of ABARES on climate change and also on commodity forecasting. What I am concerned about is that I have read a number of your forecasts in relation to the various commodities, but I do not see how you incorporate the risks of extreme weather events into that forecasting. What I am really interested in is the two strands of your work looking at projecting your forecasts for what people might expect with various commodities—the work you are doing on climate change and the work that the Bureau of Rural Science is obviously doing. I have seen in your forecast what you say is that all this could change if there is an extreme weather event. You note that Russia suffered an extreme drought and wheat prices went up and that Queensland had floods and therefore local fruit and fish prices went up. But we cannot keep noting that. We must be able to forecast. There must be a risk premium or something in your forecast. Can you talk to me about how you intend to bring together your climate assumptions and your forecasting assumptions on commodities.

Mr Glyde: That is really quite a germane question. It would be highly desirable to be in a position where you could factor into both the short-run forecasts and the medium-term forecasts—say, over the next five years—the impacts of climate change, extreme weather events and things like that. We have talked internally about whether this is feasible. So far the simple answer is that we do not have a reliable way of being able to forecast those events. I might get Dr Sheales to explain in a bit more detail. To date we do not reflect in our forecasts those sort of possibilities. We try to, as you have already described, say what the unknowns might be in these forecasts and why, if you are looking at these forecasts and making judgments on them, you would want to be taking into account your own judgments in relation to extreme weather events and the like. But at the moment I think the state of play and, certainly, the state of the science are such that we are not in a position to reliably put that information quantitatively into our forecasts so that we can come up with better estimates of areas planted, yields, prices received and the like. I might ask Dr Sheales to comment in a bit more detail.

Senator MILNE: Just before you go to Dr Sheales and in relation to the same answer, is it anyone's job in ABARES or the former Bureau of Rural Sciences et cetera to look at the global meteorological forecast of our main competitors in certain commodity areas—let's say, in wheat. We know that Russia and the Ukraine are large suppliers. Is anyone sitting there and looking at what is being forecast for the next season for them, in anticipation of our own projections of our own weather forecasts and trying to work through that? Is that conversation taking place?

Mr Glyde: I will answer in a general sense and I will ask Dr Sheales to talk a bit more specifically. But in making our forecasts, the commodity analysts are looking at the competitors, at what is happening in the rest of the world and getting the best estimates they can get of what the weather events might be, because most of the products that we trade in are traded across the world. What is happening in those other markets, what is happening physically—that is where action is a germane point, to be able to make some estimates about

what world prices might be. I might turn to Dr Sheales who is much more close to this than I am.

Dr Sheales: There are two things. First of all, there are the shorter term forecasts. I am talking about the next three or six months. For Australia, we take account of the Bureau of Meteorology probabilities of rainfall and temperature. We factor that into our modelling work.

With respect to longer term climate change, we fit that in in a sort of roundabout way in the sense that longer term climate change will, to some extent, be reflected in yields, if we are talking about grains. We incorporate moving average yields into our forecasts so that if yield is being affected by climate change over time, that will show up in those yield forecasts that we are using.

The other part of your question was about what is happening in other countries. You used Russia and Ukraine as examples. We tend to look at what other commentators are saying—for example, what the USDA are putting out in terms of their crop forecast. They have vastly more resources than we have to look at what is happening within particular countries. The International Grains Council and other international bodies have an interest in that. We do not try to deal with climate change in our forecast when it comes to other countries.

Senator MILNE: Did anyone proactively look at what was predicted for Russia and the Ukraine with that extreme drought and then the fire conditions and so on? Did any of those agencies, whose reports you consult, look at that?

Dr Sheales: If you are asking whether anyone forecast well before the event that there was going to be an extreme drought, I would say probably no-one. That is the nature of that sort of forecasting exercise. The same happens here. We can have all sorts of indicators but, at the end of the day, you have to wait until it starts to reveal itself.

Senator MILNE: I appreciate that. Equally, surely there has to be a risk premium built into every forecast from now on, given the frequency of these weather events. Maybe if I can go to a specific here and that is the 2007-08 global food crisis. Has ABARES done an analysis of the fallout of that in terms of outsourcing food production by other countries, getting out of international trade and growing their own and having it sent home? Are you actually looking at food security in the context of what happened with the 2007-08 global food crisis and how we might anticipate trends and food inflation and so on coming out of those events?

Dr Sheales: We have done a number of pieces of research on food security as such. It picks up on some of those issues you referred to. We have not looked at that area of some countries investing in other countries, which is I think what you were alluding to.

Senator MILNE: Yes.

Dr Sheales: We have not looked at that specifically. We are well aware of it and have taken account of it, but we have not tried to come up with some sort of view of what it all means.

Senator MILNE: If you are aware of it then, in terms of food security, will that not impact on the volume of commodities that will be available on international markets if a whole volume goes to one particular country and not into the global market as such? That is why I am asking whether you have actually analysed this to see what it did to commodity

prices when some countries banned the export, when you would have anticipated that that volume would have gone into the market.

Dr Ritman: We have a number of initiatives associated with what you are talking about. Since the G20 ministers meeting earlier this year, ABARES has been engaging in two major initiatives around agricultural monitoring and around price volatility. There is AMIS, which is the Agricultural Market Information System, a global information system that is supplied with market information to help smooth out some of the bumps in price volatility. ABARES produces a lot of information regularly and is participating in a global exercise

Another one is an initiative around improving crop forecasting using remote sensing. In Australia we are very good compared with other countries internationally. We are running a workshop in February for regional participants to discuss using more remote sensing in crop forecasting and basic crop forecasting measures. We are also working alongside CSIRO on the other part of agricultural monitoring, which is around livestock and pastures. For example, Australia has a particular niche advantage in rangelands monitoring, which is very applicable in Africa and northern China.

There are a number of other things we are doing. We produce a weekly update on climatic conditions and prices of key commodities. Every couple of weeks that includes a map of soil moisture in Australia—both upper and lower soil moisture—which naturally goes towards helping our forecasts, which the analysts look at. In the next week or two we will be releasing a website called the Monitor, which is a packaging of climatic and production information that will be publicly available. You may recall a website called NAMS in the past. This is very similar. It is an updated, revised version of that.

Over the last year we have published quite a few fact sheets. We have done lots of work on climate change in fisheries and produced a report on that, as well as on vertebrate pests and climate change for the New South Wales government. A series of regional forestry reports on climate change came out recently, as well as a paper on mitigation options for greenhouse management on farms.

Senator MILNE: I will come back to that in a minute, but I want to go back to food security and ask you what you mean by 'food security'. You say you have been doing a lot of work on food security. What do you mean by that?

Dr Sheales: We have been looking at the whole picture, in a sense: what contributes to food security, what are the factors affecting those, and have we identified any trends that are likely to affect security? One, for example, is obviously climate, and one is the availability of soils and water resources. Another is the situation with regard to trade liberalisation. It is fairly obvious that a freer trading environment will in fact help reduce fluctuations in food prices. It will not change levels, because they are longer term phenomena that are based on what is happening in a broader market. All of those factors add up. Technology transfer between countries, whether it is from wealthy countries, developed countries or developing countries, and all of those factors play a role in food security.

Senator MILNE: When you talk about trade, are you also looking at foreign ownership of land and water and the impact that might have on food security, given the experience of the 2007-08 global food crisis?

Dr Sheales: We are doing a study on foreign ownership with respect to Australia; we have not done it with respect to other countries or its effects on global food security.

Senator HEFFERNAN: You are not aware of that phoney thing that was sent out?

Dr Sheales: I am not referring to the ABS work.

Senator HEFFERNAN: Yes, that was a phoney proposition.

Dr Sheales: There were two pieces of work undertaken. One was a survey conducted by the Australian Bureau of Statistics—

Senator HEFFERNAN: A piece of bullshit.

Dr Sheales: that came out last month; and ABARES is doing some work for RIRDC. There are two main elements to it: one is the effect of foreign investment on economic welfare—let's call it that—or development within Australia; and the second one is getting a better handle on what other countries do in relation to foreign investment in land. By the way, we are due to finish that work on 1 November.

Senator MILNE: Presumably that will be made public after the minister ticks off on it.

Dr Sheales: We are doing it for a client, namely RIRDC, and the actual release of that information is up to them as to when they choose to do that.

Senator HEFFERNAN: What is in the basic assumptions? To its credit, ABS was given a difficult job to do on foreign ownership, because it did not include anything other than the tax file accreditation for agriculture, which meant a whole lot of people missed out, but all the toy farmers got in. Do you include that new phenomena which ABS recognises as sovereign investment as opposed to foreign investment? Are you going to define that?

Dr Sheales: The work is still being undertaken.

Senator HEFFERNAN: But in your basic assumptions are you separating foreign investment from sovereign investment? A lot of people do not. That is what Senator Milne refers to and what is happening on the continent of Africa and other places.

Dr Sheales: Our principal focus is on Australia. Monitoring of foreign investment relates to other developed countries, so we are not doing Africa—

Senator HEFFERNAN: But won't yours be a false set of figures if you do not include the capacity? In 2070, China will have 1.8 billion people and 50 per cent of its agricultural production will come from someone else's resources.

CHAIR: Senator Heffernan, we have this very important spiel every estimates round. Senator Milne has the call. She may be happy for you to assist in the line of questioning, but I would ask you to get to the point.

Senator MILNE: I want to come back to the issue of food security and foreign ownership. The point that is being made is about, when you do your analysis, separating foreign ownership from the private sector and other investment from sovereign governments via companies which are still state owned. That is something that all of us on this committee would like to know about. On that work about—

CHAIR: Sorry, Senator Milne, something has just been brought to my attention as I was reading. Senator Heffernan, I would ask you not to walk up and have a chat to the minister or the secretary while Senator Milne is trying to ask questions.

Senator MILNE: To come back to this issue of food security and trade, what advice or input has ABARES had into the current discussion about this trans-Pacific free trade agreement that is currently under negotiation?

Dr Sheales: We have had minimal input, as far as I know, but it is something I would have to check on for you.

Senator MILNE: Can I ask ABARES if anyone else can answer the question? Since ABARES is there to talk about commodity forecasts and other projections in agriculture, surely you have something to say about the trans-Pacific free trade agreement.

Mr Glyde: I might be able to help out in a general sense. ABARES's mode of operation in relation to free trade agreements and the like is that it tends to provide advice to the Department of Foreign Affairs and Trade about the various consequences of options that might be on the table in relation to a free trade agreement, obviously in relation to agriculture. I would have to take on notice the extent to which we have been involved in that sort of manner in relation to the trans-Pacific free trade agreement discussions. I am afraid I do not think we have got anyone else here that would be able to provide that specific information.

Senator MILNE: Perhaps I could ask you to put on notice any advice that you have been asked for or given in relation to impacts on agriculture or any commodity from the trans-Pacific free trade agreement that is under discussion. I would like to now move on to energy issues.

Mr Glyde: Before we get started on that, on 1 July this year ABARES transferred its resources and energy capability to the Department of Resources, Energy and Tourism, so we no longer deal with resources and energy policy matters or analysis. That is best directed at that department.

Senator MILNE: Okay. I have a final question, in relation to a seminar that was to be held on Asian honey bees on 22 September this year. Invitations were sent out to the CSIRO and the ANU, and then, virtually on the day of the seminar, the ABARES events assistant sent an email to all concerned to say that it was cancelled and there would be no further seminar arranged. Can ABARES explain to me who made the decision to cancel the seminar and who instructed ABARES to inform all those who were invited that it was off?

Dr Sheales: We will have to take that on notice. As far as I know, that was an internal seminar for the organisation. We probably did invite a few external groups, or people, that had an interest in the issue, but we will have to come back to you and confirm just what happened in that instance. I am personally not aware of it.

Mr Glyde: This is the first time I have heard about the seminar being cancelled. We will come back to you on that one.

Senator MILNE: Please take it on notice.

Mr Glyde: Yes.

Senator MILNE: Obviously the person who sent the email was in a secretariat-type position. I want to know who made the decision to cancel the seminar and conveyed that information to the person who then informed the recipients.

Mr Glyde: And the rationale for that decision.

Senator MILNE: And the rationale for that decision, yes.

Senator BOSWELL: Mr Glyde, I want to refer to the evidence you gave before lunch in which you said that there was a meeting between Treasury and ABARES about the public release of the GTEM model. What dates were those meetings held and who was at the meetings?

Mr Glyde: Senator Cormann asked this question right at the start of this afternoon's proceedings.

Senator BOSWELL: What was the answer?

Mr Glyde: My recollection was that we thought that the timing of it was around late August, early September but we would have to take on notice the precise timing. We also observed that it was not just meetings; there were also telephone calls and email traffic on this matter.

Senator BOSWELL: Were Dr Gruen and Ms Quinn at the meeting?

Mr Glyde: I would have to take that on notice. I was not involved in the meeting.

Dr Sheales: Both have been involved at different points in discussions.

Senator BOSWELL: And they were all subject to the release of emails—they were on the email traffic list?

Dr Sheales: I am not sure what you mean by that.

Senator BOSWELL: They were at the meeting that you had in early September or late August?

Dr Sheales: That was a telephone conversation. Only Ms Quinn was involved. Of the two people that you are talking about, only Ms Quinn was involved, on the Treasury side. There were a couple of other officers.

Senator BOSWELL: Who were they?

Dr Sheales: I would have to check on that.

Senator BOSWELL: You said that Ms Quinn was there but Dr Gruen was not there at that meeting. Is that correct? Or were they both there?

Dr Sheales: No, I said very clearly that Ms Quinn was the senior Treasury officer involved in the first interaction we had on this.

Senator BOSWELL: Was Dr Gruen there too?

Dr Sheales: No.

Senator BOSWELL: Was the decision about the Treasury and the government handling requests for the release of the GTEM made at that meeting?

Dr Sheales: No, no decision was made. We discussed the various options and the fact that there was some intellectual property contributed by the Treasury as well as by us. That is what subsequent discussions were about—how best to manage that.

Senator BOSWELL: Before lunch Mr Glyde said a decision was made that Treasury and the government would make the decision on the release of the model. When was that decision made?

Dr Sheales: I answered that earlier this afternoon too. On 7 October a final decision was made on that.

Senator BOSWELL: That is very specific. Thank you very much for that.

Senator WILLIAMS: In relation to the exceptional circumstances application for Delungra, they did not meet the criteria of having a severe downturn in their income. Did ABARES do a report for that application?

Dr Sheales: Yes, as far as I know, we did. Do not ask me the details because I do not have them with me!

Senator WILLIAMS: I was just amazed, because they made the 0.5 percentile. It must be a severe downturn in income. We had three accountants come forward showing the figures of the severe reduction in income as well as two businesses. Did you see that second application by those accountants?

Dr Ritman: Apparently, yes, we did do a report. It was made publicly available.

Senator WILLIAMS: Yes, but after you did your report we put another application in on the grounds that we had three accounting firms backing up the downturn in income plus two of the small business men of the Delungra-Warialda area. Did you see that second application where we forwarded the accountants' figures?

Mr McDonald: The information you refer to is in letters of support from accountants. They followed the government's decision on the original application from the New South Wales government.

Senator WILLIAMS: Are you sure there wasn't a second case where they actually provided figures after the first rejection? I believe there was.

Mr McDonald: I am aware of the letters of support from the accountants.

Senator WILLIAMS: But you are not aware of further information put forward by accountants giving figures of the downturn in that district, and from businesses as well?

Mr McDonald: I cannot comment on further information beyond the letters of support provided by the accountants that I believe was forwarded by you and another senator.

Senator BOSWELL: Dr Sheales, you mentioned the meeting in late August or early September. Can you tell us on notice who was at that meeting, please?

Dr Sheales: That is not a problem.

Senator HEFFERNAN: I will go back to where I left off, and that is ABARES' definition of sovereign investment in assessing the global food task and where Australia fits into it. ABS has identified a new phenomenon, which also goes to sovereignty, of the capacity of sovereign foreign investment, as opposed to foreign investment. Are you drawing those distinctions in agricultural production, tenant farming et cetera—owning the means of production versus owning the production?

Dr Sheales: I think the short answer to that is no.

Senator HEFFERNAN: And shouldn't you be? ABS says it is something that has been ignored. It ought to be adopted as part of any study—a meaningful one, that is—of the future management of the global food task. Some countries are ahead of others, China being one in particular with non-market currency. Shouldn't we be? Shouldn't you be given terms of reference that say 'include the definition of sovereignty from foreign'? Foreign investment has been going on—it is okay because they usually all do their dough. They invest here, do their

dough and go home. But sovereign investment is a new phenomenon which, in some of the more corrupt regimes on the African continent, some of these countries are taking advantage of. As you know, it is not to look after the country they are buying in; it is to look after their own future.

Dr Sheales: The terms of reference we may be given are up to people who ask us to do the work. We have not been asked to look at that issue, and I am not prepared to comment on it.

Senator HEFFERNAN: Who are the people who have asked you to do the work?

Dr Sheales: We were commissioned by RIRDC, the Rural Industries Research and Development Corporation, to do our study.

Senator HEFFERNAN: The ABS thing was just a political fix, but surely we do not want another flawed survey.

Mr Glyde: The work that ABARES are doing is based on the available information that we have, and we will do the best we can with that information. We cannot go out and recreate the history of foreign ownership in this country. We have to use the data that is available. It is my understanding—and, Dr Sheales, correct me if I am wrong—that that is the data that has been provided by the ABS.

Senator HEFFERNAN: But, for you to enable, wouldn't you have to have a study and a reference to changing global policy on food security which includes this phenomenon? By 2070—I know that the chairman is sick of this—with 1.8 billion people in China, they will feed half the population from someone else's resource. Isn't that important?

Dr Sheales: This is obviously part of the whole picture that we will be looking at. We have not been asked to look at that particular issue, and—

Senator HEFFERNAN: So you have been asked to have a partial snapshot of the problem?

Dr Sheales: As I said earlier, we have been looking at foreign investment in Australian agriculture, what it might mean for economic development and what it has meant over decades. The second thing is that we have been looking at the monitoring processes that have been put in place with other developed countries such as the United States, Canada and New Zealand. That is what we will be reporting on on 1 November.

Senator HEFFERNAN: But, in doing that, you are not going to make a distinction between sovereignty and corporation?

Dr Sheales: Clearly we are aware of it, but we do not have the data to do anything about that.

Senator HEFFERNAN: Isn't that in some ways neglectful? If you haven't got the data, surely to God you have got the resources to gather the data?

Dr Sheales: We are not overrun with resources, to put it mildly, but we do what we can—

Senator HEFFERNAN: This is in the national interest. This is important stuff. This is, as ABS will tell you, quietly, a new phenomenon. It is something that we have not thought through. It is something that Mick Keelty talked about before he left the AFP—the new meaning of sovereignty. You need a chequebook these days, not ships and bombs. You do not think it is important?

Dr Sheales: I do not think it is for us to get into this debate here right now.

Senator HEFFERNAN: The minister is chewing his tongue there. It is patently obvious that we have to deal with this. The cover from people who have a vested interest is that you are either xenophobic or a Hansonite. That is how they flick it away.

Mr Glyde: I think we are well aware of the difference between investment by sovereign wealth funds and investment by private entities. The question, though, that we are trying to respond to is: what can we say from a position of knowledge in relation to that? There has been lots of speculation in relation to sovereign wealth funds, their purpose, their objectives and the way in which they operate, but, in the time frame that we have, with the resources for the project that we have, we do not have—

Senator HEFFERNAN: Jeez!

Mr Glyde: No, seriously, we do not have the opportunity to investigate it any more than what Dr Sheales is telling you.

Senator HEFFERNAN: You are aware that the ABS data was built on the ABN database from the tax office on eligibility for agriculture? You are aware of that?

Mr Glyde: I am sure that the ABS did the best it could do—

Senator HEFFERNAN: Under the instructions they were given.

Mr Glyde: No, with the resources it has and the information at hand. I think it is often the case that, when we go back and look at datasets that are often 30 or 40 years old, the question we have now is a little bit different to the reason why they were collecting the data in the first place.

Senator HEFFERNAN: The question they were originally given, which they answered, was based on Tax Office ABN eligibility for agriculture. It excluded things like miners who were buying up large swathes of agricultural land to shut the farmers up. Surely what you are proposing, if you do not define sovereignty from foreign investment, in terms of its long-term impact is flawed before you start. I do not expect you to answer that.

Mr Glyde: Oh, good!

Senator HEFFERNAN: It is not a laughing matter, Minister. This is a deadly bloody serious matter.

Senator Ludwig: The difficulty is that if you ask a question—

Senator HEFFERNAN: It is an opinion—I should not have asked it.

Senator Ludwig: The officer at the table will make every endeavour to answer your question.

Senator HEFFERNAN: They know not to take the bait.

Senator Ludwig: It is very challenging to answer an opinion you offer.

Senator HEFFERNAN: Would you like to answer the opinion?

Senator Ludwig: No, because I am the same. I will respond to questions you ask. If I do not have a readily available answer I will take it on notice.

Senator HEFFERNAN: Anyway, I cannot emphasise the point much more. Going to grain price predictions, could you define for me the changing balance between supply and

demand, which you can sort of predict, with the prediction of yields versus the capacity of speculators like the Chicago market—three years ago that spiked at the price of \$500, because they took a position in the market—and the terms of trade with our currency. When we wrote the free trade agreement with the United States in the spring of 2005—we signed up in January 2006—we were at 67 cents and 70 cents to the dollar and we generously said we would do away in the free trade agreement with some five per cent and 15 per cent tariffs. We then discovered we had a 45 per cent tariff against us in the terms of trade because of the currency, and the fact that they are technically insolvent and are dealing with a non-market currency in China. So, the terms of trade in the free trade agreement and the old idea of tariffs have been over-ridden by the currency market. In terms of supply and demand and the price of grain, isn't the market price as much to do with the terms of trade and with speculation—most bets are taken at the Chicago market—as it is to do with yield?

Dr Sheales: I will try to interpret the question as best I can!

Senator HEFFERNAN: You know what I am talking about, though.

Dr Sheales: If you are talking about the broader trends in supply and demand, they still hold sway. You mentioned speculation in the marketplace. Speculation is what makes the market work. If we did not have speculation we would have much wilder swings in prices—

Senator HEFFERNAN: It is what made the GFC come along, too—

Dr Sheales: and, hence, difficulties matching supply with demand around the world. I will give you an example of what I mean. People who store grain speculate on whether or not prices are going to rise sufficiently from when they have put the grain in storage to when they want to sell it to cover their storage costs and the interest involved and give them a return for taking that risk. If those people were not in the market we would have much wider swings in market prices.

Senator HEFFERNAN: Are you referring to growers more than traders?

Dr Sheales: Growers or traders. They will have the same effect.

Senator HEFFERNAN: You would know better than me that traders who do that without taking a position in the market and offsetting the bet generally go broke, eventually.

Dr Sheales: The prudent trader will always offset their risks in the marketplace no matter what we are talking about. Whether it is grains or something else.

Senator HEFFERNAN: In other words, what happens on the Chicago exchange has as much to do with the price as how much is in their storage, because they offset the bet. No bank will give you the credit unless you offset the bet, if you are a big trader. Unless these things are taken into consideration in the food task study that Senator Siewert so correctly raised, it will be flawed.

Senator SIEWERT: I wanted to go back to some of the food security issues we were talking about earlier and pick up where Senator Milne left off. We were talking about the food picture internationally. What I would like now is to follow up with an Australian picture. Some of these questions, I realise, may need to be asked under ag productivity, but I will ask them here and see how it goes. You have already outlined what you are doing internationally. What do you do from an Australian perspective about getting an idea of food availability and

consumption in Australia? Are you doing that? I also have some questions about how you might be doing that.

Dr Sheales: The short answer is, yes, we are doing that. We start from the premise that Australia produces twice as much food as it consumes. We do not produce everything we consume, as we all know. It is part of, as I mentioned earlier, issues to do with trade. We need to be open to trade to take advantage. The things we do best we will produce the most of and sell in the global market, and things that we are not as good at we will tend to import. That applies particularly to processed food items. By and large, if we are talking about fresh food, we produce most of what we consume.

Senator SIEWERT: I have been looking at the food atlas the USDA is doing now. They break down food availability and consumption in quite a lot of detail. I am just wondering how you break down Australian data and, for example, do you do it by suburb, socioeconomic group, ethnic group, ease of access, proximity to food-selling outlets, number and location of selling stores, location of fresh food markets, number and location and price of restaurants and householding food insecurity? Are you breaking down Australian data to that degree of detail?

Dr Sheales: No.

Senator SIEWERT: Why not?

Dr Sheales: Because, as we indicated earlier, we do not have unlimited resources. It takes an awful lot of resources to do something like that. We do not have those sorts of resources.

Mr Glyde: ABARES tends to focus most on the farm gate side of things and less on what happens to food in terms of processing and distribution within the community and the access of the community to that food. We tend to be at the farm end and not the retail and consumption end, in a general sense.

Senator SIEWERT: This may be an area that we need to come back to in one of the other portfolio areas. Mr Glyde, in that case, in terms of the preparation of the food plan and all the work that you have been doing there, how are you doing that if you do not have this access to a food atlas?

Mr Glyde: It is a good question. What we are trying to do with the food plan is bring together the knowledge that we have right across the Commonwealth government and state and territory governments, who also have information of that nature, particularly down at the level that you are talking about. So we are trying to pool that information together so that we do have a complete picture.

Senator SIEWERT: Who is doing that?

Mr Glyde: That work is being led by the department. It is probably best to wait for their ag productivity division to answer those questions.

Senator SIEWERT: I knew you were doing it; I just wanted to know which portfolio. Is it ag productivity?

Mr Glyde: Yes.

Senator SIEWERT: Okay, I will go into a bit more detail then. Is it best for me to ask then if anybody is looking at undertaking that research? Should I ask under ag productivity?

Mr Glyde: It is probably best. Whilst ABARES is also contributing to the food plan, it is not contributing in the area that I think you are talking about.

Senator SIEWERT: Fair enough. I will move on then to ask a couple of quick questions around the International Assessment of Agricultural Knowledge, Science and Technology for Development report.

Dr Ritman: Is that a report that ABARES did?

Senator SIEWERT: Are you aware of that report? I would say you are not. Australia has been involved. I understand we are one of the nations that actually have not taken up some of the recommendations.

Dr Sheales: We are not familiar with that. I imagine it is the department of industry and science.

Senator SIEWERT: Who would have been working on that then, sorry?

Dr Ritman: The industry department, possibly.

Senator SIEWERT: Even though it is related to agriculture, knowledge, science and technology?

Dr O'Connell: We might check. It might be someone else, so let us check.

Mr Glyde: Could you read it out again.

Senator SIEWERT: It is the International Assessment of Agricultural Knowledge, Science and Technology for Development report.

Mr Glyde: There could be a number of possibilities in terms of areas of the Commonwealth that were involved in that, but we will quickly try and find that out and we can come back and talk about it again under the agricultural productivity division.

Senator SIEWERT: Okay. It would be great if you could do that.

Mr Glyde: We will do that to the extent that we can find out about it.

Senator SIEWERT: I will leave it until agricultural productivity and come back to it then.

Senator HEFFERNAN: Are you taking into consideration in your calculations the phenomena which is increasing—you have \$2 billion to spend—of the RM Williams and Allan Myers type sales to lock up the country stock? Are you considering that. They have \$2 billion to spend.

Dr Sheales: I am aware of that. The short answer to that one is that no, we are not. We have to think about these things in the bigger scheme of things. Obviously, some initiatives do not make a lot of difference in the bigger scheme of things. They might in a particular region or locality, but not in the bigger scheme of things.

Senator BOSWELL: My question is to Mr Glyde. You told us that on 7 October a decision was made that Treasury and the government would handle requests to release the GTEM modelling. Before 7 October, was ABARES able to release the full GTEM model?

Mr Glyde: As we explained to Senator Cormann, we have put previous versions of the GTEM model code on to our web site on a number of different occasions, together with documentation. The version that is currently on the web site predates 2007.

Senator BOSWELL: I am not asking about the mode on your web site. I am asking for the full model.

Mr Glyde: The full model?

Senator BOSWELL: The full model that Treasury used to assess—

Mr Glyde: As we discussed earlier on, there are a number of elements implicit in the term 'full model'. There is the model code, there is the data—

Senator BOSWELL: The model that people would use to assess the carbon tax—the whole model.

Mr Glyde: No, that is not available. It has not been available on our web site.

Senator BOSWELL: It has never been available. Could you have released it before 7 October?

Mr Glyde: We certainly could not have. ABARES could not have.

Senator BOSWELL: Why couldn't you?

Mr Glyde: Because the model that is being used is a mixture of the intellectual efforts of ABARES and the Department of Treasury. As its base code, it has the GTEM model in it. But, as I was saying, a number of other additions have been made to that model and to the code. There have been different data applied to it, some different price assumptions applied to it and the like. Collectively, all of those things would relate to the output of the model and that is not available publicly and was not available before 7 October.

Senator BOSWELL: Thank you for that.

Senator HEFFERNAN: There is a new appointment being made, the director-general—or words to that effect—of biosecurity.

Dr O'Connell: The inspector-general.

Senator HEFFERNAN: I understand from intelligence that the government may be about to revisit the proposal that we import meat from countries that have BSE based on work by the inspector-general and other people and trade considerations and pressure through the WTO. Do you have anything to say about that?

Dr O'Connell: I do not think that there has been any shift in position as a result of the work done by the interim Inspector General of Biosecurity. We can look at beef imports with the people from Biosecurity Australia.

Senator HEFFERNAN: So as far as you know the department is not proposing to give advice to reopen the proposition that we import beef from countries that—

Dr O'Connell: We are going through a couple of assessment processes through FSANZ and through ourselves on proposals to import—

Senator HEFFERNAN: My understanding was that originally the response from Canada was that we do not have the resources to respond to the risk analysis. The US told us to go to hell. They are not interested. But there are no changes that you know to that.

Dr O'Connell: I do not think that is an accurate representation of where the countries are, but I do not think there has been any change. But we can come to that. If you are asking whether any recent work of the interim Inspector-General has had an effect, I do not think it has, no. We can come to that issue.

Senator HEFFERNAN: We will come to that. Going back to the ABS sovereignty situation, in considering Australia's contribution to the global food task and our capacity to produce food, do you actually consider the productive capacity of the landmass of Australia?

Dr Sheales: Not explicitly. As you would know, the capacity to produce food, whatever form that might be in, will vary a lot, depending on the inputs that are put in and climatic conditions—all sorts of things.

Senator HEFFERNAN: I will save you some words. What I am really saying is: do you look to how we are going to look in 30 or 40 or 50 years time? We have this adventure that we are all going on now to lock up the agricultural capacity of Cape York Peninsula and the first kilometre from all those rivers, which with the right science can be very productive. But it is a warm feeling to lock it up. We have a \$2 billion fund to buy up agricultural land in what they call the northern regions of Australia, which include, by the way, the western division of New South Wales. That program has started. That is going to destock a whole of lot of country, to the point where the AA Company are worried about the viability of the new abattoir they are building. We have various other schemes to take productive agricultural land out of production. In your figuring, do you actually include that?

Dr Sheales: What we would pick up are trends in various directions, but not the specifics that you have mentioned.

Senator HEFFERNAN: Are you seeing these trends and including them in your calculations?

Dr Sheales: In terms of the land bases used for agriculture, we do pick up those trends.

Senator HEFFERNAN: Are you aware and do facilitate, with the limited resources that you have, the ultimate picture that could be painted if all those schemes succeed and we lock up Cape York Peninsula. It is 17 ½ million hectares, for God's sake—the same size as Victoria—and 14,000 people live off the coast. All the rivers for the first kilometre are as good as the Murrumbidgee flats. But to give a warm feeling we are locking them up. So the black fellas—their opportunity is to pitch it with a spear for a tourist, instead of it going to crop.

Senator Ludwig: A point of clarification on when you say 'we'.

Senator HEFFERNAN: We, the Australian people. We are represented by governments, mind you, but it is the governments that do it—not you; I did not say you.

Senator Ludwig: No, I am careful to ensure—

Senator HEFFERNAN: I was careful too, Minister.

Dr Sheales: We are looking at some projections out to 2050, but it will not be as specific as you are suggesting you might otherwise like to see it be. It will take into account the things I mentioned earlier. It will take into account broader economic trends. To make some good assumptions about economic trends in 40 years time is pretty—

Senator HEFFERNAN: Your assumptions are important, and I appreciate the good work ABARES does. To use an example, the coal liquefaction to urea plant that was proposed, a sovereign fund from India in Western Australia, has now gone kaput. I chaired the fertiliser inquiry—a big challenge for the world of research and twice as much tucker, with less water, less fertiliser and all that. They came to me and said, 'We are going to produce two million

tonnes of urea,' but sadly not for Australia, for India. That is coming and buying our sovereign assets and excluding us from access to production, to fix themselves up. Do you include that?

Dr Sheales: That specific thing, no.

Senator HEFFERNAN: That scam completely destroyed production and the price of production.

Dr Sheales: I would maintain that investors in whatever form, you are talking about fertiliser plants, will be looking to maximise the returns on their investment.

Senator HEFFERNAN: With great respect, I had discussions, which I can't go into, with people surrounding the Chinese sovereign investment. It is the same with India. It is nothing to do with return on investment; it is to do with guarantee of supply at a sovereign level, because there are no investors, it is the government. Oh, there are some portions of investment by privateers, usually the crooks.

Mr Glyde: As Dr Sheales is explaining, in a general sense we are not going to be able to pick up project-by-project specifics in our forecasts. What Dr Sheales was explaining is that if that became a trend we would pick it up in our national level statistics.

Senator HEFFERNAN: But the difficulty, with great respect, Mr Glyde, with picking it up after the event is that it is too bloody late, mate. China is well aware of where it is going to be and, I am reliably advised by the source at the highest level, it is well aware of the sensitivity now in Australia and of the push back against sovereign investment for securing production.

Mr Glyde: I was just going to say that you were asking the question whether or not we took these things into account in our forecasts. I am telling you that, at a general level, we cannot take project specific levels like that into account, it is too small.

Senator HEFFERNAN: But you could paint a picture of what would happen if that happens?

CHAIR: Senator Heffernan, I have been more than fair. Senator Xenophon.

Senator XENOPHON: I think this follows from what Senator Siewert asked about food production and Senator Heffernan asked about carbon-farming issues. Can you just clarify: does ABARES look at the potential impact on food production as a result of the carbon-farming initiative and the Australian Bush Heritage Fund, for instance, with that \$2 billion that has been set aside? To what extent do you take all those factors into account when you consider food production issues?

Dr Sheales: On carbon farming, climate change and particular possible policies, we have a fairly lengthy history of doing work on that. It also relates to overall agricultural production, not necessarily in specific industries although some of it probably does. We are well aware of that and we have done some work on that. It has all, as far as I know, been published.

Senator XENOPHON: Including the legislation that was passed recently?

Dr Sheales: We have not released anything in relation to that.

Senator XENOPHON: But you are looking into that?

Dr Sheales: We have been looking at issues to do with the carbon-farming initiative. We in fact published something back in March about that. It's early days because, for one, one of

the points we made in that publication, when we did all that work, was that, in the absence of knowing what the carbon price would be, it was a bit hard to know how it might work out. We now know, assuming the legislation gets through the Senate, what that carbon price is likely to be.

Senator XENOPHON: It got through the Senate.

Dr Sheales: Now it would enable someone doing analysis to be able to look at that more closely than previously, but we're not actually doing anything like that right at the moment.

CHAIR: On that, I thank the officers from ABARES. We are three hours and two minutes past time and we need to start catching up. I call officers from Biosecurity, which includes the divisions formerly known as Quarantine and Biosecurity Policy Unit; Australian Quarantine and Inspection Service; Biosecurity Australia; Product Integrity, Animal and Plant Health and the Australian Plague Locust Commission.

Dr O'Connell: Chair, while the changeover is going on, we need to make a correction.

Mr Aldred: I need to make a correction to pretty much the only statement I have made today, which was to Senator Nash. I did inform Senator Nash that I believed that school fees could be put against the \$20,000 grant. I should have referred to my colleague. Having checked over the lunch break, that was in fact incorrect. I apologise to the committee for that error. As I indicated, we recognised that there would be overall pressures on businesses. School fees and those sorts of things were raised in discussions. I am not sure we did a particular specific piece of work on looking at those things. As I think I indicated earlier, we wanted to provide assistance into the business. There was some potential for that to flow through to things such as school fees and so on. But I was incorrect in the statement I made.

CHAIR: Thank you. In all fairness, Senator Nash, quickly, if you wish to clarify—

Senator NASH: Just on that, to be absolutely clear, the \$5,000 or \$20,000 can be used for school fee payment for financial hardship?

Mr Aldred: They are assistance—

Senator NASH: A yes or no.

Mr Aldred: Business related—

Senator NASH: So it is a no?

Mr Aldred: The level of receipts or anything required for the \$5,000 is virtually nil. The \$20,000 is checked against receipts, but essentially it is business related.

Senator NASH: That is a no; it cannot be used for school fees?

Mr Aldred: No.

Senator NASH: Just quickly, would I assume that any costs for having to employ a governess for a child doing School of the Air because the spouse is no longer able to be in the house because of outside duties, because of inability to pay, say, a worker, that would not be—

Mr Aldred: I would expect the direct costs associated with that employment—

Senator NASH: Would not apply, either? So there is no avenue for financial assistance to help with education costs?

Mr Aldred: As I have indicated earlier, the assistance is into the business. So if additional funds come out of the business to pay for those sorts of things, then that is a separate matter. But receipts for those sorts of things cannot be brought to bear against the \$20,000.

CHAIR: I now call the officers from Biosecurity Services Australia, which includes Australian Quarantine and Inspection Service; Biosecurity Australia; Product Integrity, Animal and Plant Health; and the Australian Plague Locust Commission.

Biosecurity Services Australia

[15:07]

CHAIR: I will just remind everyone at the table that we are running extremely late. We have had a private meeting where we agreed on a certain timetable for one of the witnesses who has to leave at 6.30. I would ask senators to be mindful of asking direct questions.

Ms Mellor, with the greatest of respect, if you can cut your answers down to a simple yes, no or 'Go to heck,' that would be acceptable.

Ms Mellor: That is never a problem for me.

Senator COLBECK: I did put some questions on notice to Senator Ludwig. I suggested he might consider coming back to us after lunchtime. I wonder whether you have those things available for us, seeing that you have had lunchtime plus—

Senator Ludwig: You have just reminded me.

Senator COLBECK: There was a question that Senator Abetz asked about some redacted comments on one of the minutes. You did take the question on notice.

Senator Ludwig: I can answer that one while we deal with the others seriatim. It is not my intention to release that. That is advice to government. It is between the department and me; it is within departmental advice. I am not about to release that.

Senator COLBECK: Okay. There was also, from recollection, a question as to whether or not there was a minute—

Senator Ludwig: There was a separate, broader issue around cabinet.

Senator COLBECK: The question was whether or not there was a minute.

Senator Ludwig: My answer is, as it always is: I am not about to discuss cabinet issues.

Senator COLBECK: No, and we did have that discussion, and we agreed—

Senator Ludwig: No, we did not agree to anything. What I said is that I would take it away and have a look at it.

Senator COLBECK: Actually, I am about to agree with you, Minister: I am not interested in what is in the minute; I am just interested to know whether there was a minute, because we are entitled to know that.

Senator Ludwig: You say you are entitled to know that, but I am not going to talk about cabinet issues at all.

Senator NASH: Are you sure?

Senator Ludwig: I am positive about that.

Senator COLBECK: The department characterises the redacted section as being irrelevant because it does not fall within the scope of the request. You are now saying that it is relevant and that it goes to advice between the minister and the department.

Senator Ludwig: No, I am not saying anything of the kind.

Senator COLBECK: Well, that is what you just said.

Senator Ludwig: It is not what I said. I said that it is advice between the department and myself and that it has formed part of the discourse between ministers and their department. On that basis I do not intend to make it available. It is a longstanding principle, and it applied under your government as well.

Senator COLBECK: I am just trying to clarify the rationale. The departmental rationale was that it was irrelevant because it did not relate to the request, and we have accepted that that is the case. You are now giving us a different rationale. I am just trying to determine the difference between that and the rationale given to us by the department. We have already seen one minute where your comments have been left in. There was some discussion about how some things are left in and some things are left out. There might be some reasons around that; I do not know. But that was the general thrust of the discussion. The departmental officer said to us that that section was redacted because it was irrelevant, because it was not part of the request, and I accept that that is the case. But you are now putting a different classification on it, given that we have made a specific request for it, and I am just wanting to clarify that. I do not think I am verballing you; I think I am actually just getting to understand the difference between the two rationales.

Senator Ludwig: You asked whether I would go back and have a look at what was notated on the brief. I had a look at that and concluded that I would not release it because my view is that it is discourse or statements that are internal and dealing with matters between my office, myself and the department.

Senator COLBECK: As is the entire document, though—the entire minute is something between yourself and the department. That is how they are characterised.

Senator Ludwig: But they are completely different issues. One is an FOI request. You had the FOI officer who made those decisions, not I. That officer provided you with responses in relation to that FOI request. This is a request in relation to an internal brief from the department to me, and from me back to the department. In the normal course of events I would not release the content of internal briefs backwards or forwards between myself and the department. I would be surprised if your previous government made any different decision than that.

Senator COLBECK: I will have to look at some other examples to be able to respond to that, so I will leave it there. Thank you, Minister. I would now like to go to a question I placed on notice in the parliament a few weeks ago in relation to some information around systems for importation of apples from New Zealand. I am just wondering whether you can give me an update on that information, which we have not received yet. I do note, Minister, that you indicated a willingness to provide it and that it was going to take some time to get hold of. I just wonder if there is any progress on that, given that we did want it before a delegation goes to New Zealand tomorrow.

Senator Ludwig: Yes, we will give you some information about where it is up to.

Dr Grant: The information was tabled this morning at nine o'clock.

Senator COLBECK: Is that complete?

Dr Grant: Yes.

Senator COLBECK: Thank you. That is very good. In relation to apples from New Zealand, apart from the one that has had publicity, how many consignments of apples from New Zealand have been rejected?

Dr Grant: Three.

Senator COLBECK: So the two consignments are in addition to the one with the trash and the leaf curl in it? Or are they two separate occasions?

Dr V Findlay: It is three in total. The first consignment was rejected because of a four-centimetre piece of leaf and an apple leaf curling midge.

Senator COLBECK: That was the first circumstance.

Dr V Findlay: That was the first rejection. The second rejection was a two-millimetre by six-millimetre piece of leaf and the third was another apple leaf curling midge.

CHAIR: So our system is working?

Dr V Findlay: Yes.

Senator HEFFERNAN: Did the apples go back to New Zealand?

Dr V Findlay: The apples never left New Zealand.

Senator COLBECK: So those were picked up in New Zealand?

Dr V Findlay: Correct.

Senator HEFFERNAN: Would they take the leaf out and then just send them on?

Dr Grant: No. They were rejected.

Senator HEFFERNAN: But repackaged and resent? You would not know. How would you know?

Dr Grant: Every consignment is inspected. This consignment was—

Senator HEFFERNAN: But there is nothing to stop it from going back to the packing house and being repacked, is there?

Dr Grant: In which case, it would be a different consignment.

Senator HEFFERNAN: Yes. Same apples but a different consignment.

Senator COLBECK: It would be regarded as a separate consignment and then re-inspected.

Senator HEFFERNAN: I accept that.

Senator COLBECK: How many have been accepted? How many consignments have gone through the process?

Dr Grant: We go through and we approve quantities of apples for import. Whether they come or not is not necessarily known to us. We inspect and reject, if necessary, consignments being presented for consideration for export. Whether they follow through with that export is up to the importer.

Senator COLBECK: How many consignments have been inspected?

Dr V Findlay: Thirteen.

Senator COLBECK: And three out of the 13 have been rejected. What are the corrective actions that have been taken as part of the process to deal with that? Do you know that?

Ms van Meurs: When we had the first couple of rejections in New Zealand, we obviously had a conversation with New Zealand about ensuring that they were able to comply with our requirements. The New Zealanders have continued to review the requirements and look at ways of even further reducing the incidence, for example, of apple leaf curling midge, which is very low as it is, which is as expected. So the rejections are nothing out of the ordinary, in our view.

Senator COLBECK: A 25 per cent rejection rate is nothing out of the ordinary?

Ms van Meurs: We often have rejections to that level with other countries. For example, in the US we have had rejections over that with regard to strawberries, and we have obviously had to deal with the USA in working through changing some of the conditions and reviewing those conditions—for example, for leaf spot, which is a disease of strawberries in the USA.

Senator Back interjecting—

Senator COLBECK: You make a good point, Senator Back: if we had a 25 per cent rejection rate in our beef, the place would be hanging from the rafters.

Senator Ludwig: It just shows you the quality of our export market.

Senator COLBECK: I didn't hear your comment, Senator Ludwig.

Senator Ludwig: It just goes to show the quality of our export products out of Australia.

Senator HEFFERNAN: And, conversely, the lack of quality with some of the people who want to import here.

Senator Ludwig: That is not for me to judge.

Senator COLBECK: Sorry; I should not have provoked—

Senator HEFFERNAN: Don't take the bait, Joe.

Senator COLBECK: You, of all people, should know better. Has there been any review of the protocol conditions as a result of that, or are we expecting the New Zealanders to change their protocols?

Ms van Meurs: As part of the review into the beginning of this season, we will continue to review that with New Zealand. We have spoken to New Zealand and, as part of that requirement, we have asked them to look at what else they are doing in preparation for the 2012 season. They are undertaking that. They have had a number of discussions and they are working with the four packing houses that are actually the only packing houses that are registered at the moment for exports to Australia.

Senator COLBECK: Has there been any action taken in relation to any of those packing houses? Have we revoked any of those licences or have we done anything specific—

Ms van Meurs: No.

Senator COLBECK: But we are talking actively with those packing houses in relation to their protocols?

Ms van Meurs: We are talking to New Zealand MAF to ensure that our quarantine requirements are met—so we will continue to work with New Zealand MAF. In preparation for the coming season, we are obviously going to work with New Zealand on their conditions and as part of the requirement under the risk assessment we are going to reaudit the area that we have audited. We are also going to audit any new areas that the New Zealanders are proposing to import apples from in 2012.

Senator COLBECK: Can you give us a sense of the size of the consignments that have been approved?

Ms van Meurs: There have been 10 consignment inspection lots passed. Is that what you asked?

Senator COLBECK: No. You have told us that 13 consignment lots have been approved and three rejected. I am trying to get a sense of tonnage or something of that nature.

Dr Grant: There have been 17,638 kilograms or 1,121 boxes or 87,438 apples inspected. The numbers that have been rejected are 5,030 kilograms or 280 boxes or approximately 21,840 apples.

Senator XENOPHON: So about 5,000 kilos of the 17,000 kilos inspected have been rejected; is that right?

Dr Grant: Correct. That was the quantum of the consignments.

Senator XENOPHON: So it is about 30 per cent that has been rejected.

Dr Grant: It is 23 per cent.

Senator XENOPHON: It is 23 per cent of consignments but not of volume.

Senator BACK: Dr Grant, does it not actually go to that comment you made early on in this whole process that, given enough time and given enough volume, it is an inevitability that we are going to get these diseases of apples? As has been said, on each of these three occasions they have been identified in New Zealand, but given all of the hype and given all of the expectations in New Zealand and the concerns here in Australia you would have thought that the New Zealanders presenting these products for inspection by Australian authorities would have gone through them with a fine-tooth comb, wouldn't you, yet three out of 13 apples—23 per cent of the consignment—actually have not met our requirements? Does this go to a lack of real concern by the New Zealanders?

Dr Grant: As we have said, we have spoken to New Zealand and we have spoken to New Zealand MAF. We are working with New Zealand MAF to improve that performance.

Senator BACK: Were they embarrassed? When Senators Colbeck and Sterle and then Senator O'Brien and I were in New Zealand in early June they would not talk to us about apple blight, they would not allow us to meet with apple producers and they would not allow us to go on to orchards. They were almost insulting. Have they been embarrassed by this level of rejection so early in the opening of the trade?

Dr Grant: I cannot comment on their embarrassment. I do know that there has been media coverage of the issue in New Zealand.

Senator BACK: What has been the nature of that media?

Dr Grant: It indicates that New Zealand feels we are 'nitpicking'. That is the terminology that has been used and that, I think, was in the *Dominion Post* some few weeks ago.

Senator COLBECK: Is that in relation to when the publicity occurred here about the first incursion?

Dr Grant: I believe so.

Senator COLBECK: Is that why you withdrew live data to the industry?

Dr Grant: We have not withdrawn live data to the industry. What we have said to the industry is that we collate the data. As I indicated earlier, we do an inspection of the intent of a consignment. We register what is arriving here, but it can arrive through different ports at different times—consignments can be broken up. What we do is inspect here, collect the data and assemble it, as we do for all other commodities at the end of the season. The end of the season will give us the figures that we need to know for where the product has come from, precisely how much, and which ports it has come through, and we collate numbers through the permit holders as well.

Senator HEFFERNAN: After the event.

Senator COLBECK: Are we providing data differently for some commodities and some locations to what we are for others? I have had a conversation with industry—and I think it was China—where we were getting live data. The industry were getting data as the shipments arrived, and initially that was the process that was occurring here. That circumstance has changed since the hue and cry, if you like, about the first rejection that occurred some weeks ago.

Ms van Meurs: Just on that, the information that was provided on Chinese apples was very time consuming and very resource intensive. I just do not have the people or resources to be able to do that on a constant basis with numbers of different consignments. That is one of the reasons that it is very difficult to provide that sort of live data. It is quite time-consuming. We have very old IT systems. It is hard to pull that system out. We have to collate that manually. So, yes, there was some provided for Chinese apples, but our intention was not to continue that. It was just, 'Well, here are a number of imports that are happening,' and then after that it is very resource intensive.

Senator COLBECK: Yes, but it was being provided initially for New Zealand, and the industry are quite firm in their view that that circumstance has changed.

Dr Grant: The information in terms of provision of consignment volumes and locations is not a quarantine issue. It is about trade numbers and trade volumes that we are being asked the questions. In terms of quarantine, the inspections are performed in New Zealand; the rejections take place in New Zealand—

Senator COLBECK: They could happen here too, though, couldn't they, Dr Grant, because they are inspected here as well?

Dr Grant: No.

Ms van Meurs: No, they are not. They are only inspected from a documentation view. If they are precleared in New Zealand, then we will inspect their documentation and open the back of the container to confirm that they are the product that we think they are, and then they are allowed to be released, because the inspection is done in New Zealand.

Senator COLBECK: I know I am testing my memory here, but my distinct recollection from previous conversations we have had—and we have had plenty—is that there were inspections both in New Zealand and here. Is there a differentiation in how these are being characterised now?

Dr Grant: There is a full inspection in New Zealand and, as I have said, we either approve for export or reject product for export. When the product arrives in Australia, we open the containers, check that the product has the right serial number et cetera and accords with the permit, and, if it does, it is already considered to have been inspected. So we are checking the veracity of the documentation against the commodity.

Senator HEFFERNAN: Does each box have a bar code?

Ms van Meurs: Yes.

Dr Grant: Yes.

Senator COLBECK: I just want to go to the minister's and department's characterisation of the tabling of those documents this morning. Dr Grant, you said that they were tabled this morning at 9 am.

Dr Grant: It is my understanding that they were.

Senator COLBECK: How does that process work? You provide them to the minister's office and then the minister provides them to the Senate?

Dr Grant: There is a transmittal letter from the minister to the Senate, and that transmittal letter and the product were provided, as I understand it, this morning.

Senator COLBECK: My advice from the Table Office is that they were presented at 2.47 this afternoon and not 9 am this morning. Minister, my office had an agreement with your office that they would be emailed to my office when they were available, and we still do not have that email.

Senator Ludwig: I am not sure I was aware of that agreement. I am happy to honour it if my office made that agreement.

Senator COLBECK: It is a bit late now. We are going down to the Table Office to get them. We had some discussions about the timeliness of dealing with minutes and issues this morning, and here we go again. The information was available at nine o'clock this morning and we are not seeing it until six hours later. It is important to us, as you are aware.

Senator BACK: Is it the case that this organism, the midge, was actually still alive in the instances in which the rejections occurred?

Dr V Findlay: Yes.

Senator BACK: After how many months of cold storage was this organism still actually viable?

Dr Grant: It was viable to hatch, but that does not mean that it was necessarily a risk. After hatching, the animal has about a 24-hour life-cycle.

Senator BACK: It would be a lot less of a risk if it were dead, Dr Grant, wouldn't it?

Dr Grant: Yes, but it still after hatching has 24 hours. If you go to page 87 of the report, you will find that we deal with ALCM, the apple leaf curling midge, in some detail. We indicate the risk associated with ALCM, and the details go to the heart of the number of

midges you would need to get together for a risk of a one per cent success in two getting together and breeding.

Senator BACK: As an extension of the question, if you had missed it, or if you have missed it in some of the 10 that have been approved, what would be the chance, in your estimate, of the midge actually establishing itself here in our apple crops?

Dr Grant: So close to zero I could not specify it. But it is very, very close to zero.

Senator HEFFERNAN: As reflected by Dr Grant, they think that we are nitpicking. That is the language that was used. If we are nitpicking, is that an Australian quarantine inspector in their packing house nitpicking?

Dr Grant: I am just quoting—

Senator HEFFERNAN: It was one of our guys. So is there any time in the future when it will not be our guy and it will be one of their guys in the packing house?

Dr Grant: It is not conceived of.

Senator HEFFERNAN: Forever and a day it will be an Australian inspector?

Dr Grant: It is not conceived of at the moment.

Senator HEFFERNAN: Are we going to fly these inspectors in and fly them out for the season?

Dr Grant: At the moment—this season is essentially over—for next season we have indicated to New Zealand that it will be Australian inspectors in New Zealand.

Senator HEFFERNAN: At this time you can give a guarantee to the Australian people that these will be Australian inspectors?

Dr Grant: Yes.

Senator HEFFERNAN: Righto. I realise that the imports get risk analysis. It originally said we would import some of these things but they would not get out into the orchards, especially fire blight. We have gone from import risk analysis management to farm management practices because that was all too hard. Do the licensed packing houses attach to themselves licensed orchards?

Dr Grant: The situation is that a number of orchards—38, I believe—are approved to be the source of apples and four packing houses.

Senator HEFFERNAN: So what auditing do you do to see that the apples come from the orchards they are alleged to have come from?

Ms van Meurs: As part of that process we have undertaken a systems audit basically from where the growers grow the product and the traceability from the orchards through to the packing sheds, through the packing lines once it is packed and how it is—

Senator HEFFERNAN: The apples will come in in bins from the alleged orchard. They do not have a bar code on them.

Ms van Meurs: Yes, they do. They have an RPN, which is a specific or unique number.

Senator HEFFERNAN: Which is scanned off the property?

Ms van Meurs: Depending on the property, they have either a bar code, depending on the systems they have in place, or a pallet card and they trace that system throughout the pallet.

Senator HEFFERNAN: The pallet card is removable. Because I have the information, my point is that some of these orchards—some companies own 25 orchards—are approved under the licence system; others are not. The apples are coming from anywhere within their system, getting the tag and going to the packing house. How do you overcome that?

Dr Grant: You raised this at the last estimates and we went into it in some detail. We would be interested in that evidence, as I indicated at that time. If you have that evidence, can you please provide it to us and we will deal with it.

Senator HEFFERNAN: So that is getting it to the packing house from the approved orchard. I will ask permission to give the informant's name, but if I do not get permission I do not think I can, because it is a whistleblower. Do the apples, once they are packed nicely in boxes that are bar-coded and they are rejected for some reason, go to the back of the line and get repackaged into a different box to come to Australia or can they just be rescreened without repacking?

Dr Grant: That consignment would be rejected. If they wished to repack those apples, they would have to repack those apples, we would reinspect and then that would be a different consignment.

Senator XENOPHON: Given that apples will be harvested in March or April and the apples coming here will have been in coolrooms, will risk management processes be changed to reflect the greater risks compared to freshly picked apples? If not, why not?

Dr V Findlay: The risk management measures were put in place to deal with the highest risk scenario. So it covers the picking of apples and the sending of apples within the time frame of early in the harvest season.

Senator XENOPHON: So there will be no further changes?

Dr V Findlay: The measures that are in place now are the same measures that will apply throughout the season.

Dr Grant: They were designed for that time of the season—

Senator XENOPHON: So they have been designed to deal with the peak risk factors?

Dr V Findlay: Correct.

Senator MILNE: I would like to go back to the longstanding interest this committee has taken in the incursion of the Asian honey bee into Australia. I will start from where we left off on this issue. You will recall, Dr Grant, that in particular our concern was an opportunity to collect hard data around the Cairns area as to the spread of the Asian honey bee and an opportunity for eradication. The committee reflected on that in its report and expressed disappointment that that had not happened. There was an expectation that the industry council and volunteers would go up there to collect hard data. Can you tell me what involvement the department have had in collecting hard data up there? Can you report on what baiting has been done and what evidence has come from the baiting? Is there any evidence in putting orchids and other scent-attracting plants there to attract the bees and any data about what has happened with the Asian honey bee?

Dr Grant: With respect to your series of questions about data collection and so forth, Queensland is prosecuting the work up in Cairns at the moment—Queensland officers in

concert with some people from the bee industry through AHBIC—and any data that is collected will be with Queensland.

Senator MILNE: So your expertise in biosecurity or the expertise of the Commonwealth has not been engaged in data collection. Can you tell me what that data collection has revealed?

Dr Grant: We do not have any officers on the ground in Queensland, so we have not been directly involved in data collection. The data with regard to numbers of nests, eradication or destruction of those nests et cetera is with Queensland.

Senator MILNE: I am rather troubled to hear you say that because we were expecting a management plan to manage this incursion and hopefully eradicate this bee. I would have thought the Commonwealth would have some role not only in knowing what is going on up there but maybe even in designing the scheme for monitoring and reporting back on what is happening. Has the Commonwealth sent any scientists up there to oversee or help design a process such as I am discussing?

Dr Grant: We had a meeting back in June, I think it might have been, in Queensland. That was a major meeting in Brisbane. A number of officers went from Canberra, CSIRO et cetera and from a number of jurisdictions—not all of them. We designed a draft plan at that stage. Over time that plan has been refined. The final plan was agreed last Friday. It just has to be tidied up a little bit. As I indicated, we were requested at the last estimates hearing to provide that plan. The answer is yes, we will be in a position to provide that plan in the near future. That plan is a transition to management plan; it is not a containment and eradication plan. Queensland is undertaking some complementary work additional to the plan that we have developed and it is still focusing on attempting to suppress and destroy nests when they are found.

The plan that has been developed for transitioning to living with this bee has been developed collectively by a coordination group involving all jurisdictions, industry sectors including AHBIC, and CSIRO. That plan is now in existence, as I say. Its various elements have been identified, funding has been allocated to those various elements and we had the first of the management meetings for the governance arrangements overseeing that plan on Friday afternoon last week.

Senator MILNE: It is clear the Commonwealth has not changed its mind from July last year on going to a plan of living with this bee rather than trying to eradicate it. I have not heard you tell me what evidence you have collected to say that it is not eradicable, and that is what is so frustrating. We asked specifically for you to go up there to collect some hard data about how far it has spread, what the age profile of the nests is and what is actually going on, and you have not done that. You are still sticking with your original assertion that it is not eradicable. On what basis? What is your evidence for that, given that you have not collected the data?

Dr Grant: You will recall that we have been in front of this committee in estimates and we have been in front of elements of this committee in other briefings and inquiries. The decision that it was not eradicable was taken collectively by the national management group, which is the collective of the chief executives of biosecurity from all of the jurisdictions. It was undertaken in the context of the arrangements that exist under the emergency plant pest

response deed. That decision was taken several months ago and there is no intention to revisit that situation. The decision has been taken that this bee is not eradicable. We are now transitioning to management—that is, undertaking a number of things which go to the heart of providing information to people on how to identify the bee, what to do if they find it and who they can call. We are looking to educate the pest industry on how to deal with this bee and how to identify it and understand it. We are proposing and have now agreed, with funding, to do various pieces of work that are set out in the plan that are aimed to try to find ways, for example, of differentially targeting this bee if we can, to kill it if it will take a bait differentially to the European honey bee—those sorts of things. I have the details here in a plan and we will be able to table that in the not too distant future.

Senator MILNE: I understand that. I know you have made a decision that it is not eradicable and that your plan that is going to come out is about managing it, not eradicating it. That was the position you had 12 months ago. It is clear the Commonwealth has not shifted its position in spite of what the honeybee industry thinks might have been possible. My frustration—I think I can express it on behalf of the committee—is we specifically wanted you to go and get data up there and prove, give us evidence, that it is not eradicable, not just stick to that original position. As I understand it there was a recommendation that there be a scientific and technical committee and that you have flicked past that to the Australian Honey Bee Industry Council rather than actually oversee it from the department. Why is that? Why isn't the department setting up a scientific committee and why weren't Denis Anderson or Doug Somerville or both sent up there before this management plan came out to have a look at what is actually going on on the ground and report from their expertise?

Dr Grant: In designing this plan, people like Denis Anderson have been involved.

Senator MILNE: How involved?

Dr Grant: He has been a party to this plan. He has provided comments on this plan—quite extensive comments on this plan. Those have been taken into consideration. On Friday, in keeping with a decision made earlier this year, it was agreed that there will be a scientific committee to advise the management group that is managing this, and it has effectively been identified and established. It will be called as a meeting in the very near future, chaired by Plant Health Australia.

Senator MILNE: Why haven't Dr Anderson and Mr Somerville actually gone up there to look at the evidence from the work that is being done on the ground?

Dr Grant: They are CSIRO officers, Senator. I cannot direct them to go there or not. The fact of the matter is that the decision taken last January by the collective of the chief executives of Biosecurity, based on advice and scientific evidence from the consultative committee on emergency plant pests, CCEPP, was that this incursion was not eradicable and this bee is not eradicable.

Senator MILNE: That was the decision then, but you will recall that this Senate committee asked that evidence go and be collected, particularly as a result of a baiting program. We wanted evidence to know what the impact was after the cyclone and the wet season, whether that had actually assisted in disrupting the spread of the bee or the breeding components of bees. You have not been able to provide us with anything to suggest that there was actually the evidence-collecting that this Senate committee asked specifically would be

done. It seems to me like the beekeepers have been up there doing a huge amount in terms of a voluntary effort in-kind and in many ways they have been thwarted by a failure to support them from the department. That is how it appears from where I am sitting.

Dr O'Connell: If I could come in and then perhaps Ms Ransom can explain some of the technical issues around the eradicability. After the Senate committee produced its report we did reconvene both the Consultative Committee for Emergency Plant Pests and then the national management group. That was in April and May. The consideration of the available evidence at the time did not change the views of either. I might ask Ms Ransom to give a bit more background on the technical issues to help you.

Senator MILNE: Yes, but Dr O'Connell, you keep going back to the available evidence, the available evidence. There was no evidence collected. That is my point. We wanted some data collected up there about what is going on. You tell me that is what has happened, that the Queensland department has been collecting some and whatever. Before you come out with a management plan with that conclusion we need to know what the data is.

Ms Ransom: I am sure we had this discussion before. The difficulty we had is that it is not just about the availability of the data. It is the difficulties associated with getting that data, given that the restricted area was a zone around Cairns with a 50-kilometre radius, which makes it an extremely large area. Also, the area is very densely vegetated and has some roads through it. Some time ago we discussed the difficulty of using traps, because they are not specific enough to give us enough confidence that we would be able to pick up the population of Asian honey bees, or get a sense of what the population is. Those technical difficulties still are in place. Through the management plan we are proposing to provide funding to better develop the traps so that we can have more confidence about the detection of the Asian honey bee. But even with additional data the level of confidence that we would have had as a technical committee about how much honey bee we were able to pick up as opposed to how much was there was really the major sticking point. Even if we were picking it up, how much of what was there were we picking up. If we were not picking much up, did that in fact give us more confidence that we actually had a chance of eradication?

There were also issues around where the bees may have moved. We recognised that the bees do like to create hives on containers, on vehicles and on trains and carriages. Given our lack of confidence in our ability to detect the bee and the fact that there was not full regulation of vectors out of the area we did not have the level of confidence to be determined that we had delimited it within that area.

Senator MILNE: Yes, but that is what you told us last November, December, January. It is now October. We know that you disbanded the workforce on the ground. No wonder you do not know what is going on, because you put off a lot of people. They were up there employed on the ground doing this work and you put them off at that time. When we asked that this evidence be collected we assumed that you would get people on the ground there, and the honey bee people went up there as volunteers to actually do some of this work. There was an assumption in this committee that that would in some way be monitored or guided by a scientific overview of what is going on. What I am hearing is that, effectively, nothing has happened. The volunteers have been up there doing their bit, but there is no data set that you can provide to us any more than you could in January this year.

Dr Grant: There are a couple of points you have made. One is that the workforce has been laid off. That is not true. Queensland's workforce, which was the only workforce involved in this, is still intact and is working.

Senator MILNE: Yes, but how many people? Because the evidence we got was that a number of people who had been working in July last year were not working when you made your announcement in January that that workforce had been disbanded.

Dr Grant: Some casuals workers, as I understand it, were let go during the wet season, because it was impossible to be able to work during the wet season. But the regular workforce that is working on the bee has not been disbanded at all. Queensland is doing suppression work, Queensland is doing destruction work and its workforce is intact. There has not been any hiatus in activity through the time. I take us back to the fact that we did meet in an inquiry of this committee and we did go back, as Dr O'Connell said, to the CCEPP and the NMG and their decision was reaffirmed: not eradicable. So we are not looking at eradication. We are looking at a program of management to transition us to be able to live with this bee in the longer term. Additional to that, Queensland are still putting some effort into suppression and destruction. I understand that AHBIC is assisting in that wherever they can.

Senator MILNE: Whose decision was it to cancel the seminar that was to be held on the Asian honey bee on 22 September by Sam Malfroy—I am not sure if he has a doctorate. ANU and the CSIRO were invited and then it was suddenly cancelled without explanation and with no postponement for it to be held at another time. Who made that decision and why?

Dr Grant: I did, but in a context that you need to understand. Mr Malfroy was working in the department as a public servant. He is a relatively young and new public servant. He has since left and has gone to employment with Plant Health Australia. His last day in the department was last Friday. He is a beekeeper in his own life. He enjoys that. He wished to give a presentation that came from the perspective of the risks of the Asian honey bee to the bee industry, the concerns the bee industry had, the concerns they were trying to make government understand and the like. This is the discussion that was held with him. We made the decision, and conveyed it to him, that as a public servant he does not have that privilege to speak as a private citizen about his concerns in a seminar under the aegis of the department and sponsored by the department. So I said that I was not prepared to allow him to speak on that subject matter in that vein.

Senator MILNE: Okay. So let us go back to how that seminar was envisaged in the first place. He did not just wake up one morning, decide to have a seminar and send it out in his own name. The invitation went out from the department. Is it not the case that his line manager, or whoever, had authorised that and had proactively invited people to it?

Dr Grant: We have a seminar series management group—people who canvass speakers. We also have an address list, if you will, of people who are invited to seminars. We have that list of potential seminars some weeks ahead if not months ahead, depending on the availability of speakers. He had indicated his interest in giving a talk. It was the content of the talk, once we had a discussion with him, that caused me concern.

Senator MILNE: Perhaps you can understand the point of view of those of us who really do not agree with your decision to go to a management plan. I believe there was considerable interest in the seminar from a number of other institutions apart from internally. You made the

decision to suddenly cancel that seminar, and now I hear that the person who was going to present the seminar had left the department anyway; I was not aware of that. Can you see that from our point of view this gets even more murky? We have a situation in which there is a very strong body of opinion from beekeepers that this has not been given its best shot in terms of eradication and a department that made up its mind 15 months ago that this could not be eradicated and has been dogged in preventing any other conclusion being reached.

Dr Grant: Perhaps I can just make a couple of points clear. Firstly, Mr Malfroy had indicated his intention to leave the department before the seminar; we knew that. He had applied for a job, been interviewed and been selected, and his last day was Friday. I am not aware of what contact he may or may not have had privately with parties coming to the seminar, and I do not know what views were conveyed between him and others, if any at all. What I do know is what the implied intent—in fact, the intent spoken to me—of the content of that seminar was. I was not prepared to let that go ahead as a public servant.

Perhaps I could make one other point. There is no animosity here between Mr Malfroy and the department or anybody else. Indeed, I have a small property in the Southern Highlands, and Mr Malfroy was at my property a week ago. He is going to put some hives on my property. So there is no issue here except for the content from an enthusiastic beekeeper wanting to express his views in a public seminar. Those views are counter to the government, and he is a government officer—or he was.

Senator MILNE: Thank you. I expect colleagues might have some questions to follow up on that.

Senator COLBECK: I have just a couple of things to follow up. In relation to the radius in which the bees are present, is that containment area still about 50 kilometres? Has that changed?

Ms Ransom: I understand that there have been some detections outside that. If that radius remains, it is under the authority of the Queensland government. It is no longer covered by any eradication plan because that plan is no longer in place.

Senator COLBECK: So you do not have any data at all in respect of the number of hives destroyed or anything of that nature within that zone?

Ms Ransom: Queensland would hold that information. There is no responsibility on them to advise us, because the eradication program is no longer in place, but there may be more up-to-date information.

Dr Grant: At an earlier stage in excess of 400 hives had been detected and destroyed, but that was some months ago. I am sure that information is with Queensland. The point at issue here is that we are not attempting to eradicate this bee. Queensland is undertaking the task of attempting to suppress it. It has that data. We are putting in place a plan of management to transition us to be able to live with this bee, understand the implications of living with the bee and provide that sort of information through the various arms of research that are being undertaken.

Senator COLBECK: My recollection is that, post our last discussion about this on this committee, through the inquiry into the science underpinning the inability to eradicate the Asian honey bee, there was a decision by the government to put, I think, \$2 million over three years towards this.

Dr Grant: Two million dollars over two years.

Senator COLBECK: What are we getting for our \$2 million over two years? What are we spending the money on?

Dr Grant: I can go to that if you wish; it will take a bit of time.

Senator COLBECK: Perhaps you could give it to us on notice.

Dr Grant: As I indicated earlier, at last estimates we indicated that we would provide a copy of the plan when it was completed. It is essentially complete; we agreed it off on Friday of last week. We're just tidying it up following the commentary that we took into consideration last week. So the plan is essentially finished and it will be available in the very near future. I would estimate that it can be made available in the next two or three weeks.

Senator COLBECK: If we could get that as quickly as possible, we would appreciate that. Notwithstanding the time frames for answering questions on notice, which we understand, that is something we have had a specific interest in for a period of time.

Senator BACK: Are we satisfied that there has been no find of a varroa mite in any Asian honey bees or other bees? We're still not aware?

Ms Ransom: Yes.

Senator BACK: Yes, we are, or yes, we're not?

Dr Grant: We are aware and we are satisfied.

Ms Ransom: We are testing and there have been none.

Ms Mellor: There have been no findings.

Senator BACK: There haven't been, thank you.

Dr O'Connell: It is probably worth commenting that the risk analysis suggests that it is the European honey bee entry that is the more likely, or the higher risk, for varroa mite entry. The emphasis is on Asian honey bee all the time, but in fact entry of a European honey bee has been identified as the key potential vector of risk for the varroa mite, not the Asian honey bee.

Senator BACK: Despite the fact that the Asian honey bee does not seem to suffer ill effects from the varroa mite, whereas the European bee does?

Dr Grant: Correct. The greatest risk of transmission into Australia would be via a European honey bee carrying a varroa mite. But if here, the most effective vector would be the Asian honey bee, because it is not killed off.

Senator Ludwig: I would just clarify that I think the record is not quite clear about this. The Commonwealth government's role on this is to work cooperatively with the states and territories, because they have primary responsibility for their biosecurity issues, as they have a strong interest. Secondly, the Asian Honeybee National Management Group has the Australian Honey Bee Industry Council represented on it. In addition, a decision was made in January, and again in April, that the bee was no longer eradicable. What generally happens then, as in previous policies of previous governments, is that it is left to the individual state to manage, by and large, unless there is an arrangement or an agreement to put in place some arrangement. In WA, I think, a decision was made in relation to the European house borer, and once that decision was made it was left to the WA government to manage it.

I have decided to look at trialling a pilot, because I do not think it is acceptable, once a decision is made that it is no longer eradicable, to then say that nothing should occur after that other than it being left to individual states to manage or for ad hoc arrangements to come about. I want to see what arrangements we could put in place, such as containment. I do not know the ultimate goal here; that is why I put \$2 million to fund the pilot to see what action we can do rather than simply accept the decision that it is no longer eradicable and therefore the state has to manage it. To that end, Queensland put in, I think, \$600,000, plus the Australian Honey Bee Industry Council put in \$400,000 in financial and in-kind support. That is why you have volunteers up in that region. They are part of the in-kind support by the Australian honey bee association.

I wrote to all the state and territory ministers in April, or somewhere thereabouts, and the only response I got from that was from Queensland, who said they would financially contribute. I then wrote to the pollinators in, I think, September, and asked them to contribute on the basis that those industries which benefit from the work that is done should contribute something. To date I have not heard from the pollinators, so they have not decided to assist in the program that I have decided to run as a pilot, and neither has the Victorian government or the New South Wales government for that matter. The plan will be not far away and it will be released publicly when it is.

For the record, this government has made significant advances on any previous government's actions in this area because of the issues involved—and, of course, trying to move away from a model which simply says that, once a decision is made that it is no longer eradicable, it falls into a patch for a state.

Senator HEFFERNAN: New South Wales have said—

Senator Ludwig: What I have said is that I have written to all the state and territory ministers. The only state that has responded with a financial contribution to date has been Queensland.

Senator COLBECK: I was just going to acknowledge that the committee has acknowledged the \$2 million, and that is why I asked the question about it. We do acknowledge that the government has put that money up in this particular circumstance, although in other circumstances the government—and you just mentioned the European house borer, which I understand that WA continues have some concerns about. I was also going to have a chat about the—

Senator Ludwig: That is why I am running a pilot. I want to see what is actually out there, what is available, what you can do, once a decision is made that it is no longer eradicable, because there are a range of actions. I think, without taking you through all of it, the action plan will help. It is about public awareness. It is about whether you can contain and what decisions you would have. All of those decisions I think need to be reflected upon in relation to not only one particular pest or disease but what happens post a decision that something is no longer eradicable. In the past, either it has been an ad hoc arrangement which has been pulled together or alternatively, like in the WA instance, it has been left to WA. Those were decisions that state governments made. I think in that instance the WA government said they would take it on the chin and manage it.

Senator MADIGAN: What is Biosecurity's mission statement in relation to pests like the Asian honey bee? What is your broad policy on that and your mission statement? Who does Biosecurity believe they work for? For whose benefit do they work?

Ms Mellor: I will have a crack at that. The Department of Agriculture, Fisheries and Forestry runs the Commonwealth's role in biosecurity. Part of that role is to safeguard all of Australia—the environment, production and way of life—from exotic pests and diseases. In doing that, we look at risks across a continuum—offshore, at the border and onshore—and put in place controls and actions to manage that Commonwealth responsibility to safeguard Australia from exotic pests and diseases. We work for all Australians.

Senator MADIGAN: In the past five years, how many times has there been a failure to protect Australia and how many times have the people of Australia heard that the pest has come and, 'Now we are just going to manage it and we are accepting it'?

Ms Mellor: I would not characterise things all as a failure. There are pests and diseases that enter the country through vectors and pathways like the wind or on birds, for example. We do not stand at the border with a huge iron curtain and stop everything. We actually apply ourselves to significant risk. There are a number of onshore incursions which become unable to be eradicated. I do not have an exact number here, but in the last 12 months there have been a small handful.

Dr Grant: I can give you some numbers. Over the last 12 months the Australian government has responded to 35 detections of new plant pests or diseases, with only two—chestnut blight and coco pod borer—resulting in a cost shared eradication program, 25 animal disease incidents and five marine pest detections. There are a number that we encounter each year.

Senator XENOPHON: In the few minutes remaining I have a series of questions to do with the concerns expressed by constituents in the Riverland in South Australia. Packing sheds which have an AQIS approved arrangement for countries which involve a phytosanitary certificate are approved to self-authorise requests for permits, RFPs, or notices of intention to export once the appropriate records are received—and every consignment needs an RFP. My understanding from constituents who have approached me is that from 5 October all inspection records are required to be sent to regional AQIS offices for them to authorise the RFP to generate the phytosanitary certificate before the vessel sails. The farmers I have spoken to are concerned that this change will mean additional costs and will restrict their flexibility, such as when a vessel sails on a weekend, and furthermore staff who currently complete this job fulfil other tasks onsite and in this way it is an efficient process. My questions are: have changes to the self-authorisation requests for permits and notices of intention come into effect yet and on what basis was the change made?

Ms Calhoun: In response to concerns recently raised by industry, the department has decided to delay the introduction of the alternative measures. We will look at the processes we have in place to work with the producers to make sure we have the most efficient system across our export certifications, allowing us to guarantee what we are certifying meets product entering—

Senator XENOPHON: How long have they been delayed for?

Ms Calhoun: We are reviewing the process at the moment. There is no set date for the implementation.

Senator XENOPHON: So it has been put off indefinitely, then?

Ms Calhoun: Yes.

Senator XENOPHON: Are the concerns that it could increase costs and reduce flexibility being taken into account?

Ms Calhoun: That is correct, yes.

Senator XENOPHON: At what point will you review the decision? I know it has been put on hold, but when will you go back to it as to whether you shelve that permanently or not?

Ms Calhoun: We are looking at the process at the moment to make sure we have the right audits of the system in place to guarantee the product that is leaving the country. There is no time frame on it, but we need to look at the verification that we have of self-authorisation of permits.

Senator XENOPHON: If you are looking at going back to the system that was going to be in place—the one that you have put on hold—how much notice would you give industry and farmers that you are planning to reintroduce it?

Ms Calhoun: We will give them sufficient notice to make sure that they can—

Senator XENOPHON: What does 'sufficient notice' mean?

Ms Calhoun: I mean that normally when we introduce something like that we would give them a leeway of one to two months prior to that. And we would work with the individuals. We are talking about a very small number of companies across the export certification. It is currently only 34 of the 219 companies that we actually direct what certification—

Senator XENOPHON: It would be on citrus, though, wouldn't it? Would it have an impact on citrus?

Ms Calhoun: Some of them are citrus, yes. If that were to go ahead, they would know well in advance of the next citrus export season.

Senator XENOPHON: Finally on this, I want to ask the minister something. Minister, I have previously written to you about this issue. I am grateful for Ms Calhoun's response, but is this something the government will look at? Ultimately the final decision rests with the government as to whether you go down the proposed path which many growers were concerned about. Does the government have a view on this at this stage?

Senator Ludwig: You are talking about individual measures. If you are talking about export certification, it is a broad reform that the government has been pursuing across a range of industries. The broad answer is, yes, we intend to continue with the export certification program. It was funded significantly in the 2007 budget, from memory, and it continues as a program.

Senator XENOPHON: But you will take into account the anomalies that have been raised, particularly the burden it could have on smaller producers?

Senator Ludwig: Absolutely. That is what the department is here for. It is to take all of those issues into account and make sure we do have—

Senator XENOPHON: Finally, Ms Calhoun said there would be one or two months notice if you reinstate these measures, which I hope you do not. Could you undertake to at least give two months notice?

Senator Ludwig: I am not sure I can dictate to the department a timeline on its processes because they are the department and I do not instruct the department on how to—

Senator XENOPHON: But if you are planning to reintroduce these measures, which I hope you do not, you as minister can say, 'There will be two months notice—

Senator Ludwig: As I understand it, industry will be consulted. I am not going to give a definitive timeline because a lot of it relies on continuous discourse between all of the groups. It depends on when you want to start the two months notice. As I understand it, there has been close cooperation with the horticultural industry and close conversations which have continued on during the whole process. There is a task force, isn't there?

Ms Calhoun: Yes.

Senator Ludwig: It meets and then discusses these issues.

CHAIR: On that, thank you.

Proceedings suspended from 16:17 to 16:30

Senator SIEWERT: Can I just ask about the report from last week that talks about the contamination of imported food. I know I have asked about this before but I am going to keep asking about it.

Ms Mellor: There have been a number of recent reports about the safety of imported food. The department does manage the imported food scheme based on standards that are set by FSANZ. We undertake surveillance or intervention, depending on the risks that are set by FSANZ. I think the most recent report, which was on *Today Tonight* last week, was talking about fruit juice pulp from other countries. In fact, all of the testing, even on that show, indicated that all of the tested food was within the range considered by FSANZ to be safe.

Senator SIEWERT: The reports I have seen talked about iodine and the antibiotic fluoroquinolone—is that how you say it?

Ms Mellor: I will get you a scientist. I am sure Dr Galway will be able to pronounce all of them for you.

Senator Ludwig: I thought you were a scientist, Senator Siewert.

Senator SIEWERT: I could not pronounce it when I was at uni either.

Ms Galway: I apologise—I missed the question.

Senator SIEWERT: There are reports that iodine and fluoroquinolone have been detected. It makes them glow in the dark, I have just been told. There are a number of examples, so I want to ask about some of those specifically. Also, has there been a notable increase in the amount of contamination that has been found through testing over the last 12 months?

Ms Galway: In regard to some of those reports, some of the figures were not quite correct. We have indicated that fluoroquinolones were detected in four of the 14 samples. When we do this testing and we find the presence of contaminants or chemicals present, those foods fail. Food from that producer is subsequently subject to an increased inspection rate. So there

are tests that we do under our surveillance program, which is the five per cent rate, and then it will be increased to 100 per cent until compliance has been demonstrated. That will generally be five consecutive consignments where they have met the standard in the Food Standards Code.

We are now publishing the results of the testing under the Imported Food Inspection Scheme every six months. Some of this data has been taken from those summaries. Generally in the analytical tests that we are applying to imported food there is a compliance rate of around 99 per cent, and it has been this way consistently since we started publishing the data in 2006.

Senator SIEWERT: How many have gone onto the 100 per cent testing rate over the last 12 months?

Ms Galway: We can get that information. It is on the website. Every six months we publish the number of failures that occur. When a commodity has been subject to the increased inspection rate it invariably comes back down to that lower inspection rate, so compliance does come about.

Senator SIEWERT: It goes back down to the compliance rate. Do you then do spot checks to ensure that the compliance is then permanent rather than by way of a response to the five times where they know they are going to get sampled?

Ms Galway: The surveillance program is like a spot check. Every single consignment has a five per cent chance of being referred again. So, in some ways, the system is already built that way.

Senator SIEWERT: I appreciate that. But it might be a while before you would get around to getting that five per cent again.

Ms Galway: True, but the more frequently they import, the more likelihood it will have of being picked for that inspection.

Senator SIEWERT: How many have you subsequently found have gone back up?

Ms Galway: We would not have that specific information.

Senator SIEWERT: I understand that FSANZ does the list, you do the monitoring. Have you had any ongoing discussion with FSANZ about anything else that should be going on the list?

Ms Galway: We are in very regular contact with FSANZ. They monitor food incidents around the world. We meet with them monthly on whether or not there are any concerns. There has not been any advice recently to change the inspection regime. There is a review underway, which has been jointly commissioned by AQIS and FSANZ. A consultant is looking at whether or not the testing that is in place at the moment is the testing that should be in place. We are waiting for the outcome of that review.

Senator SIEWERT: Are you looking specifically at how things are chosen to go on the list into the future?

Ms Galway: Consultants have been engaged to undertake that review. Part of that review will look at whether or not, particularly under the surveillance program, which is looking not at food safety per se but at compliance with food standards, of all the things in the food standards code that you can look at—and you cannot look at everything—we have got the

right ones on that surveillance program. We, together with FSANZ, will look at the recommendations and take their advice in terms of what might be the best surveillance program going into the future.

Senator SIEWERT: Will that take in public input or call for submissions?

Ms Galway: No. It is a review of how things are working at the moment.

Senator SIEWERT: You would be aware of the issues that have occurred. Both Senator Back and I have brought up the issue of heavy metals with FSANZ with respect to the contamination of frozen vegetables in WA. The other one, which, again, I have brought it up with FSANZ—and I did not get very far—was about the use of chemicals that are banned. Chemicals that are banned are not used in Australia. As I understand it, we only test for chemicals that are banned in Australia, not for cocktails of chemicals et cetera. Has that been looked at? Other issues have been brought up with me as well by growers. How will you get that input from growers who have some concerns about testing?

Ms Galway: Just a couple of points: in relation to the testing regime that we have for residues, which is in place at the moment—you might have heard the 49 chemicals referred to—those particular chemicals that are on that screen have been chosen on the basis that they are the ones that are considered to pose the most risk to human health and safety. Some of them are banned here and some of them are banned in other countries. It is not just about what is not permitted to be used here. It is really trying to target those that would be of most concern to health authorities. But FSANZ may be able to advise you further on that.

Senator SIEWERT: I will chase them again.

Ms Galway: In terms of the review, the consultants have interviewed and touched base with the state and territory food regulators, as well some industry groups. So there has been an opportunity for some informal input into their findings.

Senator SIEWERT: So they have been to the peak groups but not to individuals. Is that a good understanding?

Ms Galway: That would be correct.

Senator SIEWERT: Can I quickly go back to the testing. Did I understand you correctly: there has been no statistically relevant increase in the number of compliance failures in the testing by AQIS?

Ms Galway: We have not done a statistical analysis, but certainly looking at the numbers, they really have not been changing since we have been analysing and publishing that data since 2006.

Senator SIEWERT: Other than the outliers like melanine and—

Ms Galway: Even looking at all of the testing that we do, we are still looking when we apply analytical tests—so tests for micro, chemical, other heavy metal contaminants. It is consistently around that 99 per cent.

CHAIR: Senator Colbeck.

Senator COLBECK: I just want to get a quick sense of the time frames around the new list. I think 49 ag chemicals have been listed. What is the process of doing the test? How is the test conducted? Is it done with a broad screen?

Ms Galway: We take the samples and we send them to laboratories that we have appointed as AQIS appointed analysts. It would depend on the laboratories. We do not specify particular methods that they have to use. I am aware though that many of them do use a standard plate testing for a range of chemicals.

Senator COLBECK: Which is what I wanted to get to. The allegation that comes to us all the time is that produce grown here is tested for more things than the imported product. Doing a quick analysis of the lists with the different testing regimes, a number of tests occurred. If you look at Fresh Test, which is one of the labs that I understand does some of the testing, I think there are a couple of testing regimes. Their C3 test, for example, includes everything except for three chemicals on the AQIS list: endrin, chlorfenvinphos and disulfoton, which are older chemicals. Fresh Test covers about 120 or 130 chemicals but would pick up all except for those three. That is the C3. Then there are others that test for more. So they basically do a broad spectrum test, which picks them all up and is cheaper to manage. If you do not specify the specific testing it may be that some of those other things are being tested for at the same time but without being specified by you to test for them, or reported. If something was thrown up within one of those products being tested by one of the broad spectrum tests, would you get advice of that, even though you had not asked for it?

Ms Galway: Not necessarily. Again, the chemicals that we have specified that need to be tested for are those that we have had advice are the ones that are going to be of more concern from a public health perspective.

Senator COLBECK: I understand that.

Ms Galway: They are the ones that we continue to focus on. So we do not seek information on the other ones if they have been included in a broad screen.

Senator COLBECK: As part of this consultation process, have any of these broad screen tests been looked at to consider whether or not they might fit the risk profiles of the chemicals that you need to look at?

Ms Galway: It might be something that the consultants look at. If we are going to be focusing the inspection scheme on public health, it will come back to which ones we are most likely going to want to have that screen cover. That might be something that the consultants make some recommendations on.

Senator COLBECK: My understanding of this process is that it is broad spectrum. Say a crop has four chemicals put onto it and you were to test for the four specific chemicals that were put on. That would be a much more expensive test than to do a broad spectrum test which would cover those four plus whatever else. The C3 test includes 99 analytes and the C6 includes 115 analytes, whereas AQIS has a list of 49. As part of this process, has any thought been given to using those broad spectrum tests and seeing how they align with the risk profiles?

Ms Galway: Not knowing exactly how the labs organise their business, I am aware that the chemicals that we ask for are part of that broad screen anyway. The costs of that testing are borne by the importer, so the cost of the testing is a part of the work that we do not really get involved with. We just need to make sure that the ones that we have requested have been tested for.

Senator COLBECK: I understand where you are coming from on that but I am just trying to deal with a public perception that is continuously put that we test for 49, whereas if they are tested by a C9 fresh test they get tested for 99 and if they get tested by a C6 test they are tested for 115 chemicals. It is very easy to portray publicly that the imported product is only being tested for 49 chemicals. I accept that that is based on a risk but what I am trying to do is look at it from a practical sense. If they fit within those parameters then that actually does cover it off. I understand what you are saying—that you are looking at it from a public health perspective—but these also do the same thing because they form part of the quality management systems that Coles, Woolworths, Simplot, McCain and all those major companies have to comply with if they want to stay within their MRLs.

Ms Galway: The testing that we do is fairly high level. The fresh test, which I am not sure is regulatory testing, is able to go down into unique chemicals for a particular commodity. For some commodities they will have identified the sorts of chemicals that may be used on those commodities. To do that would be an enormous number, and I am not sure you would be able to cover off every single possible combination. It really is about trying to determine which are the priorities. I hear what you are saying that we are not testing as many, but the ones we are testing for are those ones that—

Senator COLBECK: I understand that, and I am not making any allegations either. I am a consistent recipient of the allegations and I am trying to get a sense of where we position this overall process to ensure that our industry is satisfied that product being imported into Australia is subject to at least the same level of scrutiny as the product grown in Australia. We all talk about the quality of our produce here and then discuss the quality of what is brought in. I want to be in a position to say to my constituents, 'You can be assured.' I understand that it is all about food safety and all the assurances that need to go with that. I am just looking at the broader system and trying to align it. I know it is not easy but I have had some conversations with people who are involved in testing to try and pull all that stuff together. I am interested in what you were doing in the review of the lists and how it is all applied so that from a government perspective that same assurance can be given.

Ms Galway: In addition to the testing at the border, there are also surveys that are done at state and territory level and by FSANZ under their total diet survey. Some of those other chemicals may be incorporated through other avenues as well. So it is not just limited to the testing that can be done at the border; there are other ways in which Australia's domestic food system can look at those sorts of things.

Senator COLBECK: I do not think we are going to solve it here this afternoon.

Senator NASH: I assume there are no applications afoot for Philippine bananas?

Ms Mellor: Not that I am aware of. I certainly would be if there were.

Senator NASH: I am sure you would be.

Senator WATERS: I have questions that range across a number of issues. Some of them are quite lengthy, so I will put them on notice. Firstly, DAFF's annual report for 2010-11 mentions that there has been a national response to more than 50 newly-detected plant pests and it says how many of those are not of economic significance or that their eradication is not technically feasible and/or beneficial. I want to focus on the approach you take on incursions

of species for which there is very little or no information known about their environmental impact.

Ms Mellor: I will talk generally because I suspect mostly on the plant side, but certainly on the animal side there will be incursions of environmental significance. We basically need to rely on a lot of information where incursions of that nature have occurred overseas. For example, with myrtle rust we had a very hard look at the experience of overseas countries in managing a range of different rusts in different scenarios. Because of our unique landscape and environment, predicting and modelling what it might be like in Australia is difficult, but through our technical committees we certainly we do have a look at the impacts of like incursions overseas.

Senator WATERS: If there are no such like incursions overseas, what approach is taken?

Ms Mellor: Basically, it has to be a research basis. We have to source and find experts in a range of scientific disciplines and bring them to bear on the thinking that will go into that.

Senator WATERS: Is that able to happen rapidly?

Ms Mellor: It can happen rapidly. It is sometimes difficult to find some experts and we have had experience with some species—for example, aquatic species—where sourcing the expertise is difficult.

Senator WATERS: Would resourcing go some way to shortening that time frame?

Ms Mellor: Not necessarily resourcing within the department. I think it is about trying to locate specialists from different fields through different organisations in different countries, including in academia and the research fields.

Senator WATERS: Again on that precautionary theme, is the government proposing to shift the biosecurity related provisions of the EPBC Act to the new biosecurity legislation?

Ms Mellor: There are two different pieces of drafting going on. We are looking at a new biosecurity act and the Department of Sustainability, Environment, Water, Population and Communities is looking at a new EPBC Act. We are still in discussion about where they will land.

Senator WATERS: Do you know if you will move the live animal import provisions over?

Ms Mellor: I do not think that we have landed that yet.

Senator WATERS: Has it been decided?

Ms Mellor: They obviously look at particular species and we look at the general. At the moment we take advice from each other, but I am not certain that we have landed a change that would move things between acts.

Senator WATERS: Does the minister have anything to shed on that?

Senator Ludwig: We have not finalised our position.

Senator WATERS: My concern is that there are some pretty good precautionary principle mechanisms in the EPBC Act, and I am not sure if they are under consideration for the new biosecurity act. I would hope that they are. It would be one of our qualms if those provisions were to shift. I want to ask a few questions now about consultation with non-government environmental organisations, particularly in relation to the proposed national environmental

biosecurity response agreement. I think its acronym is NEBRA. What consultation has happened with the community environment sector in relation to NEBRA?

Ms Mellor: NEBRA is a governmental agreement, so we have actually been working across governments on that. We certainly have a number of committees through the National Biosecurity Committee structure, where there are different voices on those committees. But it is essentially a governmental agreement.

Senator WATERS: So there is no role for the community in that forum?

Ms Mellor: It is not a forum of itself. The environment departments at the Commonwealth and state levels have a voice through the variety of committees.

Senator WATERS: So there is no proposal to involve the community in that process? That is not what it is for?

Ms Mellor: There is an agreement that has been formed, and in implementing the agreement there may be different stakeholder consultation arrangements in place, but they are not fully fleshed out yet.

Senator WATERS: So that is under consideration and there may well be provision for community environment input into that?

Ms Mellor: There may well be, but, as I say, it is not fully fleshed out yet.

Senator WATERS: I will keep an eye on that one. Moving now to the Biosecurity Advisory Council, I am interested in the expertise of the members of that council. I would be happy to be dissuaded of the notion that there is only one member who has a good, strong ecological background and qualifications.

Ms Mellor: There is a member that has a very strong environmental background, but there are other members from different parts of the community that bring environmental thinking to the table as well. There are agriculturalists and scientists that also bring environmental thinking to the table.

Senator WATERS: What are the various backgrounds and expertise of the members of that council?

Ms Mellor: You will really stretch my thinking now. We have someone with an academic and practical background in veterinary science. I might just pause for a moment. We have recently lost a member of that council, who passed away in the last week—Peter Kenny.

Senator WATERS: My condolences.

Ms Mellor: He was a pastoralist and beef producer.

Senator WATERS: Yes. I know Peter.

Ms Mellor: So he had a very strong background in production and was a very active advocate for biosecurity. We have a former member of the Victorian government who has a very strong background in biosecurity and environment.

CHAIR: What I might do, Ms Mellor, if I could—

Ms Mellor: I can provide it on notice.

CHAIR: Provide the info to Senator Waters on notice. For the purposes of time, I am going to get back on track.

Ms Mellor: That is fine, and I thank you, Senator Sterle, because I am starting to run out of memory.

Senator WATERS: I was just trying to get at what proportion of the council are actually ecological experts. It seems as if there is one person who is, but perhaps they are not in the majority. But I will await that information. Just one final question: given the recognition that it is so important to involve the community in biosecurity, are there any policies or protocols in relation to engaging with the community and the NGO sector on environmental biosecurity issues generally?

Ms Mellor: We have a number of engagement strategies, depending on the focus area that we are looking at. We basically have a policy of wide engagement, depending on the issue and the focus.

Senator WATERS: Could they be provided on notice?

Ms Mellor: Yes. We will see what we can find.

Senator WATERS: Thanks very much. That is it from me.

CHAIR: We only have a couple of minutes left. Senator Heffernan.

Senator HEFFERNAN: Is the department aware that the Australian Export Meat Inspection System charges are having a detrimental effect on smaller operators?

Ms Mellor: We certainly have new meat inspection charges under consideration in the parliament at the moment. I might ask Dr McDonald if she can specify in more detail.

Senator HEFFERNAN: To make it easier for you, I will give you an example. Are you aware that Broad's Poultry in Maryborough in Victoria, which has AQIS facilities at Maryborough, Geelong and Springvale, will see its AMEIS certification fees rise from \$7,500 before the 40 per cent rebate to approximately \$90,000 per financial year with no rebate?

Dr McDonald: I am not aware of that specific incident, no.

Senator HEFFERNAN: According to these people—and you may not be aware of this—it would render their business untenable and lead to the loss of an estimated 50 jobs. To go from \$7,500 to \$90,000 is a considerable increase.

Dr McDonald: I would prefer to take that up directly with the firm involved before we make any comments on that. That seems like a very significant jump.

Senator HEFFERNAN: It does seem so.

Dr McDonald: The other thing that I would really like to point out is that under the new service delivery model that is underpinned by these new fees and charges there are options for companies, individual establishments, to reduce their charges. There are options such as the use of AQIS authorised officers, which may or may not be applicable to this particular establishment—I am not sure. Through demonstrating sustained high level of performance they can decrease their audits, so there are substantial savings to be made in audit costs there.

Senator HEFFERNAN: How about I refer them to you.

Dr McDonald: Yes.

Senator HEFFERNAN: Obviously, we have been at this for many years and obviously there has been cooperation. Obviously the bigger operators are not as worried about it as some of the small guys, some of whom had a free service. Is the department aware of Davisons

Casing Pty Ltd in Ararat, who also state that their certification fee charges will potentially render their business, which employs four family members and four additional employees, untenable? I understand, Minister, that the local member, Dan Tehan, wrote to you about this on 21 September 2011. That is another one that I should perhaps refer to you.

Dr McDonald: Yes, I was just going to say that.

Senator Ludwig: We are happy to take those on notice and see what the individual circumstances are.

Senator HEFFERNAN: Because of time, I might put the rest of these on notice. Obviously, we are concerned, as anybody would be concerned, about putting people out of business due to unintended consequences. Regarding the inspector-general, could you give me an accurate picture of the audits that have been conducted by the inspector-general?

CHAIR: Before we go to the inspector-general, Senator Colbeck has a question.

Senator COLBECK: Dr O'Connell, has there been a change in the senior structure in the export branch? Mr Read was dealing with this.

Dr O'Connell: Mr Read is not available.

Ms Mellor: Mr Read is chairing an international committee, which is meeting in Australia but out of Canberra.

Senator COLBECK: I am very interested in getting an update on each of the different commodity groups in relation to this. I am sure that Mr Read would have provided me something as to where this is at.

Dr O'Connell: At length, I am sure.

Senator COLBECK: Senator Heffernan has raised some particular issues that have cropped around chicken and small goods. I have one company that has had its fees go from \$1,690 to \$21,900, a 1,300 per cent increase. One of the things that we have been concerned with all the way through this process has been the smaller operators and how they might be impacted. We can quite fairly say that we have gone to extensive lengths to get to an understanding of this. It concerns me that the last time we had a specific Senate hearing about this we heard about the kangaroo operators who had not been consulted. We were on the threshold of finalising this and on the morning of the day of that hearing, the meat industry generally sat down with the minister and worked out a deal. Shadow minister Cobb and I were basically told through a press release not to disallow this because the industry would get duded if we did. And yet here we have people getting duded at the smaller end of the field. Every time we get to the pointy end of things, somebody crops up who has not been consulted through this process. So you have the chicken operation—\$7,500 to \$90,000 is extraordinary—and 1,300 per cent for this other business.

Senator Ludwig: I am not cavilling with your figures. We will have a look at individual circumstances. Bear in mind that this was a reform that started in 2005 under the Howard government—

Senator COLBECK: There have been attempts to blame the previous government for the removal of the rebate and all that sort of stuff for a long period of time. Quite frankly, I am not interested in that because it is this government that removed the rebate two years ago. This committee went through a process of investigating it and disallowed the removal of the

rebate after the Senate inquiry showed what a shambles it was. We were told at the committee that this could be done in one year. The inquiry came back and said it would be a minimum of two years, more likely five. We have got to the end of the two years and it is still not finished. We have a deal for the beef industry that we were told we had to accept because otherwise it would fall over, and within a fortnight of that we have examples of people suffering unacceptable increases—and we still do not have all of the other five commodity areas competed.

Senator Ludwig: There are two things. I know you want to forget that it was your policy. My job is to keep reminding you that it was—

Senator COLBECK: It is not our policy.

Senator Ludwig: It was—

Senator COLBECK: We extended the 40 per cent—

Senator Ludwig: I let you have your opportunity.

CHAIR: Order! Senator Colbeck, you did ask the question. I would encourage you to listen to the minister, and then you will still have the call.

Senator Ludwig: You did have a policy of full cost recovery. However, you did not carry that through. What you then did was put in place a policy and bring up the subsidy, which perpetuated a policy of full cost recovery, but it never eventuated. Under the new meat fee model, registration charges for some smallgoods manufacturers—and I think this is part of the area we are discussing—will increase. In the past, the distribution costs did not reflect AQIS activities. In other words, it appears from those short words that there may have been cross-subsidisation going on.

We now have a circumstance where AEMIS has reduced the meat program costs from around about \$80 million to \$56 million. Costs have been realigned and the aim is to ensure minimum cross-subsidisation and to reflect the risk and performance of those particular areas. In addition to that, there will be risk profiles done on various establishments and an equitable allocation of costs. I think people miss the reform part of this process. It was and it will continue to be that this government works with the Australian Meat Industry Council to apply appropriate cost recovery arrangements. We have done that.

Senator COLBECK: So these people who are involved in chicken processing and in the smallgoods industry are involved in the Australian Meat Industry Council, are they?

Senator Ludwig: There is a task force that was established to manage this. They have all been represented, as I understand it, throughout the process. We will have a look at individual circumstances and see where they are, but I think it is well worth bearing in mind the broad statements I have made because it is a reform that benefits the industry. It allows them to put in AAOs. The industry has been wanting to do that for some time. The reform deals with areas where there may have been cross-subsidisation. It makes sure that the risk profile is reflected in each and every establishment, that there is an equitable allocation of costs and that the establishments that then demonstrate compliance will get benefits and reduced audits as a consequence.

All of that means that the program being put in place benefits the industry. It makes sure that the costs are distributed equitably and reflect risk and performance. It also means that

there will be full cost recovery over time once we work this system through. All of that is a policy that I have no doubt that you and I both agree with. The implementation of that has been settled with the Australian Meat Industry Council and will reflect how we then draw towards a final implementation of it. Is there anything that you want to add? Correct me if I have skated around some parts of it.

Dr McDonald: An excellent summary, Minister. I will just add a little bit to the consultation process. The meat ministerial task force essentially includes AMIC representation, as you, Minister, and also Senator Colbeck have quite rightly pointed out. As far as other sectors go, such as game meat, poultry and so on, we tend to deal with them directly and separately because their issues are different. They have different issues from AMIC. AMIC are providing 75 per cent of the program revenue for the meat program going forward.

Senator COLBECK: We understand that.

Dr McDonald: It is not that these other players are not important, but their issues are different, and the others get a little bit tired of listening to issues that are not relevant specifically to them, so we tend to work directly with the game meat industry, the poultry industry and various others.

Dr O'Connell: Senator—

CHAIR: I am sorry, Dr O'Connell—

Senator COLBECK: Can we quickly just deal with the other five groups?

CHAIR: I reiterate to my colleagues: we are really running out of time.

Dr O'Connell: Could I make the offer of—

CHAIR: Senator Heffernan actually has the call, so—

Dr O'Connell: You were talking about Mr Read being available. We can make Mr Read available, along with Ann McDonald and others, to give you a briefing on the state of play at any time over the next couple of weeks, if that is helpful to you, just to go through these things in more detail. We can pick up any of the specific cases, verify the facts of the matter and see what we can do about making sure that everything is managed as efficiently as possible.

Senator Ludwig: I would only put the caveat on it that if it is a committee meeting then you will need the permission of your whip, as I understand it, to meet during the sitting period over the next fortnight.

CHAIR: I was not going to tell them that!

Senator COLBECK: We could always have another hearing, Minister. We do still have that up our sleeve.

CHAIR: Before we go any further, the opposition's tactics of confusing me have worked. I was telling Senator Colbeck off while putting Senator Heffernan on a pedestal! Something has gone wrong! Senator Heffernan.

Senator HEFFERNAN: Thank you, Chairman. One of the great mysteries of this committee over many years has been: what does the inspector-general of air safety do? We are about to venture now on the Inspector General of Biosecurity. Who do you report to?

Dr Dunn: I report directly to the minister.

Senator HEFFERNAN: Who directs you where to go and what to do?

Dr Dunn: My role has an independent function—that is, it is required through the arrangements that I have for the contract that I undertake to undertake independent audit and review—

Senator HEFFERNAN: Do you just think, 'It's a good idea; I'll go off and have a look at whatever in wherever'?

Dr Dunn: No—

Senator HEFFERNAN: What is the logic behind what you do?

Dr Dunn: At the end of the day I am always subject to what the minister may wish or direct in relation to specific intent.

Senator HEFFERNAN: So the minister directs you: 'Go and have a look at this'?

Dr Dunn: No, only inasmuch as the minister has the ability to direct any review or an audit. What I do is generally—

Senator HEFFERNAN: Worse than Mick Palmer?

Dr Dunn: in consultation with the department, in consultation with bodies such as Animal Health Australia and Plant Health Australia, come up with a list of proposed audits that cover the spectrum of activities that DAFF Biosecurity undertakes. I then put a proposed list together and check that through with the minister.

Senator HEFFERNAN: You take some direction in what you do—

Dr Dunn: Yes.

Senator HEFFERNAN: to give you ideas?

Dr Dunn: Certainly the proposed list that I develop goes to the minister for—

Senator HEFFERNAN: Who then sets the priorities amongst all those ideas that you get fed? Do you set the priorities?

Dr Dunn: The list that would go forward to the minister for a proposed set of audits for the forthcoming year would be structured to pretty much fit that year.

Senator HEFFERNAN: But who would set the priority of how you would fit the year?

Dr Dunn: The determination of what goes on to that list is a priority-setting process in its own way.

Senator HEFFERNAN: By who?

Dr Dunn: That comes about from the consultation and the discussions that I have. I come up with a list which I propose is what an independent auditor would do, and then that would go to the minister for—

Senator HEFFERNAN: So the minister approves your suggested priority—all right. What audits have you carried out thus far? How long have you been on the job?

Dr Dunn: In this particular role as the Interim Inspector-General of Biosecurity Australia, two years.

Senator HEFFERNAN: What did you used to do before that?

Dr Dunn: Prior to that I had a period of some 18 months in the post Callinan inquiry into equine influenza role of interim Inspector-General of Horse Importation.

Senator HEFFERNAN: What I am really asking is what your background is? Are you a bookkeeper, a book maker or—

Dr Dunn: My background is biosecurity. My fundamental qualification is as a veterinarian. Prior to that, I was the Assistant Director-General, Biosecurity in the Queensland state department of Primary Industries and Fisheries until 2006. I was responsible for biosecurity.

Senator HEFFERNAN: What inspector-general audits have you carried out thus far?

Dr Dunn: In this current role?

Senator HEFFERNAN: In the last two years.

Dr Dunn: I have submitted 10 audit reports.

Senator HEFFERNAN: Could you table them to this committee.

Dr Dunn: Yes, that can be done.

Senator HEFFERNAN: Okay. Roughly, what did they cover?

Dr Dunn: They were some continuing audits in relation to equine importation, an audit in relation to the procedures for the importation of plant nursery stock and an audit of the management of quarantine waste generated from international vessels at sea ports around Australia.

Senator HEFFERNAN: What about the myrtle rust thing? Are you trying to get into that?

Dr Dunn: I have not done anything on myrtle rust to date. That is subject to future considerations.

Senator HEFFERNAN: Did you have a look into the background of the importation of dirt, which I understand is—through the good work of the officers of the department—going back to China? Did you have a look at that?

Dr Dunn: That is on our work schedule for this year.

Senator HEFFERNAN: Are your reports available publicly as outlined by the Beale review?

Dr Dunn: Yes. As I said at the outset, reports go initially to the minister. Once the minister has dealt with those reports, they are posted on the web page for the interim Inspector-General of Biosecurity Australia, which is on the DAFF web site under publications.

Senator HEFFERNAN: Have you done the Asian bee or New Zealand apples?

Dr Dunn: I will provide a list of those audits that have been done.

Senator HEFFERNAN: When we first discovered that you existed, I understand that you were in the US. Having been to the US and having tried to flatten my head—and the Canadians also tried to flatten my head, which is already pretty flat—on the issue of why we will not take beef from countries that have BSE, have you been given any instructions about finding a way through that problem?

Dr Dunn: No.

Senator HEFFERNAN: So you are not conducting any audit of the meat importation process or the protocols in Canada, the US and Mexico?

Dr Dunn: No.

Senator HEFFERNAN: Do you envisage any work in that line?

Dr Dunn: That is always possible in the out years, but not at the moment.

Senator HEFFERNAN: All right. How much is your budget?

Dr Dunn: I will refer that to the department. I am not a departmental person.

Senator HEFFERNAN: Neither am I.

Mr Withers: The budget for 2011-12 is \$685,637. To put that into context, there was a similar sized budget in the last year, 2010-11, of which \$555,000 was expended.

Senator HEFFERNAN: Out of the \$555,000 that was expended, I understand that you have secretarial support from the department. Is that correct?

Dr Dunn: Yes. I am supported by a group in the corporate services division of the department.

Senator HEFFERNAN: Is that part of the budget allocation?

Mr Withers: Yes.

Senator HEFFERNAN: So part of the \$550,000 is the secretarial support?

Mr Withers: Yes, that is right. That budget covers employee expenses, IT, travel, consultancy costs, legal costs and general office expenses.

Senator HEFFERNAN: How much of it is travel and accommodation?

Mr Withers: In the proposed budget for this year of \$685,000, travel has a notional allocation of \$31,000. Legal has an allocation of \$3,700 and general office supplies has an allocation of \$843.

CHAIR: Mr Withers, is there a long list that we could table. I do not want you to cut you off, but we are short of time.

Senator HEFFERNAN: He is using \$800 for pencils, for god's sake.

Mr Withers: The allocation for consultancy services is \$24,000 and for IT is \$14,000. The big component, obviously, is employee expenses, which is \$611,000.

Senator HEFFERNAN: What is the break-up of the employee expenses of the in-kind allocation of pre-existing staff in the department, which provides the important secretarial services, and the direct wages of Inspector-General?

Mr Withers: With respect to the notional break-up there, there is an allowance of days for the Inspector-General to work.

Senator HEFFERNAN: Let us go to that. How many days a week do you generally work?

Dr Dunn: This role is a part-time role.

Senator HEFFERNAN: It is very similar to Mick Palmer's job. How many days a week or a month do you generally work—a couple of days a week?

Dr Dunn: The contract stipulates a minimum of about 75 days and a maximum of 150 days a year.

Senator HEFFERNAN: What has it turned out to be?

Dr Dunn: Towards the very low end of that.

Senator HEFFERNAN: Seventy-five days a year? Which is 1½ days a week or something? Near enough.

Dr Dunn: Less than half a week.

Senator HEFFERNAN: With respect to the important work that you do, can you point to something that has changed the landscape in biosecurity, as part of an audit?

Dr Dunn: Many of my audits have found that systems can be improved by a number of relatively smaller changes—for example, by a continuous improvement process. Certainly, in relation to offshore schemes whereby third-party arrangements are put in place for the delivery of inspection, treatment or certification services—some tightening of that, definitely, because that is a trend which is opening across the world in many countries, including Australia.

Senator HEFFERNAN: We have been talking about that this afternoon. In the case of apples, where our inspectors think we are nitpicking, will you as the Inspector-General protect the inspector from any intimidation such as: 'Shit, that's only one leaf; let that go through. Mate, here have a glass of wine. I'll take you out for a drink tonight.'

CHAIR: I have let the odd word slip, but it is becoming a bit—

Senator HEFFERNAN: What did I say?

CHAIR: What you normally say at every estimates round. I would just ask you to think before you fire off.

Senator HEFFERNAN: I withdraw whatever it was. If some of our inspectors, who have a great duty of care—it is a very difficult job—think we are nitpicking, they would naturally come under intense pressure, to say: 'Mate, it's only half a leaf; let it go through. We'll go and have a drink at the pub afterwards.' Do you know what I mean?

Dr Dunn: I audit the delivery of the biosecurity risk management processes against what they say they are going to deliver. I look at that and acknowledge where that is being done well or find areas where it is not being done quite so well and then make recommendations to improve that.

Senator HEFFERNAN: Very good. By the way, congratulations on the job. Would you then anticipate in your own cunning mind that there would be circumstances where people who are out there doing their job could be intimidated and you as the Inspector-General would want to be the protector of their wellbeing?

Dr Dunn: I am not sure of the specific example. But, certainly, I concur with you that there is a great spirit out there, which I found in the workforce at the operational levels, which I think is commendable. It puts Australia in good stead. I felt that, in doing an audit which might recognise that for the most part work is being done well, but some improvements could be needed, that that sends a positive and constructive—

Senator HEFFERNAN: So if you as the Inspector-General are to do anything about bringing a case forward as a nuance to politics or to settle Simon Crean because he still wants to bring in beef, would you let us know, by way of notice, whether you are looking at importing meat into Australia from countries which have had or have BSE?

Dr Dunn: I do not get involved with policy on biosecurity. It is effectively a role of audit and review of existing schemes and existing systems.

Senator MADIGAN: Are the costs charged for the testing of foreign produce the same as the costs charged for testing Australian produce? It is a simple yes or no.

Ms Mellor: We do not test Australian produce, so I do not know if we know the answer to that.

Senator MADIGAN: The lady who was here previously spoke about the export of product and compliance. You talked about cost recovery earlier. I assume you do not do it for nothing when you are checking stuff going in and out of the country.

Ms Mellor: So you are talking about the costs of the Imported Food Inspection Scheme and the costs of our testing for exports. The answer is, it is the same.

Senator MADIGAN: Do you charge the same for Australian produce as you do for foreign produce coming into the country?

CHAIR: If you are not sure, just take it on notice.

Ms Mellor: We will take that on notice. The two schemes are quite different. Their costs are quite different.

Senator BACK: Dr O'Connell, I do not know whether it is here or during trade and market access, but I want to ask a couple of questions regarding the importation of fur from China from an animal known as a racoon dog. Is that something better left for trade and market access?

Ms Mellor: It depends on your questions. If it is biosecurity related we can answer them. You might have a crack with us first.

Senator BACK: The advice to me is that this is the fur of an animal that appears to be harvested in China. The animal is a carnivore. It is closely related to dogs and racoons. I guess that is where it gets its name. The fur apparently is used in winter boots, and there is evidence that it has been used here in Australia. From the information available to me, a spokesman for the Minister for Home Affairs, Minister O'Connor, said that the government would not ban imports of the fur. My questions to you are: are you aware of this circumstance? Are you aware of the method by which the fur is harvested from these animals? And can you confirm whether or not the matter is before you for a decision as to whether to allow or not allow this product into Australia?

Dr J Cupit: I am aware of the issues you are referring to. We deal only with tanned hides and skins. If the species they are from is not a biosecurity risk, that is all we deal with. We only deal with the biosecurity risks for the hides and skins.

Senator BACK: I think the matter goes more to the animal welfare or the inhumane way in which these pelts are actually harvested from the animals in the first place, rather than the actual tanning process or the biosecurity risk. I think it is animal welfare that seems to be at issue.

Dr J Cupit: We permit correctly tanned hides and skins. We do not necessarily look at the animals or the species that they come from if they do not pose a biosecurity risk for us.

Senator BACK: That is the case even if, in the past, we have not allowed the import of fur from dogs that came from farms et cetera in China?

Dr O'Connell: I think that was steered through the environment department and through Customs.

Senator BACK: We would have an interest, though, in animal welfare issues in the country from which the actual product was sourced, would we not?

Dr O'Connell: Yes, but I think what Dr Cupit is saying is that our import controls are quarantine based. You are looking at the Customs controls—

Senator BACK: So your department has not been asked at all about this particular issue?

Dr O'Connell: No, we have not been involved in this issue—not to my knowledge.

Senator BACK: Minister, have you been asked to intervene or to be involved at all in this process?

Senator Ludwig: No. It does seem to be a Customs issue, and I think they are aware of it.

Senator BACK: Thank you. We will take it up with them.

Senator COLBECK: We have been through the issue of myrtle rust fairly extensively over a period of time, but I just need to go back a step for a moment. Is it true that the New South Wales government, as part of the process we have discussed and about which the minister has had some words to say as well, wanted to try and eradicate the original outbreak but were delayed as part of a consultative process from doing that?

Dr Grant: No. As with all incursions, the combat state begins the work to address the problem and continues. It is at the behest of the combat state that the issue is usually brought to the national management group for consideration.

Senator COLBECK: What is the current estimate of the impact on Australian flora of myrtle rust outbreak?

Dr Grant: I don't know that we can answer that question in detail. At the last count, I think something like a hundred species are susceptible to myrtle rust. There are two numbers in my head: 96 or 104. I cannot be 100 per cent certain, but it is about 100.

Senator COLBECK: Is any work being done in relation to that?

Dr Grant: A large part of the transition to management plan is in fact focused on understanding (1) what the potential species are through more detailed survey; (2) identifying the taxonomy of the rust; and (3) looking at whether there are any opportunities for resistance breeding among susceptible species. There is also some work proceeding looking at seeking approvals from APVMA for ongoing approval of the use of chemicals which to date have been used in an emergency context.

Senator COLBECK: So we really do not have a broader perspective yet on what the impact might be?

Dr Grant: No, but it is very clear that the rust effects the *Myrtaceae*, which is a very broad range of species in Australia.

Senator COLBECK: Is any research being done and who is undertaking it?

Dr Grant: Some survey work is being undertaken by both New South Wales and Queensland, and by some in the private sector, such as the forestry industry. One of the objectives we want to target is gathering that information to get a clear picture of the susceptible species and their distribution and, thereby, learn where we can expect to see myrtle rust arise and have its impacts.

Senator COLBECK: I understand that Minister Ludwig recently asked the Institute of Foresters to contribute to that work. Is that correct?

Senator Ludwig: As I recollect, and I am sure you can check, a decision was made in December 2010 that myrtle rust was no longer eradicable. The deed was in place before then. Once that decision was made by the national management body dealing with myrtle rust, on which are represented all the biosecurity agencies of the states and territories, the question was: what do we do? Is it left to Victoria and Queensland? I know that New South Wales has done some work. My view was that we should put in place some sort of management plan. The Commonwealth government put \$1.5 million on the table to progress that. We wrote to the nurseries—those industries that may benefit from the management of this rust. However, to date, neither the nurseries nor the New South Wales and other state and territory governments have responded in kind, or in money for that matter.

Senator COLBECK: So, effectively, the only money that is on the table is a \$1.5 million and whatever work that is being done by the states that are being impacted.

Dr Grant: There is \$1.5 million on the table from the Commonwealth. Through the Cooperative Research Centre for National Plant Biosecurity there is a contribution of \$200,000, which is largely in kind, and through RIRDC, the Rural Industries Research and Development Corporation, there is \$175,000 on the table—a commissioned piece of work from the forestry industry. So, we have that amount of work on the table. New South Wales is continuing to manage the incursion, where it can, and try to address it. New South Wales is also leading the group that is working to get the approval from APVMA.

Senator COLBECK: That is for the use of particular chemicals that might have been effective on the—

Dr Grant: Yes, and once again the final of the plan was agreed on Friday last week—this plan, as well as the Asian honey bee plan. As soon as we have tidied it up it will be made available. It will be publicly posted on the website but we are also happy to table it.

Dr Martin: I would like to add that Queensland is also funding some research and activities for myrtle rust. That is \$850,000.

Senator COLBECK: Do we have any sense of the breadth of spread at this stage?

Dr Grant: As far as we know, we think that it has not ranged outside of southern Queensland and up some of the Queensland coast and it is in New South Wales. It is not clear whether it is as far down as Canberra; it is between Wollongong and up towards, I suppose you would say, Rockhampton. It may be a bit further south than that.

Senator COLBECK: Are there particular species it is having a more significant effect on than others?

Dr Grant: Can I take that on notice. Quite a lot of work is being done on this and there are some pretty graphic photographs of various impacts on various species, but I do not have available the details of which ones are more susceptible than others.

Dr Martin: As susceptible species are found they have been added to a list that is on the DAFF website.

Senator COLBECK: Yes, and I understand that is growing. Dr Grant talked about 96 to 104 or something like that. I presume that as more are discovered they are added to that list, and it continues to grow.

Dr Martin: That is right.

Senator COLBECK: Given that 70 to 80 per cent of our native forests are Myrtaceae species, this potentially is a pretty significant impact, isn't it?

Dr Grant: Yes, it is certainly going to have some impact. Part of the issue we are looking at is the extent of the impact. But it is clearly a rust that affects the Myrtaceae.

Senator COLBECK: In respect of the national management coordination committee, what expertise is brought into this process? I suppose we have been through that to a certain extent around the Asian honey bee. Is there a similar process for the management of myrtle rust?

Dr Grant: There is a directly analogous process, with a technical committee advising the national management group and a number of people with specific expertise on that technical group, including one who is in the department.

Senator COLBECK: Do we have a sense of how many commercial industries have so far been impacted by this. There are some around the nursery industry, where it was first discovered, but what about things like tea trees.

Dr Grant: The nursery industry, the tea tree industry, potentially, and some forestry as well. The rust tends to attack new shoots and small immature plants—in other words, new growth. New growth can be on the top of a very large tree or it can be a very small plant just starting out. It is most prevalent on new growth.

Senator COLBECK: What about regrowth following, say, a bushfire.

Ms Ransom: The corpus growth that comes out of regeneration would be vulnerable for a period of time because it is analogous to the new growth—the young growth.

Senator COLBECK: So, again, issues around forest management, fire mitigation and all of those things make up a potentially serious vector for—

Ms Ransom: And that is something that was identified over a number of years in looking at risk analysis and impact analysis. But the actual quantitative impact on specific environments is really a subject of some of the science that is being investigated through the management plan. There is a lot of genetic variation in hosts around their susceptibility to the rust. In that, there are some opportunities to manage, but it is still very much in the early days, and some of the science in the management plan will help to inform that.

Senator COLBECK: Is there any greater risk through broadacre monoculture type plantings versus a more native based regime?

Ms Ransom: Obviously, the more susceptible hosts you have in one location, the more opportunity there is for the rust to cycle and cause damage. That is going to be limited by the genetic resistance or susceptibility that may be in that monoculture and also the susceptible leaf material that is available in a season.

Senator COLBECK: So something that is rapidly growing which would have that new material.

Ms Ransom: If you have a highly susceptible variety of something that is in a monoculture where the rust is going to be able to cycle supported by a conducive environment—a high humidity—then you will get a lot more disease than perhaps in the natural environment, where you have got a greater range of species that will have a variation in their susceptibility as well.

Dr Grant: The logic to that is very simple. A lot of forestry is based on cloning, so if it is a susceptible clone you could end up with a fairly serious issue.

Senator COLBECK: I suppose the risk also does provide some possibilities, depending on the breeding and the identification of species that might have some resistance or immunity.

Ms Ransom: That is certainly how the disease has been managed in South America—through the selection of resistant clones.

Senator COLBECK: Some of those species perhaps originating from Australia?

Ms Ransom: Yes.

Senator COLBECK: I think I will throw the rest of that on.

CHAIR: Now I can honestly say to the offers from Biosecurity: there are no more questions. Thank you very much. Arrivederci.

Dr O'Connell: Before the next witnesses come on, I have a note of clarification for Senator Back. We have had a couple of representations on the raccoon dog issue, but they have been just a couple of letters. We will follow through if there is anything more substantial. I think probably Customs is the place to go to.

Wheat Exports Australia

[17:44]

CHAIR: Welcome to officers from Wheat Exports Australia. Senator Nash will ask questions.

Senator NASH: I just want to follow on from an issue we were discussing last time we were here, about the Melbourne Port Terminal. In the meantime, I think you headed me off to the ACCC, and they have headed me back here. No great surprises there! I am just trying to get a time line straight and get some facts straight, if you would not mind bearing with me. When we had this discussion last time, you were saying that Sumitomo did not require an access undertaking because there was not an associated entity—simplistically, that is where we were at; I am a bit conscious of time. What I am trying to understand, though, is this. In March 2010, Sumitomo got 50 per cent of Emerald, but the ABA was wholly owned by Sumitomo around the same time—so it must have been about April, I think. If the ABA was a wholly owned subsidiary of Sumitomo at that time and Sumitomo also around that time had 50 per cent ownership of Emerald, surely that would be an associated entity, and why did ABA not put in for the access undertaking until December?

Mr Woods: The issue is originally, when ABA, Sumitomo and AWB were the joint-venture owners of the Melbourne terminal authority in one way, shape or form. Originally, Sumitomo did not require an access undertaking, and then, when ABB was acquired by Viterra, Sumitomo had the offer to buy ABA shares, which gave it 50 per cent ownership of Melbourne terminal operations. It was then that they required an access undertaking, so Sumitomo surrendered their accreditation and then—separate to owning Emerald, because, the way the structure is, there is not an associated entity test through to Emerald because of the way Emerald is operated and managed. Obviously we have looked at this very closely and, at the moment, the way the structure is in Melbourne Port Terminal and the relationship between Sumitomo and Emerald, they still do not require an access undertaking.

Senator NASH: Even though one has now just been granted by the ACCC?

Mr Woods: Yes.

Senator NASH: So, if they did not require one, why did they even bother applying for one?

Mr Woods: You would have to ask them.

Senator NASH: Did they not give you a reason? Are you not interested in why?

Mr Woods: Because they do not have to.

Senator NASH: They just do not have to?

Mr Woods: They do not have to give us a reason.

Senator NASH: I am very happy for you to take this on notice. Could you supply on notice the reasons that you are giving for the fact that the Sumitomo-Emerald link was not sufficient to require an access undertaking, as you have just said. You are saying that the way Emerald operates—I am assuming that in some way, shape or form it is ring fenced from the Sumitomo shareholder—

Mr Woods: I am sure we will be able to provide you with something along those lines.

Senator NASH: That would be really useful. When did Sumitomo surrender their accreditation? I think last time we spoke you said it was a few months ago, but what was the actual date?

Mr Woodley: It was before they acquired that further interest in Melbourne Port Terminal. At present Sumitomo are not an accredited exporter.

Senator NASH: I understand that, but I am trying to get the point at which—

Mr Woodley: It was before the Sumitomo group took that extra position.

Senator NASH: But, as you are saying, it does not matter anyway?

Mr Woodley: It did at that time. They could not have continued to be accredited without Melbourne Port Terminal having an access undertaking when they acquired that further interest in Melbourne Port Terminal. There are two issues here. There is their interest in Melbourne Port Terminal and their involvement with Emerald. They did not occur at the same time.

Senator NASH: The bit that you said you will take notice is that the difficulty is explaining why having a 50 per cent share in Emerald does not make Emerald an associated entity. I would think that would be very hard to separate.

Mr Woodley: It really comes under the definition of 'associated entity' within the Corporations Act.

Senator NASH: Okay.

Mr Woods: It comes down to the operation and the management of the Emerald board, pretty much.

Senator NASH: Could you just give us a snapshot. Obviously all of this is extremely complex. In a scenario where the WEA is not there and it is just the ACCC, can you give us a sense of how that would work? Would it work in exactly the same way, or is there something that the WEA does now that would not happen?

Mr Woods: I think that is a policy question and we do not know how it will operate.

Mr Woodley: The intention, though, is up until 2014 there will be no change.

Senator NASH: When the Foreign Investment Review Board gave the tick to Cargill acquiring the AWB commodity management business, the fellow from Cargill who was quoted at the time said:

Mr Selwood also confirmed that the acquisition will not yet—
yet—

include AWB's interest in Melbourne Port Terminal, as this aspect of the acquisition remains subject to third-party consents and waivers.

I would assume that is the access undertaking issue.

Mr Woods: No, I do not think it is, actually. I will stand corrected, but I believe that when Agrium bought AWB it also bought their share of Melbourne Port Terminal. So that would be a commercial negotiation between Cargill and Agrium.

Senator NASH: Thank you for that clarification. The quote continues:

However this interest does not include rights of operational control and Cargill would not interfere with the current owner's open access undertaking to the ACCC.

In what way could Cargill have interfered, if they are making the statement that they would not?

Mr Woods: In our understanding from the legal advice we have on the operation of Melbourne Port Terminal and Melbourne terminal operations, they could not.

Senator NASH: Why would they say that?

Mr Woods: They are just giving everyone comfort that they will not.

Senator NASH: Even though they could not.

Mr Woods: Very few people have the information we do.

Senator NASH: I understand that. I know you are saying that they cannot interfere, but what are they saying they will not do—for us as laypeople?

Mr Woods: Manipulate the shipping stem for themselves, I presume. But it is fairly academic, seeing as they have no share in Melbourne Port Terminal.

Senator NASH: Not yet, according to them, so we shall watch with interest. I want to ask about the issue of tenders on the WEA website. Please correct me if I am wrong. The WEA annual report for 2009-10 says, 'WEA received wheat tenders from the People's Republic of

Bangladesh and these are made available on the WEA's website,' and I assume that happened. I could not find any tenders on the website. Is that process still happening? Is it just that there aren't any? Could you perhaps run us through the process of putting tenders on the WEA website—why those ones appeared and why there are none now, just for clarification?

Mr Woods: We had a number of trade commissioners or delegates from foreign countries asking us how they would go about making sure that all the accredited exporters were able to participate in their tenders. We indicated that we published a list of every accredited exporter's contact details, phone numbers and all those sorts of things and that, if they were undertaking tenders and provided them to us, we would put them on our website. A number of those people have since moved to other positions in different countries and the information is not being sent to us anymore. I believe that they are all comfortable with the system that is working.

Senator NASH: So it is not that you have changed your practices. It is just that the information is not coming to you.

Mr Woods: Yes.

Senator NASH: In terms of the international markets, again I go back to the approval for Cargill to take over the AWB commodities business. Cargill state that they will 'actively use the AWB brand, primarily in the Australian grain buying and grower activities and where the brand can help secure premium pricing to benefit Australian growers in international markets'. Is that something that gets raised with you at all when talking about international markets? Does anybody raise with you, as Cargill obviously has, the benefit of the AWB brand?

Mr Woods: Only in those sorts of terms, such is in discussions with Cargill, so that we understand where they are going so that we can try and help them. We want to understand what they are doing with the different entities in AWB so that we know who we are monitoring, what is going on and who the executive officers are. We have had some briefings from Cargill along those lines, so we understand what their strategy is.

Senator NASH: I want to clarify something. I know that we have done this before, but now we are potentially looking at a world that will eventually be without the WEA, which is very sad. Can you very briefly take us through the accreditation process? I note that you said that there is no liability for any financial collapse down the track. Exactly what hurdles or hoops do those companies coming to you for accreditation have to jump over or through that are worthwhile things for growers to have as an underpinning assurance, I guess?

Senator HEFFERNAN: And who put the hurdles up?

Senator NASH: That is what I am getting to, Senator Heffernan.

Senator HEFFERNAN: When do you get the bullet, by the way?

Mr Woods: You guys have to approve it. There has to be some debate, I understand, next year.

Mr Woodley: The arrangement that the government has announced is that the scheme will conclude on 30 September 2012. Therefore, our role in administering the scheme would conclude on that date.

Senator NASH: At which point it will go even more to hell in a hand basket.

Mr Woodley: In terms of the accreditation process, I refer you to the act. Section 13 of the act lists 17 or more criteria that exporters have to meet in terms of being deemed to be fit and proper and to be accredited. They need not meet all of those to a level of 100 per cent, but they are the criteria that we as WEA consider when looking at the application from an exporter to be accredited to export bulk wheat from Australia.

Senator NASH: Okay. I completely understand that you can only operate under the act, but are you getting anecdotally if not otherwise reports back of growers who have been caught in a situation in which wheat has been purchased but they have not been paid for it?

Mr Woods: No. We have no-one tell us verbally or in writing.

Senator NASH: So you are now aware of the Gilgandra Co-op at all?

Mr Woods: They are in container trade.

Senator NASH: So that is all container trade?

Mr Woods: We are aware of Gilgandra. Gilgandra was container trade. We have no role there.

Mr Woodley: We are only involved in accrediting exports to export bulk wheat.

Senator NASH: Bulk wheat. So within the bulk wheat industry you are not aware of any issue of growers not being paid?

Mr Woods: No-one has mentioned anything to us.

Senator NASH: I did not necessarily ask whether anyone has mentioned anything; I asked where you are aware of it or not.

Mr Woodley: No. We are fairly confident in saying that that has not occurred.

Senator NASH: It has not occurred?

Mr Woods: If we were aware of it, the board would want an audit done to check on whether payments were being made on time. There has not been the necessity to do that.

Senator NASH: Okay. Thanks.

Senator HEFFERNAN: If there is no speed camera in the traffic when you get the bullet, who is going to oversee all the rogues? There are rogues in every industry; there are rogues in the wheat industry. The accreditation is pretty important. As Senator Nash points out, if you sell wheat to some person you expect to get paid and the person expects it not to be full of weevils or something else when you export it. Who is going to supervise all that?

Senator NASH: That might be a question for the minister, Senator Heffernan.

Senator Ludwig: I think that we have time to go through all this. If we start where we commenced with all of this, it was the Productivity Commission inquiry into wheat export arrangements. That recommended that the industry progress to full deregulation. All of the control mechanisms and all of the requisite skill sets that people should have—which every other business has—will be available to the wheat industry. This includes the ACCC. They will be dealt with like any other industry.

Senator NASH: Some do not have the faith in the ACCC that you do.

Senator HEFFERNAN: Who is going to do it?

Senator Ludwig: The government, as I indicated, accepted the recommendations. I know that you want to go back to a wheat marketing board, but we are not going back to one.

Senator NASH: That is a separate question entirely. I do, Senator Heffernan does not, but we both have the exactly the same concerns about this going to the ACCC and taking the WEA out of the equation.

Senator Ludwig: That is why I was not responding to Senator Heffernan.

CHAIR: I remind senators that I am now grouping you in terms of timing. So, Senator Nash, this is your time that Senator Heffernan is also using. Senator Nash.

Senator Ludwig: I had not finished.

Senator NASH: Sorry, we just tuned out.

Senator Ludwig: I know that you represent many constituents but I would not have thought you would have tuned out in relation to the grain industry. The government did note the views put forward by industry and these recommendations will be implemented through a staged process because we are going to transition. What that will mean is that the first stage will see the application of—call it a lighter touch accreditation scheme, but it means that under the current legislation—

Senator HEFFERNAN: Let us stay there. Who is going to run the accreditation scheme?

Senator Ludwig: It will continue for the next period and it will be abolished from about 30 September 2012.

Senator HEFFERNAN: So there is going to be no accreditation?

Senator Ludwig: That is right.

Senator HEFFERNAN: It is full of rogues. With great respect, one of the comforts a buyer gets is that he knows there is some supervision of the industry.

Senator NASH: It might not be perfect but at least there is some.

Senator HEFFERNAN: If there is no bloody supervision it will turn into cowboy country. We have the shepherds-producers type thing revisited a thousand times. You have got to have supervision, mate.

Senator Ludwig: Not all of your industry argues for that, quite frankly. I invite you all to go back and revisit the Productivity Commission report, and perhaps you could go through the narrow role that you do have. Perhaps you could explain it better than I, but it is not what you think, what you are ascribing to. The ACCC will be able to play a significant role, as in every other industry.

Senator HEFFERNAN: The ACCC wouldn't—

CHAIR: Senator Heffernan, Senator Nash has the call. If Senator Nash does not want it I am going to go to Senator Williams.

Senator NASH: I am just about done. Some may have more confidence in the WEA than they do in the ACCC, Minister, which I think is part of the issue. In your view, will we end up with a voluntary code of the industry about how it is going to operate?

CHAIR: Senator Nash, I am sorry to interrupt you. Senator Heffernan is yelling something out to Mr Woods and Mr Woodley and they are acknowledging him. Do me a

favour. The questions are coming from Senator Nash. Ignore Senator Heffernan. Senator Nash.

Senator NASH: Thank you. Minister?

Senator Ludwig: I have not heard that from industry. Are you recommending it?

Senator NASH: No, I thought the voluntary code was something that the Productivity Commission had recommended.

Senator Ludwig: And it is a matter for industry.

Mr Woodley: I think the voluntary code refers to the arrangements post 2014 with respect to port access. The intention, as I understand it, of the government is to have such a voluntary code in place which will cover issues like continuous disclosure and those sorts of things before the access undertaking arrangement is dissolved.

Senator Ludwig: And that is for 30 September 2014 for port access, which is a different matter than we are currently talking about.

Senator NASH: Indeed. Thank you, Chair.

CHAIR: Senator Williams.

Senator WILLIAMS: Minister, Deloittes have been appointed receivers and managers of a company called Pars Ram Brothers. They are exporters of chickpeas.

Senator Ludwig: It does not spring to mind.

Senator WILLIAMS: I have been talking to farmers who now have their chickpeas exported with no money going to them. This 40-year-old company, a Queensland food and travel group, is in administration. Minister, what are the checks we can have? Was this simply a question for ASIC? Where do we go when we have exporters selling our grain, the companies going broke and those farmers not getting their money? Have you heard of any of this happening? Has it been brought to your attention? Are you familiar with any of this?

Senator Ludwig: No, I have not specifically heard of an individual case of this. It will have the usual industry mechanisms that are available to all people who enter contracts. They have contractual rights and obligations.

Senator WILLIAMS: Deloittes are involved with these people. Once the insolvency practitioners get in there's not much left for anyone else, is there Senator Heffernan? Minister, you are obviously not familiar with this issue. Do you think it is something you should look at?

Senator Ludwig: I thought we had gone through many authorities in the past, such as the Egg Marketing Board, and including those for wheat. Are you now proposing a chickpea authority? No, I am not intending to look at an authority to regulate a particular industry. The Productivity Commission report and a whole range of stakeholders have argued for the industry to be deregulated, for that regulatory cost to be removed, and that's what's being done.

Senator WILLIAMS: I am highlighting a problem you are obviously not aware of. It is a problem: farmers are not getting paid for the products they are exporting. Do you think you should look at the issue? Should you investigate it? Have some of your staff look at it. What

do you think should be done? Should we talk to ASIC? What should we do to try to prevent this happening? Or is it just a part of free enterprise that these things happen and it is too bad?

Senator Ludwig: It would depend on the particular circumstances and the nature of the case. I am happy for you or one of those people to write to me and tell me what you are referring to, specifically, so I have before me some information that is a bit more concrete than a broad statement that people are not getting paid. There may be a range of reasons why people are not getting paid. Hypothetically, it could relate to the contracts they entered into, the delivery of the goods, the transportation costs—a whole range of issues that all have recourse.

Senator WILLIAMS: No. In this case, they are not getting paid. A 40-year-old business has fallen over.

Senator Ludwig: It depends on the circumstances and what contractual arrangements they have entered into. I don't want to deal with it in a hypothetical fashion. Have they exercised all their options? I don't know whether they have or haven't. I don't know what arrangements they entered into, I don't know what contractual arrangements they chose to agree to, I don't know what risk processes they have in place to manage their business, I don't know what bad debt arrangements they have in place. I have no idea of any of that, but, if you want to let me know, I am only too happy to have a look at it.

Senator ADAMS: On 3 September 2012, the Wheat Export Authority will be wound up and finish its duties. What budget savings will there be for the rest of that year? Can someone help me with that?

Mr Woodley: To give you an indication, our expenditure budgeted for this financial year is around \$4 million, but we expect to come in significantly below that figure, because of the lighter touch approach we are taking and because of cost-cutting measures. We expect to come in at around 25 per cent less than that figure.

Senator HEFFERNAN: I see you as a speed camera in the industry, and that is a piffling amount of money.

CHAIR: Senator Heffernan has another opinion, but Senator Adams has the call.

Senator ADAMS: That answer was really what I was looking at. What would be the leftover for the rest of that budget year, which would be another nine months?

Mr Woods: We work on the WEC, so the WEC would be wound up at the same time. It would only be any surplus that we have left that would be there.

Dr O'Connell: It's a percentage cost recovered.

Mr Woodley: Our income comes largely from the wheat export charge, which is 22c per tonne. That will also be abolished as at 30 September next year. That is a charge on industry that will be removed.

Senator ADAMS: Have you had any contacts as concerned as Senator Nash's about the Wheat Export Authority finishing its duty and the accreditation scheme going off to whoever wishes to deal with it, or however the companies are going to deal with it? Have you had any concerns?

Mr Woods: Over the last 12 months we have had good support for WEA. Certainly, since the announcement, a number of companies have come out and said, 'We no longer need

WEA,' but others have come out and said, 'We still need WEA.' So there are mixed feelings out there.

Senator HEFFERNAN: So your budget is the equivalent of about 1,500 tonnes of wheat export. So if one consignment of bulk wheat of 1,500 tonnes gets bugged up—full of weevils or crap or does not get paid—it cancels out what we pay you to look after the whole industry. What a bloody joke.

CHAIR: It is 6:15 and we are going to go to climate change.

Senator NASH: Can we just revisit this lighter touch accreditation model the minister referred to. What is a 'lighter touch' model. Compared with what you are doing now, what will you not be doing if it is lighter touch?

Mr Woodley: The first thing to note is that the act and the scheme remain. So the responsibilities that WEA has in terms of administering the scheme remain until 30 September next year.

Senator NASH: Fine so far.

Mr Woodley: We will continue to accredit and renew accreditation, monitor the performance and where necessary take action if the performance of accredited exporters is not up to scratch. I think it is fair to say that over the three years since the scheme was established on 1 July 2008 we have continually looked at and refined the scheme and we have streamlined arrangements so that the way the scheme is administered today is different than it was three years ago. It is being done at a lower cost to us and a lower cost to the industry. This last 12 months of our operation under a lighter touch arrangement is really just a further progression of what has been in place. It means that we will look at further ways of streamlining and doing our job more efficiently. I can give you a couple of examples.

I might say that we have revised our corporate plan, and that is presently with the minister. An example of some ways in which we can further refine the scheme is just the renewal process. The renewal process now is not what it was three years ago and we can substantially reduce the amount of information that we require from companies, and therefore our effort and our investigations. Because the companies have now been around, typically, for two or three years we know them pretty well and they know us. Regular information is provided to us. So, the actual renewal process will not be anywhere near as detailed or onerous as it was before.

Senator NASH: So you know them and trust them a bit more now than you used to. Is that what you are saying?

Mr Woodley: We are more comfortable with where they are at. We still get regular information and they are still required to inform us if there is any adverse change in their circumstances. Those arrangements remain. But the actual process of renewal has now become far more routine than it was originally.

Another example would be in auditing. Three years ago we regularly did audits on all companies. Now, it is not quite so necessary for us to do that, in a general sense. So, we are being a little bit more targeted in terms of what we undertake. Through those sorts of measures we see that as a lighter touch. It is lighter touch in terms of our costs and our involvement, but it is also lighter touch in terms of our impact on the costs of the accredited exporters.

Senator HEFFERNAN: You being here is the equivalent of having a copper living in town, if you are a country town, instead of living in the city next door. Just the presence—the speed camera effect, if you know what I mean. What you are not allowing for there is that, given that the speed camera disappears, there will be more cowboys entering the industry.

Mr Woodley: I think this has been a transition process. It is a transition from a fully regulated market to a fully deregulated market.

Senator HEFFERNAN: But you still have to have someone to keep everyone driving on the right side of the road.

Senator NASH: On notice could you give us a detailed outline of the lighter touch. I appreciate that you have tried to give us a bit of a sense here, but I am looking for a comparison between what happened previously and what will happen now. You mentioned that there is a difference in administration—in the way you used to do it to the way you do it now. Again, if you would not mind giving us some comparative information on that. I think you said that the companies are required to notify you of any adverse changes. Could you just give the committee a sense of what any of those adverse changes are and how often they have been supplied to you in the past, when there have been instances of that occurring, and will the notification of adverse changes still apply under the potential future regime of just having the Trade Practices Act and the ACCC? You are shaking your head, Mr Woods. Hansard cannot pick that up.

Mr Woods: That would be determined by the policy that is implemented by the government.

Senator NASH: At the time. Thank you.

CHAIR: Thank you, officers from Wheat Exports Australia.

[18:16]

CHAIR: I welcome officers from Climate Change. Senator Nash has a question.

Senator NASH: I just need a clarification. I have some questions around the RM Williams purchase of Henbury Station, which I think would probably fit into Caring for our Country, but I thought I had better check that it is not Climate Change before I get to later in the day and you tell me it was here.

Senator Ludwig: It is Environment.

Senator NASH: No, no. It also comes under the Caring for our Country program, so it has got to fit here somewhere.

Dr O'Connell: Sustainable resource management.

Senator NASH: Thank you.

Senator IAN MACDONALD: I promised I would ask one question before I go elsewhere for the time being. Minister or Secretary, how many of your department are going to go to Durban for the climate change conference?

Senator Ludwig: Not I.

Ms Gaglia: There will be no officers from DAFF going to that.

Senator IAN MACDONALD: Okay.

CHAIR: Does anyone else have any single questions for Climate Change before I go to Senator Colbeck?

Senator NASH: Can I ask a quick follow-on from Senator Macdonald? Has DAFF attended any of the previous meetings?

Ms Gaglia: We have been to quite a number of the negotiations, but we did not go to the last one, in Mexico, and we will not be going to Durban. We had one officer in Copenhagen.

Senator NASH: Can you take on notice for me the reasons why you attended earlier ones but not Mexico?

Ms Gaglia: Not a problem.

Senator MADIGAN: There are thousands of acres of blue gum trees from failed managed investment schemes that are being grubbed at the moment in western Victoria. With the passing of the carbon tax legislation through the House of Representatives I have heard there is going to be certainty brought to these green industries. I realise that these trees are not at a harvestable stage but wouldn't there be something in the interim for carbon abatement? People are asking me, 'Why are these thousands of acres of trees being grubbed?' When certainty is being brought to the market, why is it more economical to grub thousands of trees out of the ground and then tell farmers later, 'Plant wind rows of trees on farms, lock them up for 30 years and you will make money out of them'?

Ms Gaglia: I can address that one. There are very strict rules around what can and cannot be eligible under the CFI, and the government has made a very determined decision not to include MIS plantations in the CFI. One of the reasons is that a lot of those plantations were driven by tax incentives in locations that generally would not necessarily be planted out and there are specific rules stating that MIS plantations that were for harvest but would like to turn into permanent plantations would not be eligible for carbon credits under the CFI.

Senator MADIGAN: As I understand it, we are grubbing thousands of trees that cost the taxpayers money under the MIS. So we are going to grub them—we have already paid money—and then we are going to plant more.

Mr Aldred: The issue of whether trees are removed and others planted is a commercial decision for the various owning entities. As Ms Gaglia has advised, the rules around the Carbon Farming Initiative would preclude those plantations from being counted. It will be a matter of commercial decision for the companies who manage and own the MIS what they choose to do with them.

Senator BACK: I want to go to the exit grants. We are all aware of exit grant funding ceasing in August, only six weeks after the start of the financial year, and we are aware of the number of farmers left distressed as a result of having made decisions to sell their farms. I ask the minister: when were you or your office first notified that funds were running low for the exit grant program and when were you notified that the funds had in fact expired?

Senator Ludwig: I will just get someone to take us through the time line.

Mr McDonald: There is a system to work through here on how the unprecedented demand came about, but as to when advice was provided to the minister, that was in July.

Senator BACK: Which part of July?

Mr McDonald: I do not have the precise date with me but it was in the month of July.

Senator BACK: So 1 July started the new financial year and literally within days of the financial year starting there was advice to the minister that funds were running low and likely to expire?

Mr McDonald: That is right. It might be helpful here to talk through how that came about because there is an important context to be made here. In hindsight, there was a convergence of events that happened which produced an unprecedented surge in applications for the exceptional circumstances exit grant. That included the publicised position up until the budget, which was that the program was ending on 30 June 2011. That also involved Centrelink writing to all those applicants who had expressed interest in the program that that was going to be the case. Then we had the 2011-12 budget announcement which tightened eligibility from farmers needing to have a farm in an exceptional circumstances area that existed on or after 25 September 2007 to one that existed on or after 1 July 2010, which also involved Centrelink writing to a number of farmers who had expressed interest. We also had quite a dramatic improvement in seasonal conditions, with more than 26 EC declarations lapsing in the first six months of the calendar year. Then we had the long-term number of applications per month increasing. Up until March, 21 applications were the average received per month. That jumped to 36 applications in the month of April.

Senator BACK: April 2011?

Mr McDonald: Correct.

Senator BACK: Even after the season of broken will?

Mr McDonald: Correct.

Senator BACK: I know there were areas that were no longer likely to be eligible.

Mr McDonald: That is right.

Senator BACK: But the number of applications continued to be at that high level?

Mr McDonald: Correct. It went to 32 applications in May, a further 62 applications in June and another 31 applications in July. This was, as I said, an unprecedented surge in applications for the program that had never been experienced before.

Senator BACK: Did you not say that in the May budget it was announced that there would not be an extension of the program?

Mr McDonald: No, sorry. I was stating that up until the May budget it was publicised and notified to people that the program was scheduled to close on 30 June 2011—

Senator BACK: So, despite that notification, you continued to get applications in March, April, May, June and even July?

Mr McDonald: But then there was a budget announcement which continued the program.

Senator BACK: What was the allocation in the budget?

Mr McDonald: It was \$9.6 million.

Senator BACK: Based on previous experience, how many applications or grants would that \$9.6 million be likely to have accommodated? Is it \$150,000 grant?

Mr McDonald: That was looking at 69 grants. I will just finish off my previous comment, because I think it is important to finish that context about how this came about. What this meant was that the 2010-11 budget was fully committed by the end of the financial year and

there were 110 unprocessed applications carried forward into the 2011-12 financial year. On top of all of that, the long-term success rate of applications—so those that were granted against those that were made—went from 55 per cent to approximately 75 per cent. As I was saying, there was a whole convergence of events that brought this about. In hindsight, there is a story there that we did not see at the time when we were making the estimates—

Senator BACK: Based on the information you have given us—55 per cent up to 75 per cent—was it not glaringly obvious at the time of the budget coming down in May and certainly by the end of June that the scheme was not going to be sufficient to provide funds to those people who would otherwise want to exit? Do your figures not support that? Would it not have been the case that you would have been advising the minister and, ultimately through the minister, the Treasurer at budget time that the funds were not going to be adequate for all of calendar year 2011-12?

Mr McDonald: There is a time series here to be conscious of. Up until the May budget, we had only experienced one month's worth of increased applications. As we worked through to the end of the financial year, we were seeing a spike at that time that we believed might be as a result of, as I was saying before, the scheduled closing of that program, publicised prior to the budget. When we noticed after the budget that it continued on and extended into the new financial year, that is when the department provided its advice to the minister that the funds allocated in the budget were likely to be fully committed.

Proceedings suspended from 18:29 to 19:30

CHAIR: Senator Back will continue with questions.

Senator BACK: Mr McDonald, can I recap this scheme. It was to wind down at the end of 2010-11.

Mr McDonald: Correct.

Senator BACK: A decision was made at budget time to allocate another \$9.6 million.

Mr McDonald: That is right.

Senator BACK: At \$150 that would be 66 successful applicants, roughly, would it not?

Mr McDonald: That is approximately right.

Senator BACK: I think you told us that 110 were still waiting at the end of the financial year and that the success rate was going up from 55 to 75. That would have well and truly used up the \$9.6 million—just those who were already approved, if you like.

Mr McDonald: That is right, and there were an additional 31 applications made in the 2011-12 financial year.

Senator BACK: Can I ask, firstly, were those farmers advised that they would be unlikely to be successful in that pre-approval process because, based on your statistics, you were not going to have any money for them anyhow?

Mr McDonald: There is a distinction between what you are referring to as pre-approval. It is not a pre-approval; it is a pre-assessment process.

Senator BACK: Pre-assessment—I apologise.

Mr McDonald: It is quite important to understand that it does not give an assurance of eligibility for the program. What it does is give people a preliminary indication. If all things stay equal would they fall within the broad parameters of the program's scope?

Senator BACK: I understand all that. My point is that, coming towards the end of the financial year, about budget time, you knew that you were going to have around about 110 applicants and, based on previous experience, you would expect about 55 per cent of those would be likely to be successful. It turned out to be 75.

Mr McDonald: I just want to clarify that in relation to the 110 applicants that you refer to, we did not know that at budget time; we knew that at the end of the financial year.

Senator BACK: When did you know about them?

Mr McDonald: At the end of the financial year, Senator.

Senator BACK: But you were still taking applications. I think you mentioned the numbers in May, June and even July.

Mr McDonald: Correct.

Senator BACK: What I am asking is: at what point did you advise the department executive and the minister that applicants were still going through the pre-assessment process with Centrelink but that your expectation would be there would be no money to actually assist them with exceptional circumstances grants?

Mr McDonald: As I said before, up until the budget—I will have to take on notice when it occurred—Centrelink, who administers this or delivers this program on behalf of the department, wrote to all those who had expressed interest in the program, so those people who may have sought a pre-assessment indication of their eligibility, and said that the program was scheduled to end on 30 June 2011. Up until that point that is what the advice was to those applicants. The applications were open to the end of the financial year, and that is what we assumed most people would have been working off when they made their applications up until the end of the financial year.

Senator BACK: There was a time, was there not, when an extra \$4.8 million was allocated. Could you explain to the committee the basis of that? Was that in consideration of this higher than expected success of the 55 to 75 of those favourably adjudicated?

Mr McDonald: It is part of the answer. I should step back and be quite clear here. An additional \$4.4 million is the sum that was allocated to the \$9.6 million budget allocation.

Senator BACK: Yes.

Mr McDonald: That brings it to a total of \$14 million. I should emphasise here that while that decision has been made and is publicly known and is to be published in forthcoming budget papers, that allocation was made to permit the government to meet all the applications that were on hand prior to the program being closed on 10 August.

Senator BACK: Right. Could you take on notice and please advise us how many farmers you are aware of, based on pre-assessment and based on their hope or expectation, sold farms and subsequently missed out on their ECE grants. Can you tell us that now or do you need to take that on notice?

Mr McDonald: I can tell you some of that now. All those who met the requirements of the program are having their applications considered. There are a number of people who did

not need meet the requirements of the program, which is the cohort that you are referring to. They did not get applications in or have not completed the sale and settlement of their farm. It is quite important to emphasise that all of those who had submitted applications up until 10 August 2011 are having their applications considered.

Senator BACK: In the event that they are considered favourably, are there funds available to complete those ECE grant transactions?

Mr McDonald: For all of those who have made applications prior to the program's closure, the government has set aside an allocation for those claims to be considered, yes.

Senator BACK: Do you know what that sum will be over and above the \$9.6 million plus the \$4.4 million?

Mr McDonald: It is that combined total of \$14 million.

Mr Aldred: I would like to add a couple of things. There is actually quite a long process to assess individual applications. If an applicant is rejected, for example, by Centrelink for not providing enough information, that applicant has a further three months to come back with the information. With all of the figures that we are dealing with at the moment, Mr McDonald has explained that an allocation has been made that it is expected will deal with those who have applied. It is possible that it will be up or down slightly, because it will be a few months before all of those applications are resolved.

Senator BACK: So the applications are in and it is now subject to their eligibility or not, but you are confident in telling the committee that if each of those applications are within the guidelines the funds are available to meet the commitment in terms of ECE grant payouts.

Mr Aldred: That is our expectation and estimation. As I said, we cannot be definitive, but that is our estimation.

CHAIR: I welcome the Hon. Senator Farrell, the Parliamentary Secretary for Sustainability and Urban Water, who is representing the Minister for Agriculture, Fisheries and Forestry.

Senator WILLIAMS: Following on from Senator Back, I have a case here. Bede Craft sold his property on 26 June. According to your web site, he claimed for the exceptional circumstance exit grant. He met the conditions. The site was auctioned on 26 June. But on 30 June your web site was changed with an addition headed 'important information'. Are you aware of that change to your web site?

Mr McDonald: I am not aware of the specific change that you are mentioned, but our web site is updated regularly.

Senator WILLIAMS: I will table these two documents and you will see the changes in them. It says:

Important information

While this program has been extended for 12 months, the overall program funds are capped and as a result, the program may close earlier than scheduled.

This was added to what was on your web site. This Mr Craft auctioned his place on 26 June. To him, when the auctioneer clapped his hands and said, 'Sold', his property was sold. But it was not settled before 1 July. If he had known that you were going to change the rules, he

would have auctioned it earlier so it was settled before 31 June. Now he is out of the loop, if I could call it that. Is this one of the ones you will be looking at again?

Mr Aldred: We are quite happy to take the details of any individual cases that you have on notice. Minister Ludwig has asked us to go through a process to determine the circumstances of people who believe that they have been disenfranchised by the decision. If you have specific information, we are more than happy to take it on notice and answer it.

Senator WILLIAMS: I will give you a story out of *The Land* newspaper and those two pages that were tabled and you will see the difference. But, as I said, he has stated clearly that 'sold' to him was the day of the auction. Of course, then in the updated version that came out after 30 June it is after settlement. He was not aware of that. He went on your website and looked at how you define 'sold'. He has now been left out of the loop and I would appreciate it if you would address this situation.

Mr Aldred: Mr McDonald may provide a little further information, but we will look at the circumstances of the website. We do find that there are cases raised with us and in dealing with the individual circumstances there may well be several reasons why someone is not eligible. That is why I would prefer to take on notice the individual circumstances rather than respond now.

Senator WILLIAMS: As I said, he went to your website to qualify for the exceptional circumstances exit grant and that is what he went by as the date. If he had known the settlement had to be before 30 June, he would have auctioned earlier and settled earlier. You changed the website after that. You moved the goalposts halfway through the game, by the look of it.

Dr O'Connell: Notwithstanding the specifics of the case, which we will certainly look at, as Mr Aldred said, the issue of settlement was always in the program, as I understand it—

Senator WILLIAMS: No, it was not.

Dr O'Connell: There needed to be exchange of contracts and settlement.

Senator WILLIAMS: The two documents have been tabled. The first one does not talk about settlement. The second one, once you had changed the website, then mentions that it must be settled.

Mr McDonald: Section 1.2(d) of the program guidelines refers to the program requiring settlement. The requirement for the sale, which is an exchange of contracts and then a legally binding settlement of that sale, has been a feature of the program guidelines since its inception. The DAFF website is not considered the complete information. In fact, I understand the DAFF website refers to the program guidelines. The guidelines have been made publicly available to applicants and, as Dr O'Connell stated, the requirement for the settlement of the sale to have occurred has been a requirement of those program guidelines.

Dr O'Connell: Notwithstanding that, we will look at all these individual cases as they come through.

Senator WILLIAMS: I would appreciate that. Thank you.

Senator NASH: I have a question to put on notice. Welcome, Parliamentary Secretary. I recognise you will not be able to answer this because it is a question for the minister, but you could take it on notice for the minister. He gave a commitment some weeks ago to Senator

McKenzie to meet some of her constituents and perhaps others about this exit grant issue. The commitment that the minister had given to meet the constituents was very well received. Unfortunately, as I understand it, to date there has been no contact or indication from the minister about when that meeting will take place. Of course we wouldn't like to assume that the agreement to meet was simply a fob off and he is now trying not to meet. I am sure that is not the case. Perhaps you could ask the minister if he could come back to Senator McKenzie this week with a date and time for the meeting that he committed to. That would be very much appreciated.

Senator Farrell: I am sure it is not a fob off either. If Senator Ludwig committed to meeting them I am sure that is what he intends to do. I cannot commit for him, but I shall raise the issue with him and come back to you with a response.

Senator NASH: Thank you, very much.

Senator MILNE: I want to ask about the Ernst & Young report on the Tasmanian Community Forest Agreement about which I wrote to the Minister on 1 March this year. This report is a long time coming; it is an audit of the Tasmanian Community Forest Agreement program. Can you tell me where the report is, please? When is it going to be made public, how long have you had it, has it gone to the minister et cetera?

Mr Aldred: I think I said at last estimates that the report was expected shortly. It has been completed and is being considered by the government. My understanding was that we were going to give you a briefing. I will chase up and see whether that has been arranged. Apparently it has not.

Senator MILNE: If you had it six months ago, when is it going to be made public?

Mr Aldred: I didn't say I had it six months ago; I said we spoke about it at last estimates, when I said it hadn't been completed. It has now. I will chase it up and try to get a briefing for you as quickly as we can.

Senator MILNE: It's not just me; I think everyone wants to see it made public. I understand there is also a review by DAFF of clause 75 activities under the Tasmanian Community Forest Agreement and that the terms of reference have now been agreed with the Tasmanian government. First of all, why did you need to get terms of reference agreed with the Tasmanian government when it was about the \$60 million spend on intensive forest management, and \$13 million was a grant from the federal government? Why did you need to agree with the Tasmanian government on the terms of reference?

Mr Aldred: The intensive forest management program was essentially a joint program between the Commonwealth and Tasmania. The Commonwealth provided some funds and Tasmania provided some funds. The Tasmanian government, essentially, managed the project and contracted Forestry Tasmania, as I understand it, to undertake a range of the work. Accordingly, we agreed that we would run a joint review of that program with the Tasmanian government.

Senator MILNE: Who is the reviewer and what is the date for its completion?

Mr Aldred: In a response to a question on notice taken at last estimates I anticipated it would start in September. Unfortunately, there have been a couple of delays associated with the broader forestry activities within Tasmania. We expect a tender for that review to go out

in the next few weeks. So there hasn't been anyone appointed, but we expect the tender to go out shortly.

Senator MILNE: I asked this previously: as a result of the deeds of agreement being offered for the Tasmanian Community Forest Agreement, a number of the grants that were made were not able to be pursued by the government. You told me last time that three of them were able to be pursued. Can you tell you what is the resolution of those—have we got the money back?

Mr Aldred: I will ask Mr Talbot to provide the details. I think we have recovered some funds on one of them. We are listed as an unsecured creditor on another.

Mr Talbot: There are two that we are still pursuing at the moment, and there is one that we have recovered some money on.

Senator MILNE: Perhaps you could take that on notice, because we are under the pump for time.

Mr Talbot: I will take it on notice, and if I find it I will make a note at the meeting.

Senator MILNE: I would also like to know how many of the recipients of grants actually went broke or were sold within the three-year time frame and were not able to be pursued because the deed of agreement was altered in their favour. I will put that on notice.

Mr Talbot: Yes, I would have to take that on notice.

Mr Aldred: If you put that on notice perhaps you could make those circumstances about changing of deeds and so on clear so that we can track through those.

Senator MILNE: The Australian National Audit Office, in its audit, halfway through the program pointed out that the department changed the deeds of agreement that would normally apply under federal law under this program and, as a result, compromised the ability to get the money back. I want to know how many of those deeds actually—

Mr Aldred: Thank you, Senator. I understood from the question that you thought we had changed them subsequent to signing or something of that nature.

Senator MILNE: No. I am sorry. I was referring to the Auditor General's report. I would now like to go to the intergovernmental agreement. You may or may not have heard that in recent times the Tasmanian government has allocated more than a million dollars to subsidise the transport of logs from the south to the north. Can you give me a guarantee that that money is not federal government funding or that there is no federal government funding towards subsidising moving logs from the south to the north for chipping?

Mr Aldred: Funds have been provided under the intergovernmental agreement for the Tasmanian government to implement the agreement. I am not aware that any of those funds have been allocated for that purpose. I am happy to take it on notice and make inquiries of the Tasmanian government. In that sense I cannot give a guarantee at the moment. I am happy to make inquiries. I do not believe that that is the case.

Senator MILNE: Okay, so perhaps you could take on notice whether that million came out of either the intergovernmental agreement or the \$17 million that was given to Tasmania towards the end of last year to keep the wheels turning. I would just like to know that it is not federal money.

Mr Aldred: Certainly in relation to the \$17 million you are referring to, those funds were disbursed by the Commonwealth direct to contractor recipients. Those funds were not provided to the Tasmanian government. I can give you an assurance on that.

Senator MILNE: Thank you, and perhaps you could pursue that. I have a final question, on regional development money under the intergovernmental agreement. I understand that \$20 million or thereabouts has to be spent in this financial year. Can you indicate to me who is overseeing that spend on projects?

Mr Aldred: That question would need to be referred to the regional department. It is funding through the regional department.

Senator MILNE: So it is Minister Crean. Thank you.

Senator COLBECK: I would like to move on to the Contractors Exit Assistance Program. Can you tell us where we are in relation to finalising the program for assistance to forest contractors?

Mr Aldred: There has been a range of ongoing discussions between ourselves, the Tasmanian government and the Australian Forest Contractors Associations, as required under the intergovernmental agreement. That has taken some time, but I guess it is important for us to work through a range of issues. My understanding is that the Forest Contractors Association has provided some views, I think as late as this afternoon, to Minister Ludwig's office. We will look at those and provide advice to the minister.

Senator COLBECK: Do you have a time frame to finalise this?

Mr Aldred: I would like to say shortly but, again, I have not seen the comments or the views. We are certainly aware that it needs to be done as quickly as possible.

Senator Ludwig: To date, we are waiting for a response from the TFCA. I think I saw that come through, so I have not had an opportunity to read through what their comments, amendments or position is.

Senator COLBECK: So what are the key sticking points?

Senator Ludwig: We are in discussions. I do not want to go through what they are.

Senator COLBECK: Could they be characterised by those that have been published in industry journals?

Senator Ludwig: I do not know whether I have read through every industry journal to make a broad statement. All I do know is that we are not far away; we are very close.

Senator COLBECK: The industry journal, about a fortnight ago, indicated that things were pretty close then. There were some stumbling blocks there; one was the cap. The last I heard was that some of your colleagues were suggesting a cap of \$1.5 million, which the industry said was not acceptable.

Senator Ludwig: I think the cap is still an issue, but we are very close.

Senator COLBECK: And there were a number of other issues around proportionality. I am not sure whether that is the term that you are using in your negotiations, but they were actually around how to assess the payments in relation to size of individual businesses. Has that principle been accepted?

Senator Ludwig: Not that principle. Broadly, there are the issues that are in discussion, but we are not very far away. At this point in time, I have also got to seek advice and response from the Tasmanian government. So a few people are interested in finalising this very quickly, and one of those is me. We are working very quickly to achieve that. We do have to make sure that it does provide value for money for the Commonwealth. We do have to make sure that all of the i's are dotted and the t's are crossed to make sure that it does pass all the relevant scrutiny that you will give it here.

Senator COLBECK: And you would hope that it would do what you actually said it was going to do?

Senator Ludwig: Precisely.

Senator COLBECK: So when the contractors said, in their newsletter of September, 'Since my response, the minister has stated that the TFCA are promoting a scheme that will result in a multimillion dollar payout to a small number of very large contractors with no guarantee that any subcontractors will receive any of this assistance to exit the industry. We contend that this is a total misrepresentation of the TFCA's position. In fact, the TFCA formula based proposal, independently verified, will guarantee that every single eligible affected contractor and subcontractor will receive exit assistance equitably in relation to the size of their business and hence capital loss and employment redundancy obligations.' So, hopefully, by the sound of it, we are getting past that stage.

Senator Ludwig: I have not read all the comments that they have made, but it does sound like we are getting closer. We all agree—and my office can email me if I am not right about this—that it is about exits. We all agree about making sure that we help people exit the industry. We all agree that there should be a cap. We just have to settle what it should look like. We do agree that the Commonwealth has to give value for money and we do agree that it has to provide direct assistance to all of those people who, broadly, want to exit from the industry.

Senator COLBECK: What involvement has the department had in relation to the expert group that is doing the assessment of the forest?

Mr Aldred: There are two groups. There is an independent verification group and then there are two people who have been engaged to look at rescheduling options. So there are actually two groups.

Senator COLBECK: I am talking about the independent verification group.

Mr Aldred: By way of a little context, a task force has been established within the Department of the Prime Minister and Cabinet. We have an officer located in that task force and we operate as part of that. There is also a steering group of Commonwealth and state officials and we participate in that as well. It is those sorts of mechanisms that start to deal with independent verification groups and the reschedulers and so on.

Senator COLBECK: Who from this department is part of that group?

Mr Aldred: I sit on the steering group.

Senator COLBECK: Why are the Institute of Foresters not involved in the process in any way?

Mr Aldred: It is obviously difficult to get a full range of players on that, so in establishing the independent verification group we have looked across a range of skills sets. There is a forest person with considerable forest expertise in the verification group.

Senator COLBECK: Who are you talking about there?

Mr Aldred: Bob Smith.

Senator COLBECK: Is he a member of the Institute of Foresters?

Mr Aldred: I am not aware that he is a member of the Institute of Foresters but he has certainly been a previous head of forest agencies in other states.

Senator COLBECK: What chance does the industry have of getting a fair shake out of this, given that four of the six have previous links to the Wilderness Society, the goal of which is to close down native forestry operations across the country?

Mr Aldred: The membership of the independent verification group was certainly discussed with signatories and was accepted as a useful representative group.

Senator COLBECK: When you say discussed, was it just put them as the group that they were going to get?

Mr Aldred: No, it was not. I understand a range of names were discussed with signatories by the task force. **Senator COLBECK:** Why would you not discuss this with a body such as the Institute of Foresters which, after all, is the professional organisation that looks after foresters nationally and has connections internationally?

Mr Aldred: It was discussed with the reference group or signatories related to the reference group under the intergovernmental agreement.

Senator COLBECK: But what we are trying to do is to get a proper assessment of the Tasmanian forests, large swathes of which—and which I have been in—are claimed as having a high-conservation value. What we are trying to do is to get a proper and independent assessment of that process and yet four of the six people sitting on the panel have close ties to the Wilderness Society. As I said before, they have an aspiration to close down all native forest logging in Tasmania. I just do not understand how you can claim that this is going to provide a fair and reasonable outcome.

Mr Aldred: I can only repeat that the membership was discussed with signatories.

Senator COLBECK: Who made the final decision as to who was going to be sitting around the table? Was the decision made by the chair of that group?

Mr Aldred: I do not believe it was. I will take it on notice and confirm for you the exact decision-making process.

Senator COLBECK: What is the process for making the decision around these forests? What are the parameters for that and what are the principles? Are we using JANUS and CAR as previous assessment processes have done or are we just making something up to give ourselves a lock-up outcome?

Mr Aldred: No, I do not believe we are doing that. There are terms of reference for the group. It has met initially—and I will stand corrected—but I do not believe that it has as yet developed a detailed plan. It needs to report by the end of December.

Senator COLBECK: I understand that, but why don't we have a process that has some broader rigour than just making something up to achieve an outcome? Businesses went into this process and on the very first day were told: 'This is what you are going to come up with. We are going to lock up 572,000 hectares and if you don't do this we will do to you what we did to Gunns, which is screw your business.' They are the threats that were made on day one of this process, and then we put four people with close associations to the Wilderness Society who made those threats around the table for the assessment process. How does that work?

Mr Aldred: I do not think there is much more I can add. I am not aware that—

Senator COLBECK: Minister?

Senator Ludwig: You might have to just ask that question again.

Senator COLBECK: It would be nice if you had been paying attention to what we are doing. This is really important. We are talking about the livelihoods of thousands of people in a major industry.

Senator Ludwig: I am paying attention, but the questions have been going on and are, quite frankly, a little bit oblique.

Senator COLBECK: Oblique? You think not having a reasonable assessment process or a fair membership of the panel for assessing these Tasmanian forests is an oblique process?

Senator Ludwig: The answer is there is. You may not agree with it—

Senator COLBECK: I am suggesting that there is not, if there are four people sitting around the table—

Senator Ludwig: but that is a matter of your opinion, not a matter for this question.

Senator COLBECK: with links to the Wilderness Society. You think that is a reasonable process?

Senator Ludwig: It is a reasonable process. It has been put in place through the IGA. You can contest that, which you are doing, but you can ask questions about it.

Senator COLBECK: It is a capitulation to your coalition partners.

Senator Ludwig: If you want to contest it, go outside and contest it. If you want to ask questions about it, please ask questions about it.

Senator COLBECK: I have asked a question and I cannot get—

CHAIR: Minister and Senator Colbeck, I will make it easier for you, gentlemen. I am sorry, Senator Colbeck. Your time is up.

Senator SIEWERT: I will change track and go back to drought, the WA pilot and the evaluation report. What happens from here with that report? The review team reported and made some recommendations.

Mr Aldred: The panel provided its report to Minister Ludwig and Minister Redman in early August. It was then provide to other state and territory ministers a couple of weeks later and publicly released on 2 September. It made certain recommendations and summarised the panel's consideration of what would constitute good drought policy into the future. That report will be integrated into considerations by the primary industries standing committee and ministerial council in the development of government drought policy moving forward.

Senator SIEWERT: That is a national approach, isn't it?

Mr Aldred: Yes.

Senator SIEWERT: What is the time frame for that?

Mr Aldred: The standing committee met a few weeks ago. The ministerial council meets next in a couple of weeks. The council and standing committee have previously sought work under a drought working group and may do so again, may continue to use the working group. But there will be discussions at the ministerial council and a determination on where to go next.

Senator SIEWERT: Could you tell me again when it is meeting?

Mr Aldred: In the next couple of weeks. I think it is 28 October, from memory.

Senator SIEWERT: In terms of where we are at now, the WA pilot was extended to June next year, with Building Farm Businesses to continue to 2014. That is correct, isn't it?

Mr Aldred: That is right.

Senator SIEWERT: Can you tell me what the uptake has been since the May estimates, when we went through the figures? Can you give me the latest update of the figures, please?

Mr McDonald: We have a table here that we are happy to present for the committee's benefit.

Senator SIEWERT: That would be great. That has all the usual things that I ask about, such as what the take-up is?

Mr McDonald: It does.

Senator SIEWERT: That would be fantastic, if I could see that. Thanks. What is the WA process from here? Presumably there will be some sort of evaluation at the end of next financial year, an overall wind-up review?

Mr McDonald: The government has reviewed the WA pilot of drought measures. Already, as you allude to, that report has been made public. The assistance measures remain available for this financial year and it will be a matter for government about what might happen next.

Senator SIEWERT: So it will wind up in 2012?

Mr Aldred: Essentially the review, while it started reasonably quickly into the program, has continued through the last several months. I think the panel—without putting words into their mouths—does not consider that there would be a lot more to be gained by reviewing again later. Obviously there could be a couple of things that we want to have a more detailed look at. I think one of the things that the panel recommended was that the Beyond Farming program—

Senator SIEWERT: That is where I was going next.

Mr Aldred: might need to run a little to really test it out. Without being definitive, we will look across the programs and determine whether there is further follow-up that needs to be done.

Senator SIEWERT: The review made comments about the non-monetary side of farming. Is there any ongoing work you are doing that is going to pick that up?

Mr McDonald: There is the measure that Mr Aldred just referred to, the Beyond Farming program. That is a program that matches mentors with current farmers. That is delivered by

the WA Council of Social Service. They identify past farmers who have successfully exited the industry and put them in touch with farmers who are considering exiting the industry. That is something that we have not tried before. By all accounts it still has some way to go but is working relatively well.

Senator SIEWERT: I understand that. We went through that program a little bit last time, if I recall. As I understood the review, they were saying that the Farm Exit Support program and the Beyond Farming initiative should be integrated more because the Farm Exit Support program was not picking up all those non-monetary values about why farmers stay on the land.

Mr Aldred: I will go back to the panel's report, but my reading of what the panel was saying was that they were not convinced about the efficacy of the exit program—not that they necessarily thought that the two things should be integrated but that they were not convinced about the efficacy of the exit program and thought there was potentially more value in the future of looking in the mentoring-type arrangements.

Senator SIEWERT: I think I have interpreted differently to the way you have. I saw them more as needing to link a lot more strongly.

Mr Aldred: We will quiz the chair.

Senator Ludwig: Senator Siewert, I am keen on understanding your alternative take, so that I can appreciate your view.

Senator SIEWERT: I understood that they thought the exit program had not necessarily been so successful because the non-monetary issues were not taken on board. I would have thought Blind Freddie could see the social side of farming is really important and we need to address it. I interpreted that to mean the Beyond Farming initiative needs to run a bit longer to pick up those non-monetary values as well. But I do not know how you would pick it up just through that mentoring program. It seemed to me to be more about helping people after they leave the farm rather than addressing the non-monetary values about why farmers stay on the land.

Mr Aldred: At the risk of dragging this out, it was not just about after farming. It is about people who have left farming dealing with farmers who are making the difficult decision.

Dr O'Connell: It was intended to assist the exitor adjustment.

Senator SIEWERT: I will put my next question on notice. I appreciate your point, but how do you make the farm exit strategy or program deal better with those non-monetary values? If you could take that on notice and provide your thoughts, that would be great.

Senator NASH: I had asked the parliamentary secretary to take a question on notice, but now you are back, Minister. I am hoping you might be able to get back to Senator McKenzie. You gave her a commitment to talk to some constituents of hers and perhaps others regarding the exit grant some weeks ago. I understand her office has not yet been contacted by you for a date and time for that. I am sure it is just an oversight on your part, given the importance of the issue, but perhaps you could at your earliest convenience get back to Senator McKenzie. I am sure she would appreciate it very much, given the commitment that you made.

Senator Ludwig: The commitment I made, though, was:
If there are individual cases, then Senator McKenzie can bring those up to my office ...

Senator NASH: I think she is having difficulty getting a response from your office even on those.

Senator Ludwig: Hear me out. Those are the files, not the people, in that sense. In individual cases, I assume Senator McKenzie is in her representative capacity—

Senator NASH: There may well be individual cases. I am mindful of the chair—

Senator Ludwig: Let me finish. Having been verbally, I want to go back to the transcript of what I said. Let me read it out and then people can judge for themselves. What I said was:

If there are individual cases, then Senator McKenzie can bring those up to my office and we can have a look at what circumstances those individuals may be in at that particular time. I will not take it on advice that there are people in that circumstance, but if there are individuals then that advice could be provided to my office and we can have a look at those individual circumstances.

None of that is about bringing people, making an appointment or doing the things that you mentioned.

Senator NASH: I take the point. The point is that your office will not respond to her even on that basis. If you could, that would be very useful.

Senator Ludwig: But surely, in bringing circumstances to my office, as many members of parliament do, she can put it in a file, write to me and deliver it.

Senator NASH: That clarifies it. There is no commitment to meet. Thank you.

Senator Ludwig: There are multiple ways you can do it, I assume. I am not limiting the ways. In the response in the chamber, I was not trying to limit the ways—

Senator NASH: You have been very clear, Minister. Thank you.

Senator Ludwig: that Senator McKenzie could bring it to my office. Put it in a folder and drop it in. Apparently, my office advises, we have asked for the details a number of times. I don't want to verbal Senator McKenzie either, but bring the details.

CHAIR: I think that is very clear. Thank you, Minister. I am sure Senator McKenzie will get the message loud and clear. She only has to drop the paperwork off.

Australian Pesticides and Veterinary Medicines Authority

[20:20]

Senator COLBECK: First, I would just like to express my bemusement to the answer to question on notice No. 28. We talked last time about interaction with FSANZ and AQIS in relation to chemicals. I asked, 'Does FSANZ seek advice from the APVMA in respect of the make-up of the list?' Your answer is, no, FSANZ does not seek advice from you in relation to the make-up of the chemical list that it provides back to AQIS for its chemical testing of incoming chemicals.

Dr Bhula: That is correct. We do not have any interaction with FSANZ in relation to the testing of analytes and imported product.

Senator COLBECK: Could you characterise what interaction you might have with FSANZ. Is there any interaction? Obviously that would be a fairly sensible place for FSANZ to go to. You are the organisation that assesses and holds information on ag and vet chemicals. Yet they do not come to you to talk to you about what they might be putting on their incoming testing list.

Dr Bhula: Could you clarify the question for me, please? Is it in relation to domestic produce or imported produce?

Senator COLBECK: It is in relation to imported. It is about testing products at the border. I would have thought they still would have spoken to you because you have a broad international network in relation to ag and vet chemicals. I have had discussions with Dr Bennet-Jenkins, over time, about interactions internationally in relation to chemicals, sharing of information and trying to move down that track to speed up the process of approvals or accessing information. That is probably not a question; it is just an expression of complete bemusement, because you would be the first place I would have expected they would have gone to.

Dr Bhula: Not for determining which analytes should be selected for testing. We do have regular interactions with FSANZ in relation to the Australian Total Diet Survey and the analytes that are included there. That is a regular interaction because the survey is every two years. We do have discussions with them when they are developing that survey but not in relation to imported food.

Senator COLBECK: So you are not even providing advice in relation to properties and potential issues around any chemicals?

Dr Bhula: We may have informal discussions around residue definition, which forms a component of which analyte should be selected for testing. But it really stops there and is not around identifying what those chemicals should be.

Senator COLBECK: I will now go to a report that was in the *Sunday Examiner* in Tasmania on 19 June in relation to glyphosate based herbicides, suggesting that they should be banned because they pose a significant risk for humans. Are you aware of that report and any suggestion that glyphosate based herbicides pose a significant health risk to humans and can cause birth defects in humans and animals?

Dr Bennet-Jenkins: We are aware that there have been a number of studies that have been done in vitro—test tube studies—that have suggested that glyphosate can have some effects on the cells. We keep an eye on those reports that are coming out and we ask the Department of Health and Ageing to provide feedback to us on whether those reports and studies that are published have any impact on the risk assessment that they have already done on that chemical. At this stage, we have not received advice back that glyphosate needs to be urgently the subject of a new review. These are just reports that we keep an eye on. We believe that there is no particular issue that we need to follow up at this time, but it is the sort of research that we keep a close eye on with chemicals that have been around for a long time where there is a lot more information in terms of scientific research.

Senator COLBECK: So is the report that was sponsored by Earth Open Source a new report or an old report?

Dr Bennet-Jenkins: I know the report that you are talking about, but I am not sure whether I know when it was actually published, so I will take that on notice. We can certainly get back to you in terms of what parts of that report we have examined. It has not had any impact in terms of the regulatory status of glyphosate from our perspective at this stage.

Senator COLBECK: Are you aware of allegations that certain chemicals are coming in through Customs, circumventing the levy process and registration of chemicals?

Dr Bennet-Jenkins: Yes, we are aware that some concerns have been raised by CropLife Australia in terms of the threat to Australia of illegal import of unregistered and unapproved pesticides. We have no evidence that that is actually occurring on a large scale. Where we have been given examples of potential illegal imports we have investigated those but our investigations have always led us down the path to finding that the import was legitimate. We have been working very closely with Customs. We have a memorandum of understanding with Customs. In the past year, with these reports of concerns about the threat to Australia, we have actually stepped up the type of information exchange we have with Customs. So they are able to actually give us access to the sorts of import records they have, and then we can follow those through. We have been in contact with Customs almost on a regular weekly basis to look at the sorts of imports. We have concentrated this year very much on glyphosate imports because that was the pesticide of concern to the industry. But at this stage, while it might be a potential threat, we have not identified that there is actually a large amount of illegal imported product flooding into the market.

Senator COLBECK: So you are getting documentation and records out of Customs. Are there any physical inspections of shipments that might be coming in as a part of the process?

Dr Bennet-Jenkins: The jurisdiction for the Australian Pesticides and Veterinary Medicines Authority is once it has crossed the border. Those are the sorts of areas where we have not at this stage identified anything, but we could identify and ask Customs to inspect containers. That is part of our ongoing dialogue with Customs, to get more intelligence about where the threats might be coming from and where you might have to target that sort of activity. Indeed, I think they would be able to assist us in that matter. So we are actually in constant dialogue with them.

Senator COLBECK: I might be safe to mention it, with Senator Heffernan not in the room, but there is the question of the containers of superphosphate that allegedly appeared in the bush, and so the question of the records versus what is actually in the containers is, I think, a fair one to ask given that fairly graphic recent example that we have that we are still trying to sort out. So we are not doing any physical inspections?

Dr Bennet-Jenkins: Indeed. It is something that we are actually now having a look at. We have looked at what would be legitimate imports under the proper tariff codes, and now we are expanding our work with Customs to look at all the other areas in order to determine where you could best target to find such illegal import.

Senator SIEWERT: CropLife, as you said, put out some media on this not long ago. I will ask you firstly: are you aware of an event that sparked their renewed interest in this issue?

Dr Bennet-Jenkins: There has been evidence internationally that illegal products are coming into other markets and there have been investigations in other countries. That is one example. Another example is looking at the types of sales the companies are experiencing in Australia in a good season and then finding that their sales are perhaps not as high as they expected and thinking 'Where are the farmers getting the products from?'

Senator SIEWERT: You then talk to Customs. Do you do any other monitoring? Do you look at sales and things like that to do that assessment?

Dr Bennet-Jenkins: The purpose of the sales data that we collect is for levy collection but we can look for trends in that. But it is actually quite difficult because, from season to season, the user pattern goes up and down, so that has been very difficult. We have not picked up any trends there but we have looked at that as well. We also get intelligence ourselves from our compliance officers in the field. Those are the sorts of cases we have also followed up with our own investigations.

Senator SIEWERT: I have two more questions there. The other area they have been talking about, for example, is fake pesticides. When you have your compliance officers in the field, do you do any testing? A supplementary question to that is: has anybody raised with you concerns that the pesticides they have got through, supposedly, legitimate sources have in fact not been effective or might be fake?

Dr Bennet-Jenkins: What you are talking about is counterfeit pesticides. That is a big problem in other countries. We have not actually seen any evidence of that in Australia, nor had any reports of counterfeit pesticides. But that is a problem in other countries and it is one that we are also keeping a close eye on.

Senator SIEWERT: In answer to Senator Colbeck's question, you were talking about glyphosate. Why have you targeted that particular chemical?

Dr Bennet-Jenkins: That was first raised with us by CropLife as being a particular chemical of concern. That was at the beginning of this year, and so we stepped up our surveillance of that, as well as our intelligence with our compliance officers in the field.

Senator SIEWERT: Can I get an update on where we are at with the agvet reform process.

Mr Williamson: There are two reform processes running at this point.

Senator SIEWERT: Can we do both in whatever time I have left?

CHAIR: Four minutes.

Mr Williamson: We call the process running at the Commonwealth level the better regulation partnership initiative. It is well advanced. We are in the process of drafting legislation that at some point in the near future will be released for exposure.

Senator SIEWERT: Is the near future before Christmas?

Mr Williamson: We expect so but, at the end of the day, when legislation is released is a matter for the minister.

Senator SIEWERT: Will it be sometime between now and Christmas? I am not trying to be cheeky about that. I am just trying to get an idea.

Senator Ludwig: We will not commit to that. There is a broad expectation.

Mr Williamson: We are looking to have that legislation developed and released for a lengthy exposure draft period. We have a requirement with the states to have a minimum level of exposure of three months, and so we would look to do at least that or possibly longer. That will provide the basis for a major change to the operations of the APVMA, so that is well advanced. In terms of the reforms that are happening through the COAG process there are ongoing discussions with the states and also policy development. We are working through a range of issues to come to a position with the states on how to progress that reform going forward.

Senator SIEWERT: I would have more, but I will hand over to Senator Waters.

CHAIR: Thank you, Senator Siewert. Senator Waters, your colleague has kindly donated some of her time, then Senator Back has a couple of quick questions.

Senator WATERS: I note that APVMA commenced its review of diuron about nine years ago and then in 2005 there was an initial review report finding that diuron was likely to have an unacceptable environmental impact; however, no action was taken at that stage. That is now six years ago. You have recently announced a proposed suspension. What measures are available to you as a result of a suspension? I get the sense that a suspension is not really a suspension.

Dr Bennet-Jenkins: Yes, a suspension can mean all manners of things. You suspend a registration or an approval of a label and then that suspension can mean total cessation of use or it can mean that there are some acceptable uses that are allowed to continue. The normal process when you propose a suspension is that you look to suspend the registration and possibly the label approvals and then you look to see what instructions apply in terms of the product that is either in the field or in the supply chain or for continued supply. That is the sort of aspect that we are looking at with diuron, because not all uses of diuron have actually been identified as being of risk. So if we were to suspend diuron, you would list out and vary those uses where you want to mitigate the risks, but you can still allow those uses where the risks are acceptable to continue. That is how a suspension process can work.

Senator WATERS: Thank you for that. I am interested in your reaction to the SEWPac diuron environmental assessment report which was released recently, which found that the only safe application rate of diuron was 160 grams per hectare; yet I believe that APVMA has allowed up to 75 kilos per hectare, which is 468 times the amount deemed safe by SEWPac. Can you walk me through what brought you to that conclusion?

Dr Bennet-Jenkins: Diuron is a chemical that has been registered for a number of years. I do not believe the current use patterns are as high as 75 kilos.

Senator WATERS: I certainly hope not.

Dr Bennet-Jenkins: I am not quite sure. We can take on notice what the highest use rate is if you would like to know what that is.

Senator WATERS: Thank you. And also the highest rate that you have approved, as well as the actual current rate.

Dr Bennet-Jenkins: What is approved is what is currently registered as being in place. When Environment does their assessment they look at the highest use rate and then they look at whether there is any possibility of mitigating the risks by reducing the amount of chemical that you are using into the environment. That is what the suspension does. It looks at mitigating those risks—or the final review decision may do that. So you have to lower your use rate or just stop use altogether.

Senator WATERS: When can we expect that final decision on diuron?

Dr Bennet-Jenkins: There will be two stages to that decision. We have got over 70 submissions into that environment report. Quite a lot of new information has been given to us. It will take us some time to work through that. The idea is that we will take an interim step and actually suspend these registrations and issue some new instructions that at least, while

we are assessing it, will mitigate the risks before we make our final decision on what long-term use may be permitted.

Senator WATERS: What is the time frame on that decision?

Dr Bennet-Jenkins: We anticipate to make this interim decision by about mid-November.

Senator WATERS: And the final decision?

Dr Bennet-Jenkins: I would say it would probably take another year. A lot of new information has been provided to us.

Senator WATERS: I have one final question. There is a recent paper published by Davis et al in the *Marine Pollution Bulletin* as part of the Reef Rescue/Paddock to Reef water quality monitoring, which found 18 different pesticides at 11 sites along the Great Barrier Reef, including three pesticides—atrazine, diuron and metachlor—at toxic levels at eight sites. That study concluded that there is a widespread problem of pesticide contamination in catchments draining into the reef, including high concentrations of some of those pesticides for more than 30 consecutive days. So clearly there is a big problem here. Are you examining that issue of combined toxicity of pesticides—their cumulative impact rather than their effect in isolation from each other? Do you as regulators share any responsibility for that outcome?

Dr Bennet-Jenkins: When it comes to reviewing pesticides and managing the risks of a particular pesticide, the way the system works is that you look at them one at a time. However, when you have common pesticides that cause a problem then those pesticides are reviewed either one after the other or, commonly, together. The diuron review just looks at diuron and we will make decisions on that chemical in isolation. The assessments do not look at the mixtures that might have been detected in the environment. Sorry—what was the second part of the question?

Senator WATERS: Given the very, very high levels of diuron and other chemicals in reef catchments, do you as the regulator share responsibility for that fact?

Dr Bennet-Jenkins: There are two parts to it, because the national registration scheme is a partnership with ag-vet chemical management in Australia as a whole. Our responsibility relates to the regulation of the products to the point of supply, including retail sale. The states and territories control the use. So the first step in something like detections is that you have an investigation done by the control of use agencies to find out why there has been off-target movement of a chemical. If it is off-target movement that occurs because our label instructions are poor or there is inherent risk in the way that the chemical is being used, that then becomes a responsibility. So the overall ag-vet chemical management system in Australia is a shared responsibility between the regulator, which looks after the products, and the states and territories, which control and do the compliance on the proper use of those products.

Senator BACK: Can you give me an update on where you are with dimethoate and fenthion for fruit fly, please.

Dr Bennet-Jenkins: We recently took a decision to suspend some uses of dimethoate, and this is again an example of where we issued quite extensive instructions that now need to be followed during the period of suspension. Some uses are no longer allowed; other uses continue to be allowed. That suspension is in place for 12 months while we finish the other component assessments, which are the occupational health assessments for that chemical, and

go out for a full public comment on the entire assessment for it before we make our final decision.

Senator BACK: When you say that some uses are still allowed, I am trying to understand where the limitations might now be—for example, on apple producers using dimethoate for fruit fly control.

Dr Bhula: There is no longer any approved use in apples at all.

Senator BACK: Then what are they using to control fruit fly?

Dr Bhula: We have issued a number of permits for alternative chemicals. We have issued nine altogether, so those industries that have made requests to us for emergency permits will have been issued permits. I think as of last week all of those requests have been met.

Senator BACK: Are these chemicals that are known to be effective in fruit fly control?

Dr Bhula: They are approved for fruit fly control, but they may not be approved for the vast range of products that dimethoate was approved for.

Senator BACK: And fenthion?

Dr Bhula: We are currently assessing the rest of the residues data which was provided to us by Horticulture Australia Ltd. They provided data for both dimethoate and fenthion. Once we have completed that—and we expect to have the residues and food and dietary exposure assessment completed within the next nine months or so—there is also an updated occupational health and safety report that goes with that before we can finalise the fenthion review. So again we would expect it in the next 12 months.

Senator BACK: On an unrelated matter, I did want to ask you some questions about the adverse event reporting program, but I do not think the chairman is going to give me that privilege, so I will put those on notice. They relate to some communication between Dr Matt Landos and your Dr Taseer Bashir towards the end of September—28 and 29 September—regarding what was reported as premature deaths in queen bees related to canola crops, the concern being that the matter never found its way into being logged in the adverse event reporting program. If it is going to take longer than a few seconds to respond to that, I will have to put those on notice.

CHAIR: He's not joking either!

Dr Bennet-Jenkins: So will we leave it on notice?

CHAIR: Unless you can answer it in a couple of seconds.

Dr Bennet-Jenkins: These were media reports. The apiarists themselves have not submitted a report. We have very little information other than what is in the newspapers, so we cannot log it as a report. But these matters are very important to us. We keep a close watching brief and work with our state and territory colleagues on it.

Senator BACK: Thank you.

CHAIR: Thank you and thank you to your team.

[20:46]

CHAIR: I welcome officers from Agricultural Productivity, which includes commodities, water, research and development, food ag, vet chemicals and animal welfare.

Senator COLBECK: Farm Institute studies released by the NFF recently highlight the flow-on impacts of the carbon tax on a range of farming enterprises. Has the Agricultural Productivity division undertaken any similar research?

Mr Glyde: As far as I am aware, the Agricultural Productivity division has not done any work in relation to carbon tax issues.

Senator COLBECK: The Farm Institute studies report shows nothing but negative bottom lines for producers due to the flow-on effects of the carbon tax on things like electricity and fertiliser. So on what basis do we say that the carbon tax is good for farmers?

Mr Glyde: These questions would probably have been best addressed to the Climate Change division.

Senator COLBECK: The minister has made these statements, so perhaps you might like to respond to them.

Mr Glyde: The general view is that agricultural production and the value of exports continue to rise under a carbon tax, and the differences that have been pointed to by modelling and the like and by the Australian Farm Institute studies are that the increases in agricultural production are not as great as they would have been in the absence of a carbon tax, in the short term.

Senator COLBECK: If you are talking about agricultural production versus returns to farmers, I think they would see that as two different things.

Mr Glyde: True.

Senator COLBECK: That is how I see them and that is the context in which I ask the question. I understand your point in respect of productivity—

Mr Glyde: Yes, production.

Senator COLBECK: but I am talking specifically in relation to returns.

Mr Glyde: I think the general point would still apply to returns, and there is also the potential, on the positive side, for farmers to participate in sequestration activities and the like.

Senator COLBECK: I am aware of that side of it.

Dr O'Connell: There is the \$1.7 billion land package as well, which provides opportunities to—

Senator COLBECK: You have got the \$1.7 billion package. The losses are characterised in the order of 5.4 per cent, according to the Farm Institute studies.

Senator Ludwig: I think if you spoke to the Farm Institute you would find that events have overtaken some of that work they did—

Senator COLBECK: 'Events have overtaken some of that work'—we have heard that several times today, Minister.

Senator Ludwig: They have not taken into account, as I understand it—and I am happy for them to update their records—the \$1.7 billion package that the secretary mentioned. I am not sure they have factored that into their—

Senator COLBECK: That was going to be my next question. How do farmers access the package?

Dr O'Connell: Just to be clear, though, the Farm Institute modelling does not take into account the Carbon Farming Initiative or the assistance packages. So those opportunities are not there.

Senator COLBECK: My question is: how do farmers access the package? I am not talking about the CFI. I understand that relatively well.

Dr O'Connell: If I could just go to the overall issue of the Farm Institute modelling just so we are clear about that.

Senator COLBECK: I am not arguing about that. I am asking how they access the package.

Senator Ludwig: The challenge is that you put a statement that is incorrect on the record and I think the secretary is trying his hardest to make sure that it is not left hanging.

Senator COLBECK: I said that I was not arguing about what the secretary was saying.

Dr O'Connell: If I could just finish, it is a simple point to make. The Farm Institute modelling does not give any consideration to the dynamic changes and decisions by fund managers and farm businesses on processes in the face of cost changes. In other words, it does not give any sense of what adjustments industry would make in order to manage this. So on those sorts of margins it is talking about it is probably very difficult to say that that is a useful model.

Senator COLBECK: You can put your interpretation on it, that is fine. My question is: how do farmers access the package? You have talked about a \$1.7 billion package; I want to know how farmers access it and how it is going to assist them.

Dr O'Connell: The specifics of the package we should have dealt with under the climate change division when the people who were dealing with that were here. We can take those questions on notice, if that helps, on the specifics of accessing the package.

Senator COLBECK: Okay. Are you aware of the report released on Friday by the Food and Grocery Council that talked about the impact on the food and grocery sector and the impact of the carbon tax on food and grocery manufacturing? Is that something that you would have done any work on in ag productivity?

Mr Glyde: No. We are aware of the release of the report and the claims that have been made in the media. Generally speaking, neither ABARES nor the department tend to focus their research on the food-processing sector. That tends to be the responsibility of the Department of Innovation, Industry, Science and Research.

Senator COLBECK: How does that relate to the work you are doing on the national food plan?

Mr Glyde: That is a good question. We are bringing together, as I said earlier on, the work of all of the departments that are involved into the food plan. So they will bring the work that they are doing in relation to the food-processing sector and the impacts to the table. We are pulling that together in the food plan.

Senator COLBECK: So the work of the Food and Grocery Council would go through the Department of Industry, Innovation, Science and Research and then come back into the national food plan via that process?

Mr Glyde: Yes. We would also have an interest in looking at the AFGC report as well. It is just that we have not had a chance to look at it and see if there is any other relevant information that might inform our own thinking.

Dr O'Connell: As you said, it was only out on Friday. We will be looking at that.

Senator COLBECK: In relation to the national food plan, you had a webcast on 18 August. How many people participated in that process, do you know?

Mr Glyde: I know I was involved—that is one! I might ask Mr Souness to answer. He might be able to provide the details of the number of people who participated and the number of people who joined in the discussion.

Mr Souness: We were advised that there were about 180 to 200 people online at any one point in time during that webcast.

Senator COLBECK: Was there a registration process or did people just log in?

Mr Souness: People were asked to register. They could do that online through the department's website.

Senator COLBECK: How many did register?

Mr Souness: I do not know. The people that provided the online connection monitored those that were online. That is where we got the figure of 180 to 200.

Senator COLBECK: So you do not know whether more registered than came on?

Mr Souness: No, we did not seek that information.

Senator COLBECK: But you gave them the opportunity to register.

Mr Souness: Yes.

Senator COLBECK: So you can check it.

Mr Souness: Yes, we can take that on notice.

Senator COLBECK: Was there any categorisation? Did they have to indicate whether or not they were involved in food production?

Mr Souness: They could nominate a category but it was not mandatory.

Senator COLBECK: Did you monitor that?

Mr Souness: We had an indication when people came online. Sometimes they would indicate whether they were an academic or a member of an industry association. Other times it would just be a private person who would not indicate, did not indicate or did not want to indicate any affiliations.

Senator COLBECK: So you did not keep any analysis of who was in there, what their perceptions were and what perspective they came from?

Mr Souness: We have a record of those that were online and their comments. We can go back and look at their affiliations where they are known. In some cases people came online with some sort of login pseudonym that did not make it entirely clear who they were affiliated with.

Senator COLBECK: Has there been any analysis of the questions and the comments registered?

Mr Souness: There was some analysis. Because we could not get to all the issues that were raised in the time, we indicated to participants that all their questions would be taken into consideration during that public consultation phase of the development of the plan.

Senator COLBECK: How will the issues or questions that were submitted but not considered as part of the webcast be dealt with?

Mr Souness: All the questions were captured and the department has a record of those.

Senator COLBECK: Is there any capacity to deal with them or intention to deal with them, or are they just captured?

Mr Souness: They are captured and they are taken into consideration insofar as there would have been X number of questions about production systems or about food security—all the various issues. Some of the questions were quite brief. Others were more comments or opinions as well. It is part of the that broad context in the development of the plan along with all the other consultations that occurred.

Senator COLBECK: How did you select the ones that did get up as part of the webcast?

Mr Souness: As the questions came in, we fed them to the panel. We had a facilitator who attempted to go through them. It was run a little bit like the ABC's *Q&A* program. The questions were put up and the facilitator and the panel had those questions on a screen in front of them and they could pick from them. It was process of trying to cover as broad a range of issues as possible without getting bogged down in any one particular issue. It was a combination of a number of departmental staff who looked at questions that came in, fed them to the panel and the panel then responding to those questions along with the facilitator to try to get through as broad a range of issues as possible.

Mr Glyde: You are probably aware, Senator, that there were also other ways in which we tried to get views from the community and stakeholder groups. The webcast was one of them, but we also had a call for public submissions and a series of roundtable meetings. I assume you are familiar with those, but I just wanted to check that you are aware of those other ways in which we have tried to get views from the Australian community.

Senator COLBECK: My final question was to be, and I think I am providing a reasonable segue to Senator Siewert again: can I have an update on the progress, on what the key issues coming to the fore might be and on what actions are planned?

Mr Worrell: As we have just discussed, a range of submissions have been received in response to the issues paper that was distributed—278 submissions have been received to date, as well as the comments and the questions that were asked as part of the webcast. Given that the submissions were from a broad variety of different stakeholders, a variety of different issues have been raised. This is consistent with the issues paper, in which a broad range of issues are covered within the spectrum of the development of the food plan. As can be expected, there a variety of different views were expressed on the issues, including on things to do with food security: the concept of better integrating food policy, land use planning, measurement and monitoring, education, labelling, safe and nutritious food supply, emergency food supply and food chain resilience. So there was a broad variety of issues. The department is currently analysing the submissions and the other input that is being received and will take that on board in the further development of the food plan.

Senator SIEWERT: Why was it decided that you would have roundtables for which you picked who got to go, with no public meetings per se, other than the webcast? And how were people chosen for the roundtables?

Mr Souness: The department contracted a communications organisation to assist with the consultation process, especially for the roundtables. We took advice from them in terms of the nature of the consultation, and the roundtables were part of our planning process with that communications consultancy. The roundtables were designed as a focus group exercise to try to gather qualitative information about the broad range of issues that were also being identified through the submission process that Mr Worrell talked about. During the consultation with the communications consultants it was determined that running a system of focus group exercises by invitation only under a Chatham House rules type of environment would probably garner the best level and quality of information that we were seeking in that process.

Senator SIEWERT: Because I am going to run short of time, can you take on notice who attended those meetings? I would like to know the representation of those who attended the meetings, and whether there was anybody there representing a different opinion. For example, on GM food, were organic farmers there? Were permaculture and biodynamic farmers there? Were people from the Landcare movement there, et cetera? Could you take that on notice and give me a list of the groups that were there?

Mr Souness: I can say now that the list of organisations that were invited to the roundtables is available on the department's website.

Senator SIEWERT: Who made the call, finally, on who was invited?

Mr Souness: The department would have made the final call, but we also took advice from the communications consultants. They put together a list. We also put together our own list. But ultimately it would be the decision of the department.

Senator SIEWERT: I have a final question on this one. I understand that there are going to be some broader public consultations in this process, besides the submissions. Is that correct? If so, when?

Mr Worrell: Yes, the government has flagged that there will be some further consultation processes in the development of the food plan.

Senator SIEWERT: When? What is the process from here?

Mr Worrell: There has not been any public announcement about the exact timing of the consultation processes.

Dr O'Connell: The precise timing and nature of it has not yet been finalised.

Senator SIEWERT: Who will that be finalised by—the advisory committee or the minister?

Dr O'Connell: The minister, I think.

Senator SIEWERT: I have limited time, so I am going to jump back across to the questions that I was asking earlier this morning when it was flagged that I needed to ask them of you. First off, I would like to have some of the answers to the questions that I asked this morning when I mistakenly asked ABARES about the collection of statistics similar to that for the food atlas. I am sure that you heard the question and know what I was asking. I was

asking about the collection of statistics across Australia disaggregated by various categories similar to the way that they have produced the food atlas in America. I understand that you are not doing that. Is that correct?

Mr Glyde: Yes.

Senator SIEWERT: Have you considered doing it? If not, why not?

Mr Glyde: As I have said before, we are aware of the food atlas and the value of that production in the US. It looks at a variety of different information around food. We are also aware of the cost that is involved in doing that from scratch. The simple answer to your question is that we have considered it and it is something that may well emerge as an idea out of the food plan. We do not have the resources to go to the level that the food atlas in the US that you referred to goes to. We tend to do what we can to bring together the statistics in an annual publication called *Food Statistics*. That is based on what is collected by the ABS and ABARES, and that is about as far as it goes. The level of information that you were referring to earlier on today, going down to the community level or the local government area level, would be information that state governments would hold. So it would be a fairly significant undertaking to bring it all together. That is not to say that it would not be a worthwhile thing to do, but it would be a costly exercise in the Australian context.

Senator SIEWERT: As part of this food plan process have you spoken to the states or do you intend to collect as much information as the states have?

Mr Glyde: I am not quite sure exactly what the discussions have been with the states and whether or not we have approached them in relation to statistics. I was really just saying that others might come forward in the context of the food plan with the suggestion that that is something that we should be doing in the future. I am not aware if we have had any discussions as yet with the states and territories about the specifics of something like what you have mentioned.

Senator SIEWERT: I will skip back to the *International Assessment of Agricultural Knowledge, Science and Technology for Development*. Did we manage to track down whether the agency has done any work on that.

Mr Glyde: We are still in the process of tracking down exactly what DAFF's involvement in that has been. I understand that it is a World Bank project.

Senator SIEWERT: There is a collection of international agencies that have been working on it. Australia was one of the countries that did not sign up to the report, as I understand it.

Mr Glyde: AusAID are part of it and they are probably the best place to go to get an answer to the question of what our level of involvement is. In the time that we have had, we have not been able to determine what they do. But they would be the best people to go to. They could explain the participation in that.

Senator SIEWERT: Thank you. Could you take on notice what involvement DAFF has had as part of the Australian involvement.

Mr Glyde: Sure. As you are probably aware, we have an officer based in Rome who participates in FAO work. The extent that they might have participated, we need to consult with him as well.

Senator SIEWERT: Okay. Thank you.

Senator RHIANNON: DAFF's budget includes an amount for the implementation of the Australian Animal Welfare Strategy. I want to ask about the body that is going to be set up. Is the AAWS advisory committee and the National Consultative Committee on Animal Welfare will be phased out and this new body formed?

Mr Glyde: I will ask Mr Murnane to answer that question.

Senator RHIANNON: I have a few questions about the body if that is the case.

Mr Murnane: The review of the Animal Welfare Strategy in 2009 recommended that the advisory committee for the Animal Welfare Strategy and the National Consultative Committee on Animal Welfare should be merged into a single committee. To cut to the chase, the minister appointed the members of the new amalgamated committee in September and the new amalgamated committee met for the first time last Thursday and Friday.

Senator RHIANNON: I am particularly interested in the selection process, because I understand that, unlike how it has often been done in the past—but that is no reason to continue doing it—you are no longer selecting members on the basis of representing certain groupings but on the basis of their skills. Could you tell me who the members are and how they were selected? And, if it was on the basis of skills, what are the skills that you attempted to identify in those people?

Mr Murnane: I have here, and can table, the list of the membership and the terms of reference of the committee. They are on our website, but I am happy to table them as well. The members of the new committee are a combination of representatives of particular sectors and people with broad skills that could be of benefit to the committee. Particular sectors that are represented are the states and territories; the farming sector; and the animal welfare sector. Our department is also a member of the committee. On the committee there are also three members, who were on the previous Animal Welfare Strategy Advisory Committee, to provide continuity. The other members of the committee are people who, through a process of consultation with the former advisory committee and a departmental assessment process, were judged to bring particular skills to the committee to contribute to the work of the committee.

Senator RHIANNON: Did you set out the skills you were looking for when you determined the people you were selecting? Can you provide that to the committee, please?

Mr Murnane: Yes, Senator. I will have to provide that to you on notice.

Senator RHIANNON: How often will this body report to the parliament and what measures are being taken to ensure that it retains an independence?

Mr Murnane: The reporting process for the committee is to the Commonwealth Minister for Agriculture, Fisheries and Forestry and also through the minister to the forum of Commonwealth and state ministers for agriculture. In terms of reporting to the parliament, activities of the committee and progress with the animal welfare strategy will be reported on through the department's annual report.

Senator RHIANNON: From the way you have expressed it I still have a concern that this committee will be able to ensure its independence from the productivity and industry development brief that DAFF operates under.

Mr Murnane: My view is that the committee's terms of reference are very much focused on animal welfare. The principal responsibility of the committee will be to work within the new iteration of the Australian Animal Welfare Strategy to identify priorities for action under that strategy and then to report back on progress made in achieving the strategy's objectives. There is a very clear set of parameters for it to work within and these are focused on the animal welfare strategy rather than on the department's other responsibilities.

Mr Glyde: I might add a point that the same relationship is indicative of this committee's structure in that it is administered by the department. With its productivity and production focus it was able to deliver the earlier versions of the strategy and the earlier committees using the method that Mr Murnane has talked about in making sure the terms of reference in its strategy relate to animal welfare in the broad.

Senator MILNE: I have a philosophical question and you will have 30 seconds to answer it. If last century's productivity was based on more land area cleared for agriculture, greater volumes and intensity of water use for agriculture, greater volumes of inputs like oil and chemicals, then this century's productivity cannot be dependent on an expansion of all those factors. So, if we producing more with less, it has to be a productivity challenge. How is that reflected in the way that you organise your work? And how is it reflected in the food plan, given that to date I have not heard any emphasis on the notion of ecological sustainability?

Mr Glyde: It is a very good point. Ultimately, the future of agriculture, the future of food production around the world, is exactly as you say: we have to produce more with less, with a smaller environmental footprint, no matter how you define that, with a smaller impact on a whole lot of things. I guess the way the department handles that is by having productivity as a focus. Our role is to try and make sure that we put in place policies, programs et cetera that will encourage productivity and not discourage it. The sorts of things that we do, and where probably the most significant investment the department makes, is in relation to research and development through the administered funds that go to the research and development corporations. Productivity will come from the research into the sources of innovation, the sources of low-water, low-fertilizer, low-land-using technologies. That would be one factor.

The fact that we are also conducting a review at the moment of the response of the Productivity Commission on R&D—that is happening roughly at the same time as the food plan is being developed—also provides a mechanism for making sure that that sort of thinking about the importance of driving productivity, about the importance of developing new technologies features in the food plan.

CHAIR: I am sorry, Senator Milne, but the time is—

Senator MILNE: We will continue the conversation another day.

CHAIR: Thank you, Mr Murnane, for that list of 14 people. I see 13 are all experts except you, Mr Glyde!

Mr Glyde: Yes, sadly there was room for an inexperienced on there!

CHAIR: Right. That's what your paper says, anyway.

Proceedings suspended from 21:16 to 21:29

CHAIR: I call officers from Trade and Market Access Division. Senator Nash, we have 15 minutes for questions from you and Senator Milne.

Senator NASH: Today there was a media report that the minister Craig Emerson has declared that the Doha round of global talks has hit a dead end. Can you give the committee a bit of background as to what is meant by that? It is reasonably explanatory from the media that the committee has seen, but it would be interesting for the committee to get a bit of background and any awareness that the department has had on that and what it is intending to do.

Ms Evans: You are referring to a couple of media articles this morning by Dr Emerson.

Senator NASH: I am sure you are well aware of them.

Ms Evans: Yes, I am, thanks. Concluding the Doha Round in this year has proved really difficult, and we have had a couple of conversations at the last couple of Senate estimates hearings about where the round has been at as the year has progressed. There was a bit of optimism, I guess, in the earlier part of the year that some momentum had been injected into the WTO negotiations through the G20 and other forums that had expressed the view that this was the year to try to push through an outcome. So everyone was very much focused on that and tried very hard to resolve the issues across the board. But, as the year has progressed, it has become clear that things are really at an impasse, and there have been discussions on that.

The statements by the Minister for Trade in the press this morning are not the first time that he has made observations along those lines. He attended the Cairns Group ministerial meeting on 11 September, and when he came back and issued a press release after that meeting he was already flagging the concerns around the state of the WTO negotiations. I think the question you are asking is why and how it has ended up where it has. It is just that the issues that remain to be resolved, in a forum where you are negotiating with a large number of countries, are very difficult, essentially.

Senator NASH: I think my question was more about how this is actually going to work. I would be happy if you would take it on notice, if you do not mind, to give us a more detailed briefing on how this new world will look. Simplistically, is it a case that those countries who did not want to play the game have still got their tariffs in place and it is just going to be: 'Okay, we'll forget about Doha; we'll leave those to one side. We will collect all the countries who are happy to free trade in its purest form and somehow work within just those countries'? I am interested in how that is going to work if there are still tariffs in place, particularly when it comes to agriculture. Will we have a different regime for those countries who will not play ball in terms of their imports into Australia? It is hard to get a sense of how this will actually work.

Ms Evans: The detail around this are really matters for the Department of Foreign Affairs and Trade to answer. However, to give you a sense of it, the kinds of things we are working towards are a WTO ministerial-level pledge for antiprotectionism and a package of measures for the least developed countries. This is where you try to create the tariff reductions that support the products that the least developed countries are working on.

Senator NASH: Didn't we do that 10 years ago?

Ms Evans: These negotiations are incredibly difficult. One of the things I should stress is that, even though there is a recognition that it has reached this impasse, there is no diminution

of the importance that we place on getting an outcome through it. It is still incredibly significant for Australia if we can get an outcome from the WTO Doha Round.

Senator NASH: So are we talking about bilateral free trade agreements?

Ms Evans: In terms of the alternatives?

Senator NASH: Yes.

Ms Evans: The idea they are working with is that you can keep negotiating the Doha issues and implement as many of them as soon as you can, where that is possible, and in parallel with that you would work with select agreements within the round. That may be bilateral arrangements, or it might be that you get some plurilateral agreements emerging that support the general direction of the round or any combination of agreements that can push forward the work.

Senator NASH: Would you mind taking that on notice for us. I do accept that, obviously, the Department of Foreign Affairs and Trade has the lead on this but potentially it does have a specific impact, particularly for agriculture. If you would not mind, in so far as you are able, can you take on notice to get some detail about, from your perspective, what work is being done on those things you mentioned and, if there are any, other things as well, how the framework would look and any particular impact on agriculture that we would see as a result of this change to a new environment.

Ms Evans: I can take that on notice.

Senator MILNE: I want to begin by asking some questions about the Trans-Pacific Partnership Agreement. I understand it is being negotiated between the United States, Australia and seven other countries and that the ninth round of the negotiations is set to start in Peru on 19 October. I also understand that nobody has seen any draft text of the proposed agreement and it has been alleged that there is a document which restricts access to negotiating documents for four years after the conclusion of the negotiations. Can you tell me when the Australian people and community are going to get access to see what exactly is being negotiated and can you tell me what input you have had to the Department of Foreign Affairs and Trade about the primary industry proposals or impacts that may come out of this agreement because, of course, there are many other issues being negotiated apart from agriculture? I am just interested in your perspective and your input to date.

Mr Ross: As you pointed out, the ninth round of the TPP negotiations is to take place in Peru, starting on 19 October—that is, in a couple of days time. DAFF has been involved in each round of the negotiations as part of the Australian delegation led by the Department of Foreign Affairs and Trade. In terms of our engagement, we have been particularly involved in discussions around the text of the sanitary and phytosanitary chapter of the agreement. We have also taken an interest, obviously, in the market access discussions and also the environment working group and rules of origin. They are the main areas of the agreement that we have particularly participated in actively.

In terms of documentation around the agreement, I am not aware of that requirement you mentioned in terms of a restriction on access to documents. Obviously it is an ongoing negotiation, so I guess the amount of public information that can be made available is limited because it remains within governments until the negotiations are concluded.

There is a process of engagement with industry stakeholders, and the Department of Foreign Affairs and Trade maintains information on its website about progress in the negotiations. After each round they put up on their website an update on where the negotiations stand. As part of each negotiating round, there is a stakeholder forum which is managed by the country that hosted that round of negotiations so that stakeholders have an opportunity to present their views and receive information from the negotiators.

Senator MILNE: Who are the stakeholders in terms of the primary industry sector that you would identify would be at those roundtables or have an opportunity to be at them?

Mr Ross: I believe there is an open invitation to industry and other stakeholders to participate. I do not have a list of who may have participated from Australian industry in the stakeholder forums that have been held. Domestically there has been an opportunity for industry to submit submissions to the process. A number of agricultural industry associations have made submissions to the Department of Foreign Affairs and Trade. As well, the Department of Foreign Affairs and Trade has regular face-to-face updates to industry. I think there was one last week where they took the opportunity to brief industry representatives on the Trans-Pacific Partnership Agreement negotiations as well as the current negotiations taking place.

Senator MILNE: I want to go to some of the issues you mentioned in the list of things that you are negotiating on. One is the phytosanitary chapter. Another is the country of origin labelling, which is something that this committee has been engaged in quite serious discussion about for some time. There are also environmental issues. I am aware that Monsanto did not get what it wanted in the first round of the US free trade agreement and will be coming back through this process to see what it can get. I am alarmed by a number of those issues and where this is coming from in the United States. Can you tell me: what is the discussion around country of origin labelling and phytosanitary issues? What are the points at issue here?

Mr Ross: If I can just clarify, it is rules of origin, not country of origin labelling specifically. It is around rules associated with the origin of products and how they qualify for certain concessions that might be available under the agreement. The main one that I am familiar with is the work that is going on in the SPS working group, the sanitary and phytosanitary working group. The progress to date has been around developing the text of the chapter that would make up that part of the agreement. There have been a series of proposals on the table as to what that text might look like. At the most recent round in Chicago, progress was made towards bringing all the various texts together into a consolidated text. That now exists, and the expectation is that this next round of negotiations will continue on the basis of that consolidated text to try and reach agreement on the wording of that material.

Senator MILNE: The stakeholders for something like that include the environment groups, of course. Are any of those involved in these stakeholder meetings?

Mr Ross: I am sorry—I do not have that detail. I do not know who may have participated.

Senator MILNE: Could you take notice for me whether any environment groups or even unions or social justice groups have had any consultation about the text? I am aware that they have written to ask for access to the text and have not been granted it to date. On the issue of market access, a number of claims were made by the minister for agriculture of the day, Mark Vaile, and presumably supported by DAFF at the time, about the thousands of jobs and

massive improvement for primary industry that would come from the US free trade agreement, and none of it came to pass. It came nowhere near what was claimed would occur. What is the reality check that is happening this time on market access?

Mr Ross: Again, it is an ongoing negotiation, so the outcome on market access is not known yet. When you say a reality check, I am not sure what you mean. In terms of our negotiating objectives, our hope is to achieve meaningful commercial outcomes that achieve gains for our industries over and above what they have under existing agreements.

Senator MILNE: Which industries do you think would benefit from this? There is also a big downside in terms of the level of access that is going to be given to all these other countries. Which products do you think are going to benefit from a trans-Pacific partnership of this nature?

Mr Ross: Again, as I say, the outcome has not been achieved yet. But our aim is to pursue gains. For instance, in the case of the US, our hope is for better access, particularly around sugar. I do not have other specifics to hand, but I can take it on notice and provide a bit more information.

Senator MILNE: I am asking about the cost-benefit. Whilst you may be able to get a better outcome for sugar, what are the losing sectors in primary industry as a result of this agreement?

Mr Ross: I do not think that is something we can provide at this stage. As I say, this is an ongoing negotiation. It is not our expectation there would be losers through the process.

Senator MILNE: It was not your expectation there would be losers from the process of the US free trade agreement either, but the Productivity Commission took more of a reality check on that than the department at the time. Anyway, I would like to know from the minister when we can expect to see a draft text so that a broader community than just agricultural stakeholders can have input into some of these matters.

Senator Ludwig: I would have thought the logical progression would be that the agreement would at least need to get to an agreement point before you then start talking about a finalised text. Regarding the timeline, we can take it on notice and see whether indicative timelines can be produced. But one of the questions should go to DFAT if they have a better view of what the timeline may or may not be.

Senator MILNE: Mr Ross might be able to tell us when it is expected that this may be negotiated.

Mr Ross: No, I am not in a position to advise that. After this next round there is to be a presentation to leaders at the APEC leaders meeting in November, at which point there will be some public advice around the status of the negotiations.

Senator IAN MACDONALD: There was mention of sugar. Can you tell me what you are talking about. Are you close to some sort of breakthrough with sugar?

Mr Ross: No, as I indicated, this is still a process of negotiation, but in terms of objectives we would like to see through the negotiations for agricultural industry, I was offering sugar access as one of the potential gains from this process.

Senator IAN MACDONALD: But there is nothing happening at the moment that is materialising those gains for sugar?

Mr Ross: No.

Senator IAN MACDONALD: Is there still a tariff on imported sugar into the United States?

Ms Evans: There is, and if I can use that as an opportunity to make one point about this idea of winners and losers in agricultural markets. Australia's own tariffs are incredibly low, and verging on non-existent for agricultural products, so any arrangement, even a bilateral or in this case a plurilateral forum, that gives us the opportunity to lower tariffs in other countries is almost certainly going to be a gain across the board. The kind of research done under the Productivity Commission report also pointed in the same direction. So these kinds of forums really are a forum for Australia to be able to gain market access opportunities, compared with where our own levels of protection are already so low. The US and sugar is one example where, although our own bilateral agreement with the US does not have the kind of outcomes that had been hoped for, this is another opportunity for us to pursue that.

Senator IAN MACDONALD: Didn't the free-trade agreement with the United States have in place some sort of long-term wind down of tariffs on American imports of other people's sugar?

Ms Evans: I would have to take that on notice. I do not believe so, but I will confirm it.

Senator IAN MACDONALD: Have we progressed on imports of beef and dairy?

Mr Ross: Is this specifically in terms of access to the US?

Senator IAN MACDONALD: Yes.

Mr Ross: Through the US FTA we did achieve improved access for beef and dairy products.

Senator IAN MACDONALD: On a long-term run-down basis?

Mr Ross: Yes, there is a long-term run down with regard to beef. At the moment the beef quota access we have with the US is manageable. In terms of the decisions that our exporters are taking we are not fully filling that opportunity with the US, because I understand there are higher value opportunities in north Asia, for instance.

Senator IAN MACDONALD: Can you put on notice a case study on, say, strawberries, which I understand we export to America but import in the off season?

Mr Ross: To clarify what you are asking, are you saying a case study on strawberries in terms of the trade that is occurring between the two countries?

Senator IAN MACDONALD: Yes, and any tariffs on either end.

Mr Ross: Okay.

[21:49]

CHAIR: I thank officers from Trade and Market Access and now call officers from Sustainable Resource Management. We will start off with Sustainable Resource Management and then go to fisheries.

Senator NASH: I have some questions relating to Caring for our Country, the RM Williams purchase of Henbury station.

Mr Thompson : The purchase of Henbury station was undertaken using Caring for our Country funds, but it is part of the national reserves system component of Caring for our

Country in which the decision is made by Minister Burke, and the detailed arrangements for implementing those measures are undertaken by SEWPaC. It would be best to ask questions of that department.

Senator NASH: In the minister's release when this all happened in July he very early on notes that 'while the Gillard government supports through Caring for our Country, the company has purchased Henbury station'—blah blah. And you saying you cannot answer any questions? I understand it is environment, but I thought it was more a dual role rather than specifically just an environment issue.

Mr Thompson : Not when it comes to that component of Caring for our Country, which is the purchase of national reserves. That is virtually solely SEWPaC. The only decision made jointly in that one is the allocation of the total amount of money that would go to the national reserves component.

Senator NASH: Okay. So how much money actually came out of Caring for our Country for it?

Mr Thompson : I do not have that figure to hand.

Senator NASH: So what is the Gillard government's support though Caring for our Country that the minister is referring to?

Mr Thompson : That would be the money that was provided through the national reserves system for the purchase of Henbury station. That program has bought a range of stations and properties from vendors over the years.

Senator IAN MACDONALD: It is in fact the Director of National Parks who is in charge of it.

Senator NASH: Yes, I get all that. So, in terms of the funding, you do not have that with you?

Mr Thompson : I do not have that detail.

Senator NASH: At all, or can you supply it for me on notice?

Mr Thompson : We can supply it on notice but we would have to get it from SEWPaC.

Senator NASH: I don't care where you get it from! But if you could, that would be great. All right, I will leave it there.

Senator IAN MACDONALD: I did ask in the other committee about feral animals and weeds, and I was told the experts were in this committee, so they have repaid you for that.

CHAIR: The experts are on this committee.

Senator IAN MACDONALD: On this committee and in this committee as well—you are quite right. But I was after any programs, apart from Caring for our Country, that might support funding for research, control or mitigation of feral animals and weeds. I recall in the previous government there was a \$40 million weed program, which I think has lapsed. I am just wondering whether there are any other programs that would deal with things like rabbits, feral pigs, other feral animals and then the weed pests. I am conscious that CRCs are not your department or science, but a lot of research was done then and I am wondering if you have any input into that CRC as well. It is a broad question.

Mr Thompson: There is a range of programs. Caring for our Country provides significant assistance for weed and pest animal management, including for works on the ground and for supporting the Weeds of National Significance exercise. The Invasive Animals CRC receives funding through the CRC program at present and the department works closely with them on a range of their projects. We also have had since 2007 a \$15.3 million National Weeds Productivity and Research Program which is being administered through Rural Industries R&D Corporation, and within ABARES there is a small research program into methods for the control of invasive animals.

Senator IAN MACDONALD: So you are saying the Weeds of National Significance program is continuing but is funded out of the Caring for our Country program?

Mr Thompson: The support for coordinators and the operations of some of the Weeds of National Significance coordination arrangements is funded through Caring for our Country at present.

Senator IAN MACDONALD: But through local NRM groups?

Mr Thompson: No, the NRM groups fund activities on the ground. In many cases they may fund coordinated control programs within their region but under the Weeds of National Significance program there are coordinators for a range of related Weeds of National Significance activities which the Commonwealth provides funding for, and we also support the National Weeds Coordinator to coordinate action on Weeds of National Significance.

Senator IAN MACDONALD: Out of Caring for our Country funding?

Mr Thompson: Out of Caring for our Country funding. It is a project that operates at the national level as opposed to the regional level.

Senator IAN MACDONALD: I was told in the other committee that there was \$71 million going to Caring for our Country. Could you collaborate with them and make sure that the ones you have talked about are included with those 71 projects in the answer to the question I put on notice.

Mr Thompson: Yes, we can do that. That is the number of competitive grants that included projects aimed at weed and pest control.

Senator IAN MACDONALD: If they were competitive grants, then you are saying there were other grants outside—

Mr Thompson: There were other grants through regional base level funding which also went towards managing weeds and pests. Many of those projects often have mixed objectives, but that would be in addition to the \$71 million.

Senator IAN MACDONALD: Perhaps on notice you can give me details of those programs.

Mr Thompson: Yes, we can do that.

Senator IAN MACDONALD: Is there anything specifically for rabbits?

Mr Thompson: There are, again, a range of funding sources that go to rabbit control. Caring for our Country is providing support for a project in the Invasive Animals Cooperative Research Centre for extending work on rabbit haemorrhagic viral disease. That gets \$1.5 million from Caring for our Country. Then, through the pest animal program within ABARES, there are some smaller projects relating to PestSmart, which is a toolkit for

information on best practice management for rabbit control. We contribute through that same program to FeralScan, which is a web-based tool for monitoring the occurrence of rabbits, and there is a project where we are working with land managers looking at the resurgence of rabbits that has occurred following the rains to bring to the forefront information about the best methods and cost-effective methods for rabbit control. Caring for our Country has something in the order of \$1.5 million, as I understand it, for focused rabbit management on the ground, plus other projects have rabbits as part of their control—for example, a project might be about fox and rabbit control but the aim of the project is really about protecting bird breeding habitat and rabbit control is a tool they are using to protect the habitat.

Senator IAN MACDONALD: Is the \$1.5 million program a separate program?

Mr Thompson: The \$1.51 million is a number of projects within Caring for our Country grants. The biggest component is a single \$993,000 project in Western Australia.

Senator IAN MACDONALD: Could you give me some details of those on notice if there is anything more to add. You have mentioned the CRC for invasive species a couple of times. As I understand it, they are winding down now. I know this is not your department involved but I am interested to know if any element of your department is a partner in that CRC and whether this department is supporting the reapplication for funding. I hear around the traps there is a lot of concern as to whether the CRC will be re-funded.

Mr Thompson: I could not say whether it will be re-funded or not. It has got through one round of competitive applications. All those CRCs go through a process in the science department for funding. It is a quite competitive process. We have worked, as I said before, with the CRC on a number of projects and we have been a partner in past years but the rebid is being handled by the industry department in the normal manner.

Senator IAN MACDONALD: No, my question was: is either your department or any agency funded by your department a partner in the CRC currently and are they supporting the rebid?

Mr Thompson: I am not aware that any part of DAFF is currently a partner in that invasive animals CRC at the present time.

Senator IAN MACDONALD: I suppose this is hypothetical, but if they were not to be re-funded who is going to do all the research work? Will that go down to ABARES as to what the CRC currently does?

Mr Thompson: That is a hypothetical question at the present time. ABARES does do some work in that area and, as I said, Caring for our Country has also supported some extension and coordination activities relating to invasive animals. I think that would be something that the government would have to look at in the event that the invasive animals CRC was not funded and they would have to look at it in terms of competing priorities.

Senator IAN MACDONALD: I do not want to ask anything improper here and perhaps the minister could take this one. Does your department or you, minister, support the application of CRCs that really are in your area of responsibility such as those concerning invasive weeds and feral animals, which have a big impact on Agriculture, Fisheries and Forestry?

Senator Ludwig: I went to a breakfast not long ago supporting the agricultural CRCs and so, yes, generally speaking, to the extent that I can, I broadly support them because they do

contribute significantly to a broad range of agricultural research that is so necessary. I am not sure—and perhaps someone could remind me—whether they have written to me and asked me to indicate my support. I think in some instances where they do I certainly undertake that task.

Senator IAN MACDONALD: Good. Thank you, minister.

Senator SIEWERT: I want to go to the review.

Senator IAN MACDONALD: I have been there in another way, but go ahead.

Senator SIEWERT: I want to find out where to from here with the review. Let us see if they match up with what you heard next door. I have the review document. Can you tell me what is your plan for the process from here?

Mr Thompson: At the present time we have received most of the submissions. Of course, people are still providing comment from time to time about the shape of the program. We have put up on the Web a summary of the comments received with a broad indication of those. Some of the material that has also been produced for the review was placed on the Web recently in addition, which you may have seen. The word from here is we will be considering all of that. We expect the government to be able to consider the review of Care for our Country in the shape of future programs in the new year.

Senator SIEWERT: Because 2013 is the last budget year of the current—

Mr Thompson: The last budget year of the current version of Caring for our Country is 2012-13.

Senator SIEWERT: I know you cannot pre-empt government decisions, so I want a process point here. The government is going to have to make a new decision about allocation of funding. Caring for our Country is not an ongoing program; it was announced as a discrete funding program.

Mr Thompson: In budget parlance, Caring for our Country is an ongoing program. The last year of the current program is 2012-13, so the shape and nature of the future program would have to be made in the 2013 budget. But our aim was to do it next year so we would be able to have a transition year while the program in its current form was continuing to make it easy for groups to adapt to any changes. But in the budget parlance it is an ongoing program.

Senator SIEWERT: You talked about a transition process. Do you envisage that there will be as large a change as there was from NHT1 to NHT2 to Caring for our Country? Do you think there will be that sort of big change or do you think there will be a more refined process?

Mr Thompson: I cannot pre-empt the government's decision on that, but whether it is a small change or a large change there is always someone in the community who is affected by it. Our experience has been that the better notice you can give them of that change the more readily they can cope with it. But if any changes can be foreshadowed then if you have a transition year you have got time to work through some of those changes with the community so those changes do not end up being a dramatic change—they come along for the journey.

Senator SIEWERT: In terms of the Carbon Farming Initiative and the Biodiversity Fund, have you given any thought as to how the three processes will then work together?

Mr Thompson: Yes. That is being worked on as the guidelines for those programs are developed. As you are aware, the Biodiversity Fund, the Action on the Ground agriculture component and the research and extension components of the land sector package are new and additional to Caring for our Country. As we develop that package and the details of it, we are very mindful of trying to avoid overlaps or duplication and make processes as simple as possible. One of the key elements for helping with that is that funding is available for regional bodies to do carbon planning. Hopefully, that can help align the program processes.

Senator SIEWERT: That is where I was going with that question. I was looking at going back to NRM groups and then doing some more beefing up of their overall strategic planning processes, because under Caring for our Country they have had to focus on the priority areas and move away from where NHT2 is going to focus on a smaller bit of their strategic plan.

Mr Thompson: The land sector package does provide funding for regional bodies to improve their natural resource management plans, particularly for the work they will be doing on vegetation management. But, if they are improving their plans for vegetation management and vegetation linkages, some of that same process information will be equally important for helping inform where action on the ground might occur for agriculture as well. So, in the work we are doing in developing the details of those programs, we are very mindful of trying to coordinate the various program elements across Australia.

Senator SIEWERT: The program that I did not mention is Landcare, which is separate again. Will that be brought into that process as well or is that going to stay outside?

Mr Thompson: At the present time, Landcare funding goes through the same processes as the competitive components of Caring for our Country. There are community action grants—which are small grants—which are basically designed for people to fund local priorities. It is not a separate process, but they could all gain from being informed by the same sort of planning information about where priorities and things are on the ground.

Senator SIEWERT: With all due respect, Mr Thompson, Landcare does seem to be an outlier: sometimes it is in and sometimes it is out depending on whose announcement and the timing. Do I read the answer to that as being that it will be treated the same as it is being treated now?

Senator COLBECK: I hope not.

Senator SIEWERT: I am just trying to find out.

Mr Thompson: Broadly speaking, until changes to the program are made, in processes and applications Landcare is treated very much as it is treated now. We have done a couple of things to enhance the Landcare community's capacity to participate—for example, the additional Landcare facilitators to help them make applications and the work we are doing to support Landcare conferences so they can come together to share information. Capacity building support for the Landcare community to participate in the single process has been enhanced.

Senator SIEWERT: I am aware of the time, so should I put on notice for SEWPaC questions about Working on Country and the Caring for our Country projects?

Mr Thompson: Working on Country is largely SEWPaC appropriations and managed by SEWPaC, with single decisions on that one by Minister Burke. It is appropriated a bit differently to all the others.

Senator SIEWERT: Isn't there some funding that comes out of that, though, and a bit that comes out of Caring for our Country?

Mr Thompson: There was a little bit that was funded out of Caring for our Country until now, but one of the decisions the government made in the last budget was to consolidate Working on Country money into one appropriation. Previously it was funded from five or six appropriations. It has all been put into one and put through SEWPaC, which is for ease of administration.

Senator SIEWERT: And it runs out next year anyway. We were talking about Caring for our Country now being ongoing. Is Working on Country the same?

Mr Thompson: It is a SEWPaC appropriation, but my understanding is it is an ongoing program.

Senator SIEWERT: Thank you. I have a list of questions for that but I missed the hearing next door because I was here, so I will put them on notice.

Senator BACK: Last estimates I asked a series of questions about the feral camel eradication program. A lot of the funds had been spent but because of seasonal conditions the camels were out in the bush and were not accumulating around water points. Can you give us some idea of the progress of the scheme, whether or not funding has been held over as a result of the animals not being accessible and whether or not the scheme will continue till the funds are exhausted.

Ms Lauder: You are correct; the camels did disperse with the wet weather. At this stage, with the fires in Northern Australia and the reduced amount of rain, they are starting to group again. We held over some of the funds from the last financial year because the plan is to ramp up the activity and, as long as there are not substantial rains in that area, the expectation is that we will continue to meet the target of the overall four-year program.

Senator BACK: What was the target?

Ms Lauder: The target was 350,000 camels.

Senator BACK: What is the overall budget for the program? How much is left unexpended?

Ms Lauder: The overall budget was \$19 million over four years. I might have to take on notice how much is yet to be expended.

Senator BACK: If you would. Could you also tell me whether the funding is due to expire at the end of this financial year or in 2012-13?

Ms Lauder: It is the end of 2012-13.

Senator BACK: You mentioned fires. My only other question is about the west Arnhem Land fire abatement scheme. Is the scheme finished for this year now, it being an early dry season program? Can you tell us what the success or otherwise of it was for this year?

Ms Lauder: Of the fire management program?

Mr Thompson: We do not have that information. We will have to take it on notice.

Senator BACK: Perhaps it is not within this portfolio.

Mr Thompson: There is an Indigenous fire management program that is part of Caring for our Country that is run in conjunction with the Working on Country program by SEWPaC.

Senator BACK: So you are or you are not able to answer?

Mr Thompson: I am not able to answer it here but it is something we could take on notice.

Senator BACK: I would also ask that in taking it on notice you extend the courtesy, please, by advising me of anything you know of a proposed East Kimberley fire abatement scheme which is in development, based I think on the west Arnhem Land program. The west Arnhem Land program, as I remember, over the last few years has successfully been able to document I think it is 100,000 tonnes of greenhouse gas equivalent saved as a result of controlled early-season burning. In return for that I think Conoco-Philips has paid to the managers of that program a million dollars each year.

CHAIR: A very good program.

Senator BACK: An excellent program. I understand it is to be extended or it least there is an objective to extend it into the East Kimberley region. Could you take that on notice and advise any information you might have on that as well.

Mr Thompson: Yes, Senator.

Senator COLBECK: I want to follow on from Senator Siewert. Just going back to the Caring for our Country review process, having had a look through the submissions and received some feedback from some community groups myself, the majority of community and Landcare group submissions said the regional process had ignored them or they felt they were not part of the process or they felt they were disengaged. Why does the overview written by the department not accommodate those views?

Mr Thompson: I thought the overview did pick up those views. The very strong message came through from some people that the overall priority setting process did not take regional priorities sufficiently into account. But another large group of people also thought local community priorities were not being taken into account by regions or by the Commonwealth. So there are two groups out there: some like regions, some like community scale activity. Neither of them says the other is wrong, they just like different things.

Senator COLBECK: Or both do not like where they are at, I suppose. What specific outcomes from the expenditure of the Caring for our Country program will be able to be included in the next *State of the environment* report, bearing in mind that the last report said they could not make an accurate assessment of Australia's environmental performance because of a lack of data?

Mr Thompson: Detailed questions about what would be in the *State of the environment* report, given that program is run by SEWPaC, would have to be asked of them. But Caring for our Country does put out an annual report card which contains information about what our programs have been delivering. It does not purport to provide a total statement about the state of Australia's environment or the state of all the natural resources but some information of that ilk is relevant. For example, the report card or the program can report on the uptake of sustainable agriculture practices or the extent of new measures for the land cover change in agricultural land which may well be able to be picked up in land management components of reports like *State of the environment*.

Senator COLBECK: So have you been gathering background information in planning for the new program?

Mr Thompson: Yes, Senator.

Senator COLBECK: Can you give us a sense of what sort of information you have been gathering?

Mr Thompson: We have been gathering the normal sorts of information about environmental and natural resource management issues in Australia, we have been gathering information about how the states and other countries are running natural resource management programs and we have got the comments from people in the states and elsewhere about it. There is information on the web now about some work that was done by ANU, there is a work on the governance performance of regional bodies across Australia—a range of activities of that sort.

Senator COLBECK: Can you give us a sense of what the new Weeds of National Significance program will look like? Will it have a similar structure?

Mr Thompson: While the Weeds of National Significance program is funded through Caring for our Country as a Commonwealth-state initiative that is worked on through the ministerial council, a review of that was done last year which resulted in some changes to the program and no doubt the Australian Weeds Committee, which is working on that, may want to make some more. At the present time no decision has been made about changing Weeds of National Significance. It is one of the issues that will be looked at.

Senator COLBECK: Isn't there a new Weeds of National Significance list being prepared?

Mr Thompson: There is a new list of weeds being prepared, yes.

Senator COLBECK: When is that supposed to be finished?

Mr Thompson: My understanding is that it has been through a scientific and Commonwealth-state process to identify the new weeds and it is now proceeding through the ministerial council process. Final sign-off has not yet been achieved but it is very close.

Senator COLBECK: Why then are the coordinators now developing papers on the weeds when we have not decided what they are?

Mr Thompson: I am not aware of what papers the coordinators are actually—

Senator COLBECK: I was at a conference on the Sunday before last and they were telling me that they were developing papers on the weeds of national significance but then saying that the process had not been completed to decide what the weeds were.

Mr Thompson: It has been a protracted process to get agreement between the Commonwealth and the states on what new weeds should be there. I think it is no secret which weeds the states or others have been putting forward. My understanding is that the coordinators could well be working on fact sheets on the candidate weeds for committee information, because in relation to the existing list of weeds of national significance, there were some weeds that each of the states and the Commonwealth put forward as weeds that they thought needed to be considered. I think the coordinators are working on those. Any of those candidate weeds would be weeds that would be of some significance. Whether they finally get signed off as WoNS or not is one thing, but they are weeds of sufficient significance that it would be entirely appropriate for a coordinator to put together some fact sheets on them. That is what I believe they are doing.

Senator COLBECK: I will leave it there.

Mr Thompson: Can we make some corrections to some answers we gave earlier. I am informed, Senator Macdonald, that ABARES is a partner in the Invasive Animals CRC and is a partner in the rebid for the Invasive Animals CRC.

Ms Lauder: In relation to the question on camels, \$7 million has been spent to date. There is a budget of \$5 million for this financial year of 2011-12 and a budget of \$7 million for 2012-13.

Australian Fisheries Management Authority

[22:23]

CHAIR: We will now go to AFMA.

Senator COLBECK: Can I get a sense of what is happening with the current circumstance in Gladstone Harbour?

Mr Thompson: I do not have any information on that; I have just been told that ABARES does not have any information.

Senator COLBECK: Can anyone tell me about red spot disease?

Dr J Findlay: I may be able to find some information. It is not currently a major issue for the Commonwealth fisheries. We do not have Commonwealth vessels or Commonwealth fisheries based in Gladstone Harbour. We have been following the issue as it relates to the impact on markets and industry concern. The disease does not develop red spot as well as other symptoms on fish and crabs being harvested in the Gladstone region. It has been going on for quite some time. That resulted in a number of problems at the Sydney Fish Market and elsewhere with the Sydney Fish Market having problems with premature mortality of crabs received from Gladstone. There were various consignments of Gladstone fishes rejected in various co-ops and markets. Minister Wallace in Queensland did impose a fishing ban for a period of time, but based on evidence available to him that there were no human health concerns as a result of the events going on, he opened that again about 10 days ago. This is a very closely monitored situation and the exact cause at this stage is unknown. There are lots of hypotheses, but these sorts of diseases are seen as a result of atypical symptoms of stress in fish. What is causing that stress is unknown. There are more symptoms than the cause.

Senator COLBECK: So we really do not know what the cause is yet but there is work being done to try to determine what might be happening there.

Dr J Findlay: Dr Poiner from the Australian Institute of Marine Science, who is certainly a world renowned scientist, has been appointed to a task force looking into the scientific questions.

Senator COLBECK: I will move on to the Bass Strait scallop fishery and seismic testing. I understand FRDC has identified a research project into the effects of seismic surveys on a number of species. Will this be looking at scallops and potentially taking some seismic testings over some scallop grounds?

Dr J Findlay: I have not got the exact details of what FRDC has or has not agreed to. I am not sure if—

Senator COLBECK: I might have to put that on notice.

Dr J Findlay: My understanding is that it will include some work looking at the scallop issue but I do not have the exact details in front of me, I am sorry.

Senator COLBECK: I will chase that further. Have we had any other assessment of the impact on that fishery post the original claims or are you aware of any other work that has been done in or around that fishery following that particular event?

Dr J Findlay: As it relates specifically to the issue of seismic testing, no. Obviously we have reported here a number of times the work that we done with CSIRO to look at the impact of seismic testing. That found that over about a three- or four-month period there was no evidence to suggest that there was any impact of seismic testing on the mortality rates of scallops. Separate to that, we have had quite a difficult year with the scallop fishery. These are, by their very nature, difficult and unpredictable animals to manage and certainly it has been a difficult situation for the fishers to track down reasonable beds of scallops this year.

Senator COLBECK: There have been some allegations of issues concerning the age of the fish.

Dr J Findlay: There have been some comments from industry that it believes the current harvest strategies both in operation in the Commonwealth fishery and in Tasmania are letting the scallops get too old and so is contributing to the recent mortalities. I think that is a little unfair. We see at the moment some very strange behaviour, certainly unpredicted by scientists or the industry when we originally set up the rules for this year's harvesting.

Senator COLBECK: Is there any specific research going on into that?

Dr J Findlay: We have research permits—scientific permits—out at the moment on nine vessels looking for alternative beds. We find what was a good bed at the end of last year is turning out very few scallops. We have caught only 216 tonnes to date of our 2,000 tonne TAC, certainly well short of our last two years' performance. We would have expected a lot better. We have changed fishing areas as a result of the first 16-odd days of the season not performing very well. We have now moved to an additional area but again we are not seeing the performance we would like out of that area. As I just said, we now have nine vessels undertaking option six surveys in areas of uncertain scallop density to try to get some better information for next year. We are also looking at our harvest strategy to try to refine and provide more efficient and flexible arrangements to try to get out of this situation with both us and industry guessing about where we are going at the moment.

Senator COLBECK: The system that was put into place and developed over time of having a paddock based approach, where you would leave some areas for a while and basically work around, seemed to have some merit to it.

Dr J Findlay: The theory is good, and for a couple of years it worked very well for us. This year it has not worked very well at all.

Senator COLBECK: For everybody.

Dr J Findlay: We have had the best performing of the three scallop fisheries in the south-east. Victoria is shut at the moment and Tassie's harvest is going to be very, very small.

Senator COLBECK: Can you just give us an overview of last week's events with SBT, southern bluefin tuna? I have not seen any final information on the aerial survey this year, so

could you just give us a quick outline of what that data showed? It was very promising earlier in the season, but I have not seen anything post our discussion in May.

Mr Glyde: For my sins, I am also the southern bluefin tuna commissioner. I might try and answer the first question and ask Dr Begg to give you a comment in relation to the aerial survey information. Last week was a very significant outcome in the commission. For the first time, an RFMO has agreed to a management procedure which essentially is a strategy to rebuild the stock based on the science. So the commission agreed to a strategy that would lead to the sporting stock returning to 20 per cent of its prefished biomass by a certain time, with a 70 per cent confidence in that happening.

The management procedure was something that has really been initially developed and driven by Australia. The commission met last week to try and agree the parameters of that management procedure and, in general terms, adopted a fairly conservative approach to that. The science, for example, asked for the commission to choose the maximum TAC in any one three-year period. The choice was between 5,000 and 3,000. The commission chose 3,000. The commission chose to get to its rebuilding target at the earliest possible date, which is 2035 rather than 2040. In choosing to set the allocation for the next three years, the first TAC-setting period, the commission had the opportunity to go right up to 9,000 tonnes over that three-year period, but it chose a total of 5½ thousand tonnes, mainly because choosing a 9,000-tonne target over that three-year period would have led to greater up-and-down behaviour in the stock and therefore the catch.

Senator COLBECK: What do you mean by up-and-down behaviour—variation in numbers?

Mr Glyde: Yes. There is greater possibility for variation in the stock and therefore variation in the catch. So, for stability for both stock purposes and the industry as a whole, we went for a more conservative approach and also one that will be informed by the science. What was set, in terms of global figures for the whole of the fishery, was a 1,000-tonne increase next year, 1,500 tonnes in the year after and then, if the management procedure which is run every three years would allow, up to 3,000 tonnes in that final year. This is a good outcome for the stock, because for the first time the decisions in relation to its management will be driven by the science. It is also a good outcome for Australian industry, particularly in the first period, where Australia will get back the voluntary contribution that it made in the significant cuts that were made three years ago. Also, we have established a process for returning Japan to its pre-penalty levels. It is getting back to match Australia's share of the allocation. That process again will be entirely dependent on the stock recovering, and it is entirely dependent upon all other countries reaching their nominal allocations before Japan does.

This, I think, is a significant achievement for successive Australian fishing ministers and for successive Australian administrations. It reflects the culmination of about 10 or 15 years of work in getting to this point.

Senator COLBECK: The current spawning stock target is 20 per cent by 2035. Is there an aspiration beyond that or is that too far out?

Mr Glyde: That is too far out, I think. The idea is to aim for that and to get to their by 2035 and, I would imagine, some time before that. Should the science and the predictions be right, we will start to talk about what you do beyond that point.

Senator COLBECK: Let us move quickly on to the survey.

Dr Begg: The scientific aerial survey this year was presented at the CCSBT scientific committee in July. The results this year were again very positive and, in fact, were the second highest on record. That information went into the assessment and it also went into the management procedure runs.

Senator COLBECK: You said 'second highest on record'. How far back does that go, can you remind me?

Dr Begg: I think it is 1993.

Senator COLBECK: What year does that compare with?

Dr Begg: The start of the survey was 1993.

Senator COLBECK: No. You said it was the second highest on record. So when was the previous high?

Dr Begg: 1993.

Senator COLBECK: That document was held prior to this process. When will that be published?

Dr Begg: Now that the commission meeting is over, all those papers can be provided. We can get you a copy of that.

Senator COLBECK: That would be great, thanks.

Senator SIEWERT: I will go to the north-west issue. I am only going to ask one question and I will follow up other stuff later. There was a report in WA that there had been a trawler go through that area. Could you tell us if you are aware of whether any trawlers have been through the triangle yet?

Dr J Findlay: This is a public forum and our current policy is not to release real-time information about the fine scale activities of particular fishing boats. I can confirm that we have a trawler operating in the north-west slope trawl fishery at the moment. I am not willing to provide fine scale detail about exactly where that boat is operating in this forum. I hope you would appreciate that, because that information is very relevant to competitors.

Senator SIEWERT: I will follow that up again later.

Senator COLBECK: I just want to know where negotiations are with WA on the realignment and that particular triangle.

Dr J Findlay: WA wrote to us about a week ago, expressing the view that their view remains as it was previously and that they would like to amend the boundary only in the northern area and not in the southern area. Our position remains the same—that we would like to amend the boundary under schedule 1 of the offshore constitutional settlement agreement right through both areas. That is the current status.

Senator SIEWERT: I am going to have to put a whole lot of questions on notice. Can I go to the gillnets and the DAFF process. I have some detailed questions I would like to put on

notice, but where does the process go from here? You have put temporary boundaries of gillnets in that area. What do you plan to do in terms of management from here?

Dr J Findlay: There are two current temporary orders in place—one relates to sea lion enclosures and associated measures.

Senator SIEWERT: I was going to come to that, but go on.

Dr J Findlay: That expires on 1 October, from memory. We are currently looking at a package of measures to look at a series of directions, permit conditions and other arrangements to give effect to most of the contents of that temporary order. So the closures implemented under that temporary order will remain in place come 1 October. Offal discharge bans will be moved into permit conditions, and closure of directions will give effect to the actual formal closures. The existing component that allows for fishers who previously used gillnets to use hooks in those sea lion enclosures will likely remain under a second temporary order. We have not made the decision but we are likely to in the next week or two—certainly before the closure expires. On 22 September we implemented a large closure to protect dolphins—a 27,000 square kilometre closure. The temporary order for that has five-odd months to run, and we are currently considering what the longer-term options are to give effect to those arrangements.

Senator SIEWERT: Have you considered putting in place for dolphins a group similar to the sea lion stakeholder group?

Dr J Findlay: I would rather create a sea lion and dolphin group. Many of the same people are interested in the issue, and we have committed to conservation NGOs and others that future meetings of the sea lion working group would be meetings of a sea lion and dolphin working group and invite relevant experts from the scientific fields for both animals as well.

Senator SIEWERT: Are you able to tell me anything about any interaction between the dolphin deaths and the sea lion management area?

Dr J Findlay: Can you clarify the question?

Senator SIEWERT: How many dolphin deaths occurred in the sea lion management area zone?

Dr J Findlay: I will try to come at that in another way. I would not have those figures exactly to hand, because the two zone do not line up exactly.

Senator SIEWERT: I just want to know whether there is any interaction.

Dr J Findlay: It would be fair to say that the additional data collection resulted in some better information about the rate of dolphin mortalities. Some fishers have also said that it was the displacement—that our forcing them out of areas where sea lions were at risk and forcing them to fish in other areas resulted in high risks to dolphins in the Koorong area. We are not exactly sure what has driven the increases in dolphin deaths. Some anecdotal information suggests that the outflows out of the Murray at the Koorong are actually causing aggregations of baitfish, which are in turn attracting dolphins—and unfortunately sharks are attracted to the same area. So fishers have been concentrating in that area. That said, the area where we have been catching dolphins is historically a fairly high-effort area. Around 20 per cent of the effort in the whole of the gillnet fisheries occurred in that area. This is the first time we have seen

this sort of data on dolphins. We had half our dolphin deaths in the three-month period prior to the closure. That was fairly dramatic and, we think, unprecedented.

Senator SIEWERT: I have some more questions about some stats I want, but I will put those on notice. Before I run out of time I want to ask one more question about the benthic impact assessment for the South Pacific Regional Fisheries Management Organisation. Perhaps I should have asked that in the last session.

CHAIR: We are segueing.

Senator SIEWERT: Then I will ask the question, and I have asked it in the past. I understand it has now been completed. Has it been released?

Dr J Findlay: In June 2010 AFMA commissioned CSIRO to assess the impact on vulnerable ecosystems of bottom fishing in both the South Pacific and Southern Indian oceans. Both assessments have now been completed and identified a low risk of significant adverse impact. The assessment for the South Pacific has been tabled at the relevant Regional Fisheries Management Organisation, and I think it is available through their website. The other report will be made available to the Southern Indian Ocean Fisheries Agreement—SIOFA—and will be tabled through that process.

Senator SIEWERT: When is SIOFA's next meeting?

Dr J Findlay: I am not sure.

Senator SIEWERT: It will be tabled through their process, so obviously we will not get to see that until it has been tabled.

Dr J Findlay: Not normally, but we can follow up for you on notice to see whether we can provide that to you.

Senator SIEWERT: That would be appreciated. Thank you.

Senator SIEWERT: I have lots of other questions that I will put on notice.

Senator IAN MACDONALD: Can you give me a brief comment on the fish stocks for Indian Ocean tuna through the IATC and the Western and Central Pacific Fisheries Commission, respectively, as well as the stock for the Patagonian tooth fish and where quota are for that? Some of that is domestic and some of it is international, but are we as Australians happy with the management of the fish stocks of tuna in the Indian Ocean and the Central and Western Pacific and tooth fish in the Southern Ocean?

Dr J Findlay: That one falls very much in between DAFF and AFMA, I think. They might want to take the lead.

Senator IAN MACDONALD: I always ask some questions about the Indian Ocean Tuna Commission because you variously hear that the Indian Ocean or the central west Pacific are the last bastions of tuna stocks in the world. The IOTC used to be dysfunctional. At Australia's insistence it was going to be fixed up but then I understand that people have lost interest in it. Does the department have a comment on whether they are happy with the longevity of the tuna stock in the Indian Ocean and the central west Pacific—and with the Patagonian tooth fish?

Mr Thompson: We are still actively engaged in the Indian Ocean Tuna Commission and other relevant regional fisheries organisations. Dr Begg can provide information about the stock levels.

Dr Begg: The IOTC scientific committee is meeting in December this year. So they will be going through the most updated stock assessments. In terms of ABARES' fishery status report from last year, both sword fish and yellow fin tuna were assessed as subject to over fishing in the Indian Ocean. But we will get the most updated assessments in December when the scientific committee examines those assessments.

Senator IAN MACDONALD: So we are not happy there. What about the central western Pacific? Are we happy there?

Dr Begg: WCPFC scientific committee meet in August. Bigeye tuna was one last year, in the fishery status reports, that was assessed as overfished. Again the fishery status reports will be coming out at the end of the month, and we will have an assessment on those stocks as well.

Senator IAN MACDONALD: We cannot go into this for any length of time. I was hoping that our involvement in those two fisheries commissions might have achieved good results. Perhaps the fish stocks reports this year will show they do. I was after some comment on what we think about the state of the fish stock. Briefly in the time remaining, can we hear about the Patagonian tooth fish. I think they are domestic.

Dr Begg: With respect to the domestic fisheries, we have active operations in both the HIMI fishery and the Macquarie Island fishery. Both of those are assessed as not overfished, or not subject to overfishing. In the status reports last year on the Antarctic waters fishery, which may be what you are thinking of, Senator, there is an issue with toothfish. I should point out that the Australian vessels have not been operating there for the past two to three years. The reason we classify it as overfished is because of IUU fishing.

Senator IAN MACDONALD: So there is still IUU fishing, but that is not in Australian waters.

Dr Begg: That is correct.

Senator IAN MACDONALD: Who controls the Antarctic waters fishery? CCAMLR?

CHAIR: We will have to make that the last question, Senator Macdonald.

Senator IAN MACDONALD: I had some domestic questions about the Coral Sea, the Gulf of Carpentaria.

CHAIR: Thank you.

Dr O'Connell: I want to inform the committee that we are tabling four documents that you were looking for: information on the WA drought pilot project; information on projects under the live trade animal welfare program; the report to the minister on the *Sydney Morning Herald* article; and the letter to the minister of 3 June on Indonesian animal welfare issues from a variety of industry players.

CHAIR: Thank you.

Grains Research and Development Corporation

[22:49]

CHAIR: Welcome Mr Perrett and Mr Harvey. Lucky last—how does that keep happening?

Mr Perrett: I do not know. We have been told once or twice it would not happen, but we are happy to fit in wherever, Chair.

CHAIR: Mr Harvey, is this your first estimates?

Mr Harvey: Second.

CHAIR: Thank you. Questions?

Senator NASH: Can you give us an update on the CSIRO trial that was attacked? From GRDC's perspective, what has been the impact on the contribution that growers made to those levies? Has that particular quantum of funding from growers been wasted?

Mr Perrett: I will let my managing director go into the details. Basically, GRDC invests funds with CSIRO that look at all manner of research. Certainly those trials were part of the GRDC work. But there are other trials, so the absolute quantum of the impact will not be known until we get the research from the other trials. There certainly will be a negative impact. We certainly invested dollars in those trials that were attacked. We have certainly lost that work.

Mr Harvey: I think that probably covers the question, unless you require more details.

Senator NASH: Could you take on notice to give us just a ballpark figure of the quantum of growers' funds through the GRDC that were wasted?

Mr Perrett: It is hard to say what has been wasted because there is the quantum of funds which have gone through to the research. How much we have been set back and how much we have lost are difficult to determine at this stage.

Senator NASH: I imagine it would be. Perhaps you could look at it and just give us as much detail as possible. Have there been any prosecutions?

Mr Perrett: It is still the subject of police investigations. I believe charges have now been laid against three people, but I cannot confirm that. That has been managed by the CSIRO. We actually contract CSIRO to manage the work and do the trials. At their request they took over managing the incident, working with the police and other authorities. We are one step removed, fortunately or unfortunately.

Senator NASH: As and where information is available on the impact, could you supply that to the committee?

Mr Perrett: Personally, it was devastating and it was a very sad day for one of the world's leading scientific organisations to see those sorts of activities take place on Australian shores. It was disappointing to say the least and I think it was a devastating and a reprehensible act.

Senator NASH: I cannot agree more.

Senator SIEWERT: I understand you have a process whereby you declassify some wheat varieties—is that correct?

Mr Perrett: At this stage there is no process of declassifying, but the Wheat Classification Council is looking at the appropriateness of some classification of very old varieties. If they

go down the path of their original thinking, they are varieties that have not been grown or delivered for many years but still sit on the classification. They are outdated varieties for numerous reasons. They may be very poor on disease resistance or they may have no yield qualities; therefore growers do not grow them. It is pointless to have a long list of varieties that are no longer utilised. If a variety has been delivered in certain recent years then there is every likelihood that it will continue to remain under classification list.

Senator SIEWERT: I understand there is no process yet. When we have looked into this, we have not been able to find a process. Are you undertaking consultation now to develop a process?

Mr Perrett: At the moment the Wheat Classification Council is going through a process of reviewing its activities, looking at all the classifications and how they work. It is quite complex. When we looked at the old system it was managed by a single entity, the AWB. It was basically about classifying varieties for overseas markets. Now we have domestic markets and a whole range of overseas markets. We have wheats where one particular variety may perform differently in a different area. Therefore, one classification fits all would not be appropriate. The classification council is working through all those aspects at the moment and consulting extensively with the industry, both end users and producers.

Senator SIEWERT: There are a couple of questions I would like to follow up with there. What happens when you declassify it? I presume that means that they are not going to be able to grow it and deliver it anymore.

Mr Perrett: Not necessarily.

Senator SIEWERT: So what will it mean?

Mr Perrett: There is no legislation or restriction on a grower growing a variety. If someone goes through proper quarantine procedures and brings a variety into Australia from overseas which is not classified, they can still grow it and they can market it if they wish, but it would not be marketed under one of the classifications. That is all.

Senator SIEWERT: I am wondering why you would go through the process then.

Mr Perrett: My belief is that it is good to tidy things up. You do not want a great big long list, as we are producing more and more varieties which are more relevant. It sends a very clear signal to growers about which varieties are accepted by the marketplace. Those varieties may no longer continue to have the attributes that they used to have. They may no longer be appropriate for various markets as market demands change. An example would be an Australian prime hard variety going into the Japanese noodle market. It has a different requirement to the one it had 20 years ago because that market has changed. Therefore, you need to keep things relevant and up to date. That is something that the classification council is working through. They are managing that process.

Senator SIEWERT: People talk now about heirloom varieties of all sorts of plants. If somebody decided there was an heirloom variety of wheat, they would still be able to sell that but not through the classification process.

Mr Perrett: It would not be classified. If it was declassified, it would not be classified as an APH, an APW or whatever variety classification.

Senator SIEWERT: What is the time line for the process of review?

Mr Harvey: Wheat Quality Australia is working on that review. I believe they are hoping to finish that review over the next six months, and this is just one aspect of the review.

Senator SIEWERT: Who is being consulted during that process?

Mr Harvey: There was a meeting held, I think about six weeks ago, where they got all the key industry players together, including growers, marketers and people involved in bulk handling. A lot of the discussion at that meeting was around how you move from a regulated to a deregulated environment and how the classification system should work in a deregulated environment.

Senator SIEWERT: How many submissions has the process received?

Mr Harvey: I would have to ask them.

Senator SIEWERT: Could you take that on notice for me?

Mr Harvey: Yes.

Senator SIEWERT: Thank you.

CHAIR: Thank you, Mr Perrett and Mr Harvey. Dr O'Connell, on behalf of the committee I thank you and your officers for appearing today. Hansard and Broadcasting, thank you very much. That concludes today's hearing.

Committee adjourned at 22:58