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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Monday, 11 February 2013

Members in attendance: Senators Back, Colbeck, Di Natale, Edwards, Fawcett, Gallacher, Heffernan, Joyce, Ian Macdonald, Nash, Rhiannon, Ruston, Siewert, Sterle, Thorp, Urquhart, Whish-Wilson, Williams.

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO**In Attendance**

Senator Ludwig, Minister Assisting on Queensland Floods Recovery, Minister for Agriculture, Fisheries and Forestry

Department of Agriculture, Fisheries and Forestry**Executive**

Mr Andrew Metcalfe, Secretary

Ms Rona Mellor, Deputy Secretary

Mr Phillip Glyde, Deputy Secretary

Mr Mark Tucker, Deputy Secretary

Finance and Business Support, Governance, Information Services and People and Service Delivery

Mr Darren Schaeffer, Chief Finance Officer

Mr Tom Aldred, First Assistant Secretary, Governance Division

Ms Cathrine Stephenson, Assistant Secretary, Parliamentary Business Branch, Governance Division

Mr Graham Gathercole, Chief Information Officer, Information Services

Ms Lynne O'Brien, First Assistant Secretary, People and Service Delivery

Ms Vanessa Berry, Assistant Secretary, External Budget and Strategy Branch, Finance and Business Support Division

Australian Bureau of Agricultural and Resource Economics and Sciences

Mr Paul Morris, Executive Director

Dr Michael Harris, Chief Economist

Dr Kim Ritman, Chief Scientist

Dr Ilona Stobutzki, Assistant Secretary, Fisheries and Quantitative Sciences Branch

Climate Change

Ms Fran Freeman, First Assistant Secretary

Mr Paul McNamara, Assistant Secretary, Forestry

Ms Julie Gaglia, Acting Assistant Secretary, Climate Change Policy

Border Compliance

Mr Tim Chapman, First Assistant Secretary

Mr Wayne Terpstra, Assistant Secretary, Industry Arrangements and Performance

Ms Cristina Hutchison, Assistant Secretary, Passengers and Mail

Mr Peter Liehne, Assistant Secretary, Cargo and Shipping

Post Entry Quarantine Program

Dr Colin Grant, First Assistant Secretary

Mr Peter Moore, Assistant Secretary

Biosecurity—Plant

Ms Vanessa Findlay, Chief Plant Protection Officer

Dr Colin Grant, First Assistant Secretary, Post Entry Quarantine Program

Ms Kylie Calhoun, Assistant Secretary, Plant Export Operations

Mr Bill Magee, Assistant Secretary, Plant Biosecurity, Grains and Forestry

Ms Louise van Meurs, Assistant Secretary, Plant Import Operations

Mr David Heinrich, Acting Assistant Secretary, Plant Biosecurity, Horticulture

Mr Chris Adriaansen, National Plant Health Programs, Pest Response and APLC

Australian Chief Plant Protection Officer

Ms Vanessa Findlay, Chief Plant Protection Officer

Food

Mr Greg Read, First Assistant Secretary

Mrs Ann McDonald, Assistant Secretary, Export Standards

Biosecurity—Policy

Mr Greg Williamson, First Assistant Secretary

Ms Debbie Langford, Assistant Secretary, Legislation

Office of the Chief Veterinary Officer

Dr Mark Schipp, Chief Veterinary Officer

Biosecurity—Animal

Ms Karen Schneider, First Assistant Secretary

Dr Andrew Cupit, Assistant Secretary

Dr Bob Biddle, Assistant Secretary

Mr Simon Smalley, Assistant Secretary, Animal Welfare

Live Animal Export Division

Ms Rebecca Irwin, First Assistant Secretary

Ms Lee Cale, Assistant Secretary, Animal Export Reform

Mr Jonathan Benyei, Assistant Secretary, Animal Export Operations

Australian Pesticides and Veterinary Medicines Authority

Ms Kareena Arthy, Chief Executive Officer

Dr Allen Bryce, Program Manager Veterinary Medicines

Mr Tony de la Fosse, Program Manager Corporate Services

Dr Raj Bhula, Program Manager Pesticides

Ms Maria Mitchell, Deputy General Counsel

Mr Neville Matthew, Program Manager Regulatory Strategy and Compliance

Ms Stefanie Janiec, General Counsel

Meat and Livestock Australia

Mr Scott Hansen, Managing Director

Dr Peter Barnard, General Manager Trade and Economic Services

Ms Karen Hellwig, General Manager, Industry Communication and Engagement

Australian Livestock Export Corporation Ltd

Mr Sam Brown, Chief Executive Officer

Mr Raoul Nieper, Chairman

Australian Fisheries Management Authority

Dr James Findlay, Chief Executive Officer

Dr Nick Rayns, Executive Manager, Fisheries Management

Mr Peter Venslovas, General Manager, Fisheries Operations

Ms Tanya Howitt, Acting General Manager, Corporate Services

Mr Tony Lawless, Acting Chief Finance Officer

Sustainable Resource Management

Mr Ian Thompson, First Assistant Secretary

Ms Michelle Lauder, Assistant Secretary, Landcare

Mr Gordon Neil, Assistant Secretary, Fisheries

Australian Egg Corporation Ltd

Mr James Kellaway, Managing Director

Dr Angus Crossan, Program Manager, R&D

Ms Yelli Kruger, Program Manager, Marketing

Mr Kai Ianssen, Communications Manager

Ms Heather Palmer, Project Manager

Agricultural Productivity

Mr Matt Koval, Acting First Assistant Secretary

Mr Peter Ottesen, Assistant Secretary, Crops, Horticulture and Wine

Mr Tom Parnell, Acting Assistant Secretary, Livestock Industries and Agvet Chemicals

Mr Mike Ryan, Acting Assistant Secretary, Research and Development and Food Security

Mr Rob Solomon, Acting Assistant Secretary, Food

Trade and Market Access

Ms Jo Evans, First Assistant Secretary

Committee met at 09:00

CHAIR (Senator Sterle): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Today the committee will commence its examination of additional estimates with the Department of Agriculture, Fisheries and Forestry, better known as DAFF. The committee has fixed Friday, 5 April 2013 as the date for the return of answers to questions taken on notice. This deadline is longer than the usual time frame that the committee sets for the return of answers to questions taken on notice. The extension accounts for the time frame for senators to provide written questions to the committee secretariat. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business, Friday, 22 February 2013.

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 can be raised and which I now incorporate into *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)

As agreed, I propose to call on the estimates in the order shown on the printed program. Before we commence, I note that this is Mr Metcalfe's first appearance before this committee at Senate estimates as the Secretary of DAFF. Mr Metcalfe began his appointment as Secretary of DAFF and Director of Animal and Plant Quarantine on 29 January 2013. Previously he was Secretary of the Department of Immigration and Citizenship for over seven years. I know I speak for all senators in congratulating you, Mr Metcalfe, on your appointment and certainly look forward to working with you throughout the estimates process.

Department of Agriculture, Fisheries and Forestry

[09:02]

CHAIR: I welcome Senator the Hon. Joseph Ludwig, Minister for Agriculture, Fisheries and Forestry, Mr Andrew Metcalfe and officers of the department. It is going to be a long day, people, Senator Heffernan is wound up already. This will be interesting. If you just hold your fire, Senator Heffernan, while I get through the opening statement, it would be appreciated. Minister, do you or Mr Metcalfe wish to make an opening statement?

Senator Ludwig: I do not, but I understand that Mr Metcalfe has a short statement.

CHAIR: Thank you, Minister. Mr Metcalfe.

Mr Metcalfe: Thank you very much, Chair, and good morning senators and thank you for the words of welcome. I would like to take this short opportunity to introduce myself and update the committee about what I have been doing since joining the portfolio. I would also like to advise you of some structural changes to the department that have occurred since the last estimates.

As you said, I commenced as secretary of DAFF on 29 January this year. I was previously the Secretary of the Department of Immigration and Citizenship from 2005 to 2013, Deputy Secretary of the Department of the Prime Minister and Cabinet between 2002 and 2005 and deputy secretary of immigration between 1999 and 2002. I have worked in the Australian Public Service since 1980. I have served on a number of government boards and councils, including the National Australia Day Council from 2002 to 2012 and the Administrative Review Council from 2003 to 2012. I was born in Toowoomba in Queensland and my extended family and that of my wife have been involved in agriculture and pastoral industries in Queensland for well over a century, and in Tasmania for many decades before that.

As I said, I formally commenced as secretary on 29 January but I actually commenced a familiarisation program at DAFF on 3 December. I had been given the opportunity to begin to familiarise myself with the Agriculture, Fisheries and Forestry portfolio ahead of that formal commencement as secretary. In those couple of months, I met with many of our staff and stakeholders in Canberra, most state capitals, not all, and in a number of regional areas. Those meetings and field visits have been invaluable for me, but I am conscious that is a lot more I have to learn about the portfolio and I am sure that today's hearing will assist me in that.

Senators, what I can say is that I come to an organisation of just over 5,000 staff, many of whom I have now had the pleasure of meeting face to face. I find an organisation that I believe is genuinely in good shape and a workforce that is passionate and committed. It has been interesting for me to observe that, like myself, many staff have close family or direct links to the land. The department is currently undergoing a capability review being led by the Australian Public Service Commission. I will draw on this and my own observations to make any refinements that might be needed to our organisation. I have been asking the obvious questions of why we do things and how we can improve what we do.

Can I also take the opportunity to update the committee on a few structural changes that were implemented by my predecessor since the last Senate estimates hearing. Let me also quickly apologise to the committee secretariat for any confusion that this may have caused in the lead-up to today's hearing. I think that has been sorted out, but our apologies.

In October 2012 a new Live Animal Export Division under Deputy Secretary Phillip Glyde was created with the primary purpose of implementing new regulatory processors resulting from the Farmer review and the implementation of the exporter supply chain assurance system. This division is also responsible for developing

strategic policy advice, managing stakeholder and client relations and improving departmental business processes in the area.

This month the new Post Entry Quarantine Program under Deputy Secretary Rona Mellor came online. This new division will provide strategic leadership for the program of works underway across the department to deliver the government's new post entry quarantine facility in Melbourne which is a critical part of our role in managing biosecurity.

A merger of the agricultural productivity, sustainable resource management and climate change divisions under Deputy Secretary Mark Tucker, essentially turning the three divisions into two, is currently underway and that should be settled next month. The merger reflects significant changes to the nature of the business covered by those divisions. This includes a separation of the joint national resource management team from the Department of Sustainability, Environment, Water, Population and Communities, a new phase of Caring for our Country, the conclusion of a number of programs on 30 June 2012 and progress in major reform initiatives such as drought programs, rural research and development, agvet chemicals and the National Food Plan.

In addition to these changes, last Friday, I announced the formation of a small strategic group, which is to be headed at SES level reporting to me through Deputy Secretary Tucker, to focus on the big issues in our work right across agriculture, forestry and fisheries and deliberately take a long-term view. It will be separate to but work very closely with the soon to be merged divisions that I just mentioned, but I am interested in having a small group of people looking at some very long-term issues for the portfolio.

Chair, in closing can I say that I regard it as an honour to have been appointed as the Secretary of DAFF. I look forward to a cordial and professional working relationship with this committee. At future hearings I expect to have much more to say in answering the committee's questions but today, I suspect, I will be calling on my deputies and SES officers quite frequently to assist us. Thank you.

CHAIR: Thank you, Mr Metcalfe. Before we do go to questions I would remind colleagues that we have a very, very tight timetable today, as was discussed at our meeting on Wednesday. I intend to run strictly to the timetable and not go over. If there are officers out there and your senator has questions, I urge you to follow the timetable and keep a hold of it. Do not pop up late and expect to ask questions. I will go to Senator the Hon. Richard Colbeck as the shadow parliamentary secretary to take the lead on all questions, and I will be guided by you for the allocation of times within the coalition.

Senator COLBECK: Thank you, chair. Senator Heffernan has that clarification matter that we just talked about.

Senator HEFFERNAN: Could I just welcome Mr Metcalfe. I am pleased to see someone that comes from the bush and pleased to see that you are talking about a bit of vision of where we are going to be. You can count me in on that. I want to seek clarification on a matter I have already raised, which is the matter of Kylie Ridge and a Caring for our Country grant and where I should deal with this today. Since the last time I raised this at estimates I took the liberty of ringing the on-ground assessment person at Bathurst. This matter was about a property of 2,800 acres purchased for \$230,000 on 23 February 2010. Some months before it was purchased the person who decided to buy it applied for—because they got an early inspection in December 2009 for the property—a grant before she bought the property. I have spoken to the person who did the inspection and, subsequently, after she signed the contract she was then notified she was successful in getting an \$893,660 grant. The first \$96,597 of that was paid on 17 May. When she went to the bank we discovered the flaw—the place was full of blackberries. I just want clarification. It is as dodgy as anything I have seen. Where should I raise it?

Mr Metcalfe: I can help on that. That question is best asked under sustainable resource management, item 14. We are due there after dinner. I do understand that there are issues there associated with the Department of Sustainability, Environment, Water, Population and Communities.

Senator HEFFERNAN: I will be going into it there.

Mr Metcalfe: If you are asking us, we will answer it after dinner.

Senator HEFFERNAN: I know a lot of good cockies that have applied for grants in good faith and get nowhere near it. This is a proposition that is dodgy.

CHAIR: Do you have another clarification?

Senator HEFFERNAN: My second clarification was on the front page of the *Australian* on Saturday about the RSPCA wanting to shut down all auctions of saleyards. I do not know what they know about store sales such as if you have got 117 first cross ewe lambs that you want to sell at Hay that come from the back of Ivanhoe. I also note that the RSPCA say they should shut the auctions—and farmers will march on parliament if they pull

this on as it will absolutely challenge their livelihoods—because when the animals go to the saleyards they are strangers with the other animals therefore it stresses them. It is the same as, Minister, when you go to the footy and you do not know who is sitting next to you. I want to know how we are going to deal with that and how the department is going to deal with that. I want to know whether Coles and Woolies are donors to the RSPCA. I also want to know why the RSPCA was not sued when they said at Mataranka—

CHAIR: Senator Heffernan, I am going to come in here. This is a very important issue and there is no argument from anyone around this table, but in all fairness to your colleagues, what you want to seek is clarification of when you may have the ability to ask the department. Your colleague over here is getting itchy feet and we have a tight timetable.

Senator HEFFERNAN: One more minute. At Mataranka, under government supervision from the University of Darwin, they allowed 800 cattle to die of starvation. The people who were managing it felt so intimidated they could not report it. When I asked the RSPCA that they said, 'It was outside our jurisdiction.' That is why they did not act. I think it is a cover-up and I want to know where to raise it.

Senator Ludwig: Some of the questions that you have foreshadowed are matters that you can direct to the RSPCA. Regarding the more broad issue, animal welfare is both a state and territory responsibility at first instance—saleyards and all of that fall within their responsibility. This is not a new issue, as I understand it, from the RSPCA. This is a matter that they have raised for some time. I do not think it is a new matter. I would not support it. I cannot see any producers in the area supporting that type of issue. I would have thought the first thing to do would be work with local councils, work with the producers, work with the saleyard owners about how to improve if they think there is a deficiency in saleyards rather than come out with some sort of circumstance of saying there should be a ban. When you look at it, more than three-quarters of sales of stock is through saleyards—saleyards form a very important part of rural sales of livestock.

Senator HEFFERNAN: Tension in the market.

Senator Ludwig: It seems to me this is something that the RSPCA have continued to agitate for for some time. It is certainly not a new issue for them to call on these types of things. Ultimately the primary responsibility is with the states and territories. I suspect their view would be like mine—at first instance you should work with the saleyard owners and all of those, if you then identify and think there is a problem work with saleyards about how you logically improve saleyard outcomes. My understanding is that over the last period saleyards have been working diligently on improving their operation.

Senator HEFFERNAN: Your attitude is mine, Minister.

Senator Ludwig: I think we are pretty close, which would be unusual for us.

Senator HEFFERNAN: Not at all on this committee.

Senator COLBECK: Mr Metcalfe, welcome and good luck with us and the agency. The first thing I want to talk about is management of CDDA claims. My understanding is that the usual time to deal with the processing of one of these claims is about four to six weeks, is that right?

Mr Metcalfe: I will ask Mr Aldred to assist you with this.

Mr Aldred: There is no real set time. With the CDDA claim, they cannot be dealt with until legal avenues have been examined or exhausted. They do depend quite substantially on interacting with the applicant and toing and froing on information. Obviously we try to do them as expeditiously as we can, but some of them take quite some time.

Senator COLBECK: Once you have got all the information, how long would it normally take?

Mr Aldred: It is variable. It depends on the complexity of the matter. They do range from relatively simple matters through to exceedingly complex ones.

Senator COLBECK: So when the Ombudsman's office or the department of finance both confirm that a four-to six-week time frame should be taken to complete a report, where would they get that from?

Mr Aldred: It would be our intent to try and do things as expeditiously as possible, but it is highly variable.

Senator COLBECK: Do you have any stats on what sort of time frame it might take? Do you have any benchmarks?

Mr Aldred: I have not got specific stats with me but I can give you an indication on notice of our general time line.

Senator COLBECK: What about the personnel appointed to handle a case, what would be the general process around that? How would you expect that to work?

Mr Aldred: It has varied a little over time. What we have done recently within governance division is separate out a specific unit to concentrate on discretionary claims. Previously they were done as part of an integrated freedom of information, CDDA, act of grace type unit. What we have done in recent months is separate out a specific unit.

Senator COLBECK: What do you mean by 'recent months'?

Mr Aldred: It occurred in the last two months.

Senator COLBECK: What was the basis for making that change?

Mr Aldred: As part of our overall management and budget within governance division and in particular with one of the branches, we looked at where we could improve efficiencies and direct some additional resources. As part of that we determined that we would separate out discretionary claims so that we had more focused effort on those sorts of activities. It is a further evolution of having centralised freedom of information processes across the portfolio in the last 12 months. Previously, freedom of information assessments were undertaken across the portfolio. We have centralised those and in doing so there is a larger workload. In the last 12 to 18 months we have experienced an increase in the sort of complexity of a range of the applications.

Mr Tucker: I can add to Mr Aldred's answer. As Mr Aldred indicated, we have had a growth in FOI requests and it was our view that the analytical skills required in a number of those matters were quite similar, so there were efficiencies and greater certainty in clarity of outcomes by centralising that function.

Senator COLBECK: I want to take you through a particular case—I am not going to mention the name of the case—but I have to say, having dealt with this sort of thing in government before, the handling of the case almost gives rise to a new claim in itself. It is bloody hopeless really, in my view. We have a claim that was received on 14 March last year following a concession by the particular area of the agency that an asset had been taken away from this particular constituent. Twelve days later they received an email that a particular individual would be reviewing the claim and was advised just over a month later.

Let us run the dates out—on 14 March 2012, 26 March received an email stating the claim process and this person would be managing it. On 19 April—claim submitted and received. So the letter that I was talking about conceding that there was an issue was dated 14 March. On 23 April it was confirmed that a particular person within the agency had been appointed as the agency official and the section of the department would be looking at the claim. It also stated that he had never encountered a CDDA claim and wanted to get it off his desk as soon as possible. In mid-May the applicant received advice that the individual, who wanted to get it off his desk, had gone on long service leave and someone else would be put in charge of the claim. On 24 May, the applicant received a letter confirming that the agency within DAFF had received the claim and an individual was now acting as the agency official. There were a number of phone calls from the applicant and it was confirmed that the head of DAFF, the minister, and this individual were working on the claim and there would be a decision soon.

Towards the end of June, the applicant was told that the second person looking at the claim was sick and would be taking extended leave. He was then told that a third person would be managing the case. He was then told that that person was handing the case over to a fourth person. So in early July he was told by this fourth person that neither the minister nor the department's secretary had sighted the claim. He already had advice that the minister and the departmental secretary were working on the claim and then he was told they had never seen it. He was advised that an officer had been assigned in DAFF for independent evaluation. The problem was that that officer was on long service leave.

He was then advised that the person he was talking to—the fourth person—was also on long service leave and was told that another person would be looking after the claim on 17 July. That person told him that another person from DAFF had been appointed as the officer to complete the statutory independent review on 19 July. On 7 August he was told that that person had declined to act as the independent reviewer and that a new person had been appointed as the CDDA official but wanted to remain anonymous—you wonder why.

He was then advised that the review would be completed by 4 September. On 23 August the Ombudsman was advised they had received confirmation of 4 September as the completion date. On 6 September he was advised that the review officer sought more information from AFMA delaying the review by an additional week. They have not asked him for any information at this stage in proceedings, there has been no contact asking additional information from the complainant. He then found out on 17 September that the review officer had not been appointed by the secretary as required under the act. He was then advised on 28 September that one of the previous officers who had been appointed to the role would once again be handling the claim. He then found out on 4 October that that individual was on leave again and somebody else was looking after it. Then he was told that somebody else was dealing with it, but then found out the day after that the secretary had not formally

appointed that person under the act. He then found out that the secretary had rejected the appointment of the officer and his report.

We have, over the period of eight months, eight different people handling the one claim and one completed report that was rejected by the secretary. At the end of the day the person who made the mistake of taking away the asset has now been appointed as the person to assess the claim. Can I ask how this person can have any confidence that he is going to get a reasonable deal out of this. It is just a complete and utter—you cannot call it a comedy of errors—bloody farce. This almost gives rise to another claim, I would have thought. The fact that there are eight people appointed to deal with the one case within that period of time and nothing comes out the other end. How can the person have confidence that their claim is being dealt with expeditiously and that they are going to get a fair deal? I have read through the claim document and that is as it is—I make no comment about that. But they are told that the minister is involved with the deal, then they are told that they are not. I know that they are now. I have been trying to get a briefing on this since mid-January and got advice at about five o'clock on Saturday night that I could get some information on it. Surprisingly, we were just about to appear at estimates. How do you have confidence in this?

Mr Aldred: Senator, obviously you have not provided us with the details of the case. You have gone through—

Senator COLBECK: I have not done it deliberately, because I do not want to identify the person, but I have asked questions about it at estimates before and, in response to my questions on the specific case, the department has answered. I am under no illusion that you do not know what I am talking about.

Mr Aldred: I believe I know what case you are talking about, Senator, but I would definitely want to check the timeline of events as you have stated them. They do sound more complex and to have more people involved than I understood was the case. I am happy to follow up and provide details of the activities on notice.

Senator COLBECK: I come back to my point: how does anybody believe they can have confidence in this process? The only thing I can say is that you have made changes to the way the department works, but it has been with the final officer since November.

Mr Tucker: We are pretty sure we understand the case you are talking about.

Senator COLBECK: I am sure you do.

Mr Tucker: A couple of times in your comments you talked about the interchange between the agency and the department. Each part of the portfolio has its own processes and decision-making approach. We obviously have ours in the department and we obviously provide guidance and assistance to our portfolio agencies in conducting these processes. We know the case and, as Mr Aldred said, we can check the details, but, depending on the outcome of the case, we as a department are following it closely to make sure we can provide our guidance in terms of ensuring a fair decision-making process.

Senator COLBECK: Can you understand somebody from outside who, as far as they are concerned, is dealing with the government—with all these different chops and changes—they think the minister and the departmental secretary are involved at some point in time and then they find out later—

Senator Ludwig: I would like to make it quite clear for the record that as minister I do not involve myself directly with CDDA claims. For the record the matter came to my attention because someone called my ministerial office. I then requested a brief on the matter, and I asked both the former and the current secretary to have this matter resolved. That is my entire involvement. I think I was pro-active in that sense, but it is still a matter for the department to resolve the CDDA claim.

Senator COLBECK: I do not think I made any insinuations around that, Minister.

Senator Ludwig: No, but I just wanted to make sure—

Senator COLBECK: I have sat in the seat, so I understand, but I appreciate the fact that you have said you want it resolved. By the same token, the applicant sent an email to your office and was told by your office it would be two weeks before they could acknowledge they had actually received the email. I would have thought it would have been something that could have been tracked down pretty quickly. All this goes to their perception of how their case is being dealt with. You are in the unfortunate place of being at the end of a long and sorry saga, but they are dealing with the government, as far as they are concerned. There are eight people who have been dealing with this since last year. I do have a timeline provided by the department to the applicant, and they do line up fairly well, I have to say. It is in that context that I am comfortable in running through the applicant's timeline.

Senator Ludwig: Just so there is no mistake, it is not a matter of inquiring of the ministerial office as to where this is up to or whether we respond. Clearly these are matters that are for the department to resolve through the

CDDA process. So long as the transcript shows that. I have asked both the former secretary and the current secretary to resolve it. They were the instructions I had given, but I am advised only about the process, not the content. As you would accept, it is not a matter for me to resolve, just so that the parties to this are clear about this. They should continue to press the department for an early resolution.

Senator COLBECK: I appreciate those sentiments and I add mine: a person has lost their business and has the rest hanging on the line at the moment waiting to find out what is going on with this, and they have made decisions based around a process that they thought was occurring but has not at this stage. I can only urge you to do that. I note that there is a requirement to keep the complainant involved, and it seems as though it is only the complainant's activity in contacting the agencies that has provided information rather than any interaction back and forth the other way. It just does not seem satisfactory to me.

Mr Metcalfe: As the Minister indicated, he asked me to look into this matter recently—of course, I have only been here very recently—and that is something I am doing. It does appear to be a complex case, in that it involves not only the department but also a portfolio authority, so the issue of where the responsibility lies in handling the case is something I have yet to determine myself. You can be assured that it is well and truly on my radar, and this morning has certainly assisted in that. You raised the broader issue of whether this the way it normally happens? From what I have heard, no, this is an unusual case, but you can also have my assurance that I will be talking with our senior officers about the way we manage CDDA cases and whether this, for whatever reason, is—hopefully—an exception and that other cases are dealt with more expeditiously.

Senator COLBECK: It appears to me from what I have seen, read and experienced, to be a complete debacle.

CHAIR: It sounds by Mr Metcalfe's undertaking—to put it in my trucking colloquialism—like somebody is going to get a boot in the pants to get moving.

Senator EDWARDS: On the CDDA scheme, there are a number of cases, I believe, that are still running with the live cattle export ban which has flowed on. I followed up last October's estimates, and the issue of contingent liability which the department is carrying on this is really somewhat nebulous. The answer was that you cannot really be sure of what your liability is going to be until the issue of legal liability has been resolved. Can you give me an update as to whether—I know that legal processes are slow, but it has been quite a while since we have been here—the question of legal liability has been solved in relation to the live cattle export claims that are against the department?

Mr Aldred: No claims have been filed in the courts as yet. The Commonwealth has received a claim in the sense that we have been approached by legal firms acting on behalf of others, but no claim has been filed in the courts. At this stage, that is where it remains.

Senator EDWARDS: Has no further progress been made because no further action has been taken against the department since October?

Mr Aldred: Nothing has been filed.

Mr Tucker: There certainly have been discussions between legal representatives of both parties. Mr Aldred is correct: there have been no formal legal proceedings instituted against the Commonwealth.

Senator EDWARDS: Has the discussion been around the frame of the claim? Has it been the usual argy-bargy between councils?

Mr Tucker: I would prefer not to go into that, because potentially this could lead to a legal claim, and obviously we need to be conscious of our legal position.

Senator EDWARDS: Watch this space.

Senator NASH: There was an answer to a question on notice from Senator Colbeck regarding the property in Broome which indicated that there was one office there with some storage as well, I think, at the annual rent of \$65,000. AusTender published a contract notice again for Broome on 27 November 2012 for what seems to be a second one for \$59,800. Do I assume that is a separate property location? I am just trying to clarify.

Mr Schaeffer: We will take that one on notice.

Senator NASH: You have got no information at all here with you.

Mr Metcalfe: If we can come back during the course of the hearing, we will do so. We will just quickly check on that. If we can just quickly check on that, we will do so.

Senator NASH: Thank you very much. Also, regarding the temporary personnel services, it looks as though \$981,173 has been spent on the temporary personal services, according to the contract notices. Can you give us an indication of why the department would need the expenditure for the extra staff?

Mr Schaeffer: They are for situations where we do not have staff on board yet, obviously. So they exist at the border sometimes, in relation to cargo clearance, or they could be for accounts payable staff, or they could be for a whole series of reasons right across the department.

Senator NASH: Could you take on notice for me to identify each of those for the period 1 August 2012 to June 2013?

Mr Schaeffer: Each of the areas?

Senator NASH: Each of the individual contract notices and what the services were for.

Mr Metcalfe: Sorry, did you say June 2013?

Senator NASH: Yes, to June 2013.

Mr Metcalfe: So, into the future.

Senator NASH: Yes. These must be contracted through till the end of June 2013, I am assuming.

Mr Schaeffer: Yes.

Senator NASH: That would be great. And provide an indication of why they could not be found from within the current resource pool.

Mr Schaeffer: Sure.

Senator BACK: I refer you to the media statement of 7 February regarding the release of an ESCAS investigation report in Indonesia. I understand this is an event that allegedly occurred at the Chibanong abattoir in West Java on 28 September. Is that correct?

Mr Metcalfe: I am just thinking about whether this would be best dealt with by the live animal exports people. Chair, I am in your hands as to whether we answer this now. There is time set aside after the dinner break for live animal export issues.

CHAIR: Yes, but I will check whether Senator Colbeck has other questions in this area. Senator Back has got the remainder of the time to ask these questions, because if we can deal with it and get it out of the way, if you do not have any further questions in this area.

Senator COLBECK: Senator Back said to me that he would take five or six minutes.

Senator BACK: It does not worry me where they get dealt with, they will also get to with under MLA, but for different reasons.

Mr Metcalfe: We can deal with it now if you wish.

Senator BACK: But I am quite happy to leave them until the appropriate time or deal with them now.

CHAIR: Senator Colbeck, you have got 15 minutes. Are there any other burning questions?

Senator COLBECK: I have got plenty of stuff to go through.

Senator BACK: I am in your hands.

Senator COLBECK: Are you happy to do it this afternoon?

Senator BACK: Yes.

Senator COLBECK: Righto, we'll do it then.

Senator BACK: We will have it all up in the same time. I just want to ask some questions around the levels of sick leave. There is a report recently around median unscheduled days off in 2011-12 that put DAFF up in the upper echelons of days off—tax office 15.5, health 15.2, agriculture 15.2. Have you done any analysis as to why the numbers are so high?

Mr Metcalfe: Senator, I will get Ms O'Brien to comment in detail. I must say that on coming to the department I noticed the same issue of unscheduled absence and, indeed, in some of my communication with staff, I have said that is an area that, although work is being done, clearly more needs to be done. We do not want to be up in the top four or five; we want to be below the median. I think there are some particular issues around it, but Ms O'Brien can probably cover it in more detail for us.

Ms O'Brien: Our reported rate was 15.2 days in the *State of the Service Report* last year. That was actually a decrease on the previous year of 0.6 of a day. We have recognised that this is a significant issue in the department and have been working to address it. There is really a number of drivers in relation to our absenteeism rates. The absenteeism rates in our regional workforce are significantly higher than in Canberra, and that partly reflects some of the challenging work environments that our staff work in. It reflects the fact that we have staff working on shifts and traditionally shift workers do utilise leave at higher rates than full-time employees. The other driving

factor for us is our compensation leave within that is relatively high for the public sector—13½ per cent of that number is driven by compensation leave. Again, we are doing a series of activities to try and drive down the cost of our compensation and the amount of time people take off for compensation related incidents.

Mr Metcalfe: I recall that in my previous department we had not dissimilar issues some years ago. Immigration was above the median and there was a very targeted series of management activities with staff trying to understand the reasons. Of course, there are often good reasons why a person may not be able to report for work—illness or some personal crisis involving family or whatever. We did take the step of ensuring that people could not simply email or text a message in—there needed to be a conversation, particularly if the absence continued for more than a day or two, so that the supervisor was able to work with the person and that it was not simply a question of sending a message in. I understand that that approach has been taken with DAFF and I think that has probably led to the trend going in the right direction, but clearly there is more that we need to do and so that is a focus for us in the year ahead.

Senator COLBECK: You have done some analysis as to why it is where it is. There are more significant issues in regional areas around shifts. What are the issues around the compensation leave? Why is that such an issue?

Ms O'Brien: Again, Senator, it is the nature of the activities that a lot of our staff are engaged in, particularly in the regional workforce, where we have staff working in abattoirs, staff working at ports and airports. It is quite physically-demanding activity. Just under half of our compensation cases relate to bodily stressing injuries or slips and trips. A lot of our work is physically demanding and that drives a fair proportion of our claims.

Senator COLBECK: If you are talking about abattoirs, does the change of inspectors and the structure of the quarantine process mitigate that at all, given that a lot of that has moved across to the private sector?

Mr Metcalfe: Is that the authorised officer process?

Senator COLBECK: Yes.

Ms O'Brien: It does not as much. We have a reduced number of employees working in the abattoirs now.

Senator COLBECK: That does not necessarily reduce the percentage—as a percentage of your staff?

Ms O'Brien: No.

Senator COLBECK: Have you done any benchmarking against the private sector?

Ms O'Brien: Not to my knowledge within our department. The *State of the Service Report* does talk about benchmarking against the private sector, I believe.

Senator COLBECK: And what does that say?

Ms O'Brien: I would have to check, but my recollection is that it is quite difficult to get proper benchmarking. For example, the inclusion of the workers compensation cases within our unscheduled absenteeism rates might not be something that happens in the private sector. If somebody is off on compensation leave then, arguably, it is not really unplanned absenteeism as they are on a return to work program and being managed through the compensation system. Those statistics are included in the APS numbers. That may well be something that would not appear in private sector benchmarking.

Senator COLBECK: What is the entitlement of sick days a year under the workplace agreement?

Ms O'Brien: The provision in the enterprise agreement is up to 20 days which relates to sick leave, carer's leave and a range of personal leave factors. There are also no certification requirements on our staff at this time under the enterprise agreement.

Senator COLBECK: So they do not need any certificates?

Ms O'Brien: They do not require certificates unless in particular instances to secretary can exercise his discretion to require certificates in particular cases.

Senator COLBECK: Were you aware that veterans affairs sought to cap the number of sick days without certificates in the last agreement?. I will leave the descriptor out so that I do not upset Senator Sterle.

Ms O'Brien: We did as well. We went through a period of protracted industrial action during the negotiation period around our enterprise agreement and one of the management initiated changes that we took off the table in order to reach resolution around the agreement was the requirement for the certification of sick leave and personal leave.

Senator COLBECK: What is the financial cost to the department of this?

Ms O'Brien: I might need to take that on notice.

Senator COLBECK: Have you had a look at what the saving has been to the department of that 0.6 reduction?

Ms O'Brien: Again, I will take that on notice.

Senator COLBECK: In the context of productivity dividends and the sort of stuff that the government has been asking for, I would have thought that was a good place to target.

Ms O'Brien: As I have indicated, Senator, it is an area that we are paying a lot of attention to.

Senator COLBECK: Minister Lundy, in her agency, has admitted that \$170,000 has been spent on external consultants to deal with bullying and inappropriate behaviour. Have you had any issues with that within DAFF?

Ms O'Brien: We have a range of code of conduct matters that are investigated each year. Some of those go to allegations of bullying and harassment. When we receive a code of conduct matter we initially will have a look at it ourselves and determine if it needs to go to a full investigation at which time we will bring in some external investigators.

Senator COLBECK: How many claims do you have at the moment?

Ms O'Brien: I can tell you that between July and December we finalised seven claims in the department. It is in the order of about six, I think, currently. I can confirm that.

Senator COLBECK: There are currently six open?

Ms O'Brien: As at 31 December there were six formal misconduct investigations open.

Senator COLBECK: So that this investigations, how many claims?

Ms O'Brien: They are the cases that are being looked at. If somebody comes to us with an allegation, as I indicated, we will look at it ourselves and determine whether it is a matter that needs further investigation and then take it through the formal process.

Senator COLBECK: So you have taken to the formal process all that had been brought to you?

Ms O'Brien: No, some of them we may decide are better resolved through some management action within the local workplace.

Senator COLBECK: You finalised 7 July to December and you currently have six open. How does that sit as far as the number on a continuum is concerned? What was the six months before July to December?

Ms O'Brien: I can give you the 12 months, if that helps.

Senator COLBECK: January to July.

Ms O'Brien: It was 11 during the entire 2011-12 financial year. So it is roughly about six to eight each six months.

Senator COLBECK: That is relatively consistent?

Ms O'Brien: Yes.

Senator COLBECK: Do you know how much you have spent on consultants in dealing with that?

Ms O'Brien: Over the six month period we have spent \$48,888.96.

Senator COLBECK: That is July to December?

Ms O'Brien: That is correct.

Senator COLBECK: What was the previous financial year?

Ms O'Brien: The 2011-12 financial year was \$136,609.27.

Senator COLBECK: Does the quantum spent depend on the claims?

Ms O'Brien: Yes, it would—the nature of the claims.

Senator COLBECK: What sort of tracking do you do to deal with the sorts of issues that might be raised, and how do they relate to the topic we were talking about a minute ago with respect to sick days? How do those two work together, or don't they?

Ms O'Brien: There is no direct relationship.

Senator COLBECK: So the behaviour investigations do not turn up in the sick days?

Ms O'Brien: We had a couple of cases where staff may have raised bullying and harassment concerns with us. These have been investigated under the code of conduct. They then may have elected to take those matters to Comcare as well, and Comcare has looked into those. So there might be some cases that go through the code of

conduct and that also get looked at by Comcare and could hypothetically turn into compensation cases. Certainly, the one I have in mind was looked at by Comcare, and Comcare rejected those allegations.

Senator COLBECK: Regarding question on notice No. 1 from supplementary estimates, you said there were 5,241 employees. Does that include non-ongoing employees and contractors?

Ms O'Brien: The 5,200, if that is the correct number, is the headcount of the department, as opposed to F/T numbers, which tend to track around 4,500 to 4,600.

Senator COLBECK: But does it include non-ongoing employees and contractors?

Ms O'Brien: I will have to take that on notice.

Mr Metcalfe: I am sure we can answer that during the course of the day.

CHAIR: I thank the officers and now invite the Australian Bureau of Agriculture and Resource Economics and Sciences, formerly known as ABARES, and the Bureau of Rural Science.

Australian Bureau of Agricultural and Resource Economics and Sciences

[10:00]

CHAIR: I welcome officers from both ABARES and BRS.

Senator NASH: On the issue of the carbon dioxide trading system, there were recently some comments from Professor Ross Garnaut about carbon trading systems overseas, which have crashed so badly they are next to useless. Can the department give us an update of their view on that particular commentary, given that Professor Garnaut was held in such high regard in the development of the carbon trading system?

Senator Ludwig: You are entitled to ask them a question. I think you are eliciting a view. You are entitled to ask me my view.

Senator NASH: You are correct. I should have asked you, Minister. Can you give us a response.

Senator Ludwig: We remain quite committed to the carbon price, unlike those opposite. We actually think a \$1.7 billion land sector package will benefit agriculture right across fishing and forestry and agriculture more broadly. To that extent, questions around climate change can be directed to the Climate Change Department, but I am quite happy to engage in this. We also have EU linking, which I think provides the opportunity for a greater pool of carbon credits being available.

If you look at what is called the DOIC—the regulator—a range of methodologies have been approved for abatement and sequestration activities. All of the demonstrates to me that there is significant action and interest in the land. We have within this portfolio three major responses, which are Filling the Research Gap, Action on the Ground, and Outreach, to advise people of the opportunities under carbon abatement. And of course agriculture, as you know, is excluded from its emissions. Together, if you talk to rural people who participate in the carbon abatement opportunities you will find great interest.

Senator NASH: I will get to that later. ABARES is not the appropriate place, but I will come to that later, Minister. You have raised a very good point. With the \$23-a-tonne-figure, if the tax falls to less than that how is the government going to ensure the viability of the \$23-a-tonne-figure?

Senator LUDWIG: I think these questions do fall within Climate Change, but given that I represent it in the Senate I do have some memory of the answer to these questions. We are confident that the price we have set, which does not come in, as you can appreciate, until 2016—the period will be relative to the world market. These things do move substantially. There have been places where they were \$53 a tonne—that is my recollection and I am happy to be corrected on that. But ultimately, in our view, they have set a realistic price. And, of course, that is a matter for Treasury modelling, as well, which has predicted that, and we are confident in Treasury modelling.

Senator NASH: I appreciate your answering the question even though you do not believe it sits here. Is any work being done on the impact of the carbon tax on irrigators in the farming sector?

Mr Morris: Our work has focused on three main sectors of industry. We did the initial analysis of the impact of the carbon price on broad acre farmers and dairy farmers. Then, recently, we extended that to look at the impact on vegetable farmers. Clearly, most vegetable farmers would be irrigated. So, in that sense, there has been some consideration given to irrigated farmers. Also, many dairy farmers are irrigated. But we have not gone the next step and tried to segregate our dairy farmers who are irrigated versus those who are not irrigated.

Senator NASH: With regard to the dairy sector, where is that particular piece of work at in terms of the impact on dairy farmers?

Mr Morris: That was released in December 2011. We published a report on the possible short-run effects of a carbon price scheme on Australian agriculture. That was in advance of the carbon price coming into effect. In

terms of the numbers, we looked at the impact of the \$23 a tonne in 2012-13, and then we looked at the higher tax that would apply in 2014-15. In terms of the short-run impact—the 2012-13—for dairy producers we saw that the economic value of dairy farm production would decline between 1.1 and 4.3 per cent. In dollars—

Senator NASH: Before you go on, what was that specifically attributed to. Was it electricity costs? In regard to the work you have done there, what caused the drop in productivity, as it relates to the carbon tax?

Mr Morris: There were two elements to the research that was done. One element was the direct impact of the carbon tax on inputs into farming, particularly on things like electricity, for example, but also other inputs that might be affected by the carbon tax. As the minister has said, agriculture is exempt in terms of their direct emissions, so we are talking about the indirect effects on them. Part of it was due to the impact on input prices. The other part was due to the higher prices that processors would be paying for their input costs, and some of those costs would be passed back to dairy producers.

Senator NASH: Some! I suspect it would be the great proportion.

Mr Morris: In fact, it is very difficult to work out exactly how much will be passed back to farmers versus forward to consumers versus absorbed by the processors themselves. We did a range of scenarios from 100 per cent pass back, through to none of it being passed back. The more an industry is exposed to international forces, and the more prices are set on world markets, obviously the more difficult it is to pass it forward to consumers. That will influence the amount of pass-forward and pass-back, and certainly that will influence it for dairy.

Senator NASH: I suspect it is easier for the processors to pass the pain back to the farmer than pass it forward to the consumers.

Mr Morris: It depends. If you have a highly domestically oriented market, for example horticulture, where prices are probably more determined on the domestic market, you probably find that for an additional tax or price that is imposed in one sector of the processing chain there is more likelihood of some of it being passed forward and some of it being passed back. Whereas, the more the prices are determined by international market factors and set on international markets, the more likely it is it will be passed backwards than forwards.

Senator NASH: That was at the end of 2011. Having done that will you be doing any follow-up work—I am just talking specifically dairy at the moment, but I am interested across a whole range of areas? What you did was hypothetical on what was going to come. Will you now have another look at it and reassess it, now that we have practical on-the-ground implementation of this, to see if you were indeed correct or if it has shifted at all?

Mr Morris: We have not made a final decision, but it is possible that we will do that. The best time to do that would be probably later in this calendar year or early next year, when we actually have some survey data from dairy farmers. We do our surveys each year and we will be collecting the 2012-13 information from dairy farmers in the second half of this calendar year. Once we have that information we will have some real data to have a look at.

Senator NASH: You would have had that data at the second half of last year, though, wouldn't you? Are you saying that is not enough time from the implementation to get the data?

Mr Morris: We would have that information for 2011-12 but not for 2012-13, which is the relevant period in terms of—

Senator COLBECK: Right, so it is for the previous financial year?

Mr Morris: Correct. We have forecasts for this year. Some of our numbers are based on our estimates, our forecasts of what income is going to be. But, in terms of having real data from farmers, we really need to wait until the second half of this year to have a better idea of that.

Senator NASH: Okay. Obviously, as you were saying, this particular bit of work was the hypothetical bit, but where is the kick-in point for when ABARES start to measure real data from the legislation?

Mr Morris: The numbers we give are based on real data in the sense that they are based on previous farm-level data. But, in terms of actual impacts on electricity prices and things like that, it would be, as I say, probably the end of this year when we have actually collected the data. Obviously, we are still within the 2012-13 financial year at the moment, so even farmers do not know the full extent of their cost impacts this year.

Also, in analysing that data, there will be some issue in terms of how electricity prices are being influenced by a range of factors. Clearly, the carbon price would be one factor impacting on electricity prices, but there are a whole range of other factors that are impacting on electricity prices; so there will have to be some analysis of how much carbon prices have impacted on electricity prices versus the whole range of other things that force electricity prices to rise.

Senator NASH: Absolutely, that would need to be taken into account—but it is fairly obvious, isn't it, that if you do not have a carbon tax there, you do not have that component of the increase attached to those costs for farmers. That is an additional impost. Thanks, Chair.

Senator COLBECK: I will carry on, because I want to talk about some of those issues as well. You talk about pass-through as part of your conversation, and not knowing is getting passed by the processing companies to the supermarkets and how much is getting passed back to the farmer. Do you take into account discussions and comments from the supermarkets who have said, 'We are not interested in accepting any costs because of climate change; we've got our own costs to deal with—it's going to have to be borne within the system'? Are you following that sort of conversation that is being had? My recollection is that the cost to Woolworths alone was \$63 million, so they were looking to absorb that within their business rather than pass it on to consumers, but they were not interested in taking anything from anybody up the line. Has that been factored into any of the calculations or any of the work that you have been doing?

Mr Morris: At this stage we have not made a judgment as to whether zero per cent was passed back or 100 per cent was passed back; we just—

Senator COLBECK: You made projections.

Mr Morris: We just provided the numbers, which is why we had the range of impacts for the different farm sectors—ranging for dairy, as I think I said, between about 1.1 per cent and 4.3 per cent. That range was dependant on the extent of pass-back—whether it was zero per cent or 100 per cent—by the people in the chain who were passing that cost factor back.

Senator COLBECK: Okay. What are the sorts of inputs that go into the survey data from the dairy farmers?

Mr Morris: If you are talking about how we collect our surveys—

Senator COLBECK: Yes. And you mentioned the differentiation between an irrigated dairy farm and a non-irrigated dairy farm. Whether or not you differentiated between those two would be a fairly significant factor. I was talking to a farmer last week who runs six irrigators and has a \$40,000 per quarter power bill. That was the one thing that he was squealing about—it was crippling him; he was not sure whether he could continue to operate his irrigators, but he knew what that meant in the context of this stage of the season and what it was doing to his numbers. He was down the drain by 4c a litre, once he had done his conversions and calculations, from butter fat and protein. I think his cost of production was about 38c and he was getting paid 34c. He had a friend down the road who was getting 28c when he did his conversions. So there is a lot of pain out there in the dairy industry nationally at the moment. I am just interested in what data you are going to collect when it comes to that survey. I am genuinely interested in what sort of information goes into the inputs and how it is assessed. I appreciate that you are doing it on a financial-year basis, and the benefit over the long term in the numbers for that. But, meanwhile, we saw 500 farmers in Victoria earlier in the year, and rumblings of something else happening in southern New South Wales at the moment. I know my guys at home are awfully grumpy too.

Mr Morris: We survey about 300 farmers a year, and we have been doing that for a number of years. It is funded partly by the department and partly by the dairy industry.

Senator COLBECK: Through the levy?

Mr Morris: Yes, Dairy Australia uses some of the R&D levy funds to assist us on that. They have been doing that for a number of years. We do face-to-face interviews with farmers to collect that information, and we collect the full range of financial and physical information from farmers. So, as it stands now, we are the only Australian government organisation that collects both the physical and the financial information. That places us in a pretty good position to do an analysis of what is happening in the dairy sector.

While I said we do not actually have the 2012-13 data as yet, because we are part-way through the year; when we do our collections, we try and get a little bit of an indication from the dairy farmers as to what is happening and what they plan to do during the course of this year. So, when we did the survey collection during the second half of last year, we did ask them a few questions about what is happening—but obviously that is not the final data for the year. So, when we published preliminary numbers in the December agricultural commodities, we did have some numbers on the dairy industry in there. So we are reporting all the time on what is happening for the dairy sector. Some of the information you have just provided there, that basically income has gone down for farmers in the dairy sector, is reflected in the numbers that we produced in December. So, for 2012-13, for farm-cash income, we showed a decline—this is an average for Australia at this stage—from \$149,000 in 2011-12 to \$92,000 in 2012-13. In terms of the farm business profit indicator we saw a reduction from \$69,900 to negative \$11,000. So that really does indicate that the lower price—and we were forecasting a reduction in farm-gate price—

Senator COLBECK: But I think your projections show that the price was falling off over the next couple of seasons while production continued to grow a little bit.

Mr Morris: Yes. So we had 42c per litre for the last financial year. This financial year we are forecasting 39c per litre. So, obviously, there has been quite a reduction in price—about seven per cent off the top of my head. There have also been some increases in input costs. So, in combination, the lower prices and the higher input costs are resulting in those income numbers. Of course, a lot of the lower prices are being driven by world prices for dairy products coming off the boil.

Senator COLBECK: Yes, I understand that. And the farmers generally understand what the drivers for their product are, particularly in dairy—they are pretty switched on in relation to that. Their concern is particularly their energy costs. As I said, this guy with \$40,000 a quarter is copping \$4,000 a quarter on top of that additional cost because of the carbon tax. That is part of the discussion that—

Senator Ludwig: If you have those figures, that would be helpful. One of the challenges is that—

Senator COLBECK: Senator, I am actually going out to collect—

Senator Ludwig: Let me finish this quickly. One of the challenges if people bandy about a range of electricity costs which are associated with the carbon price, without any analysis of the percentage of the bill and then what percentage of that electricity input is into their overall operating costs, and putting all that into perspective, is that it can seem (a) on the high side or (b) on the low side—depending, of course, on what their total operating electricity costs are. But, again, without putting it in that context, I think people can get the wrong impression that there is a high cost. That is the only reason I raise that.

Secondly, of course, is that we know that the majority of the increased costs in electricity have been through states and territories raising electricity prices over the last three or four years. That is clear when you look at the data. Before the carbon price came in, electricity prices from poles and wires and investment in infrastructure have been reflected in electricity generation costs which have been passed on to both consumers and businesses. I make that point because if we are going to bandy about figures, I think we should put them in context.

Senator COLBECK: I think the guys I was talking to understand the context pretty well—in fact, they understand it very well. They were not complaining for no reason and they also spoke about the fertiliser costs. The numbers are stacking up pretty well and the projections in the ABARES report indicated that this is where we might be. We have had a lot of conversations with ABARES about the impact of the carbon tax, particularly on dairying, and I appreciate their work. Their numbers have been confirmed not only by other calculations but by people like the Farm Institute. I go back to your report in relation to vegetables, because you have done some work on horticulture.

Mr Morris: That is right.

Senator COLBECK: It shows the short-run impacts on vegetable farms to be just under three per cent and gross value of production increasing at about two per cent per year. In a simple calculation that means that the carbon tax is wiping off that two per cent gain and taking it backwards by about one per cent over that cycle. If the impact of the carbon tax is three per cent and you are increasing productivity values by about two per cent, that leaves you at minus-one per cent.

Mr Morris: The number we have in terms of the impact on the vegetable industry is ranging between negative-0.7 per cent and negative-2.1 per cent. Those were the numbers we reported for 2012-13. Perhaps the three per cent you are recalling is the 2014-15 number which is negative-0.8 to negative-2.9 per cent. Remembering, as for the dairying discussion, for the vegetable industry we are also reporting a range, because the processors may not fully pass back the cost of the carbon price to farmers. The negative-2.1 is at the upper end of the range. As I mentioned, for an industry which is more domestically oriented there is probably more opportunity for processors to pass some of the cost forward than in an industry where the price is set by international market factors. Vegetables is probably one of those. Without knowing for sure whether it is at the upper or the lower end of the range, there is a range of negative-0.7 to negative-2.1 per cent.

Senator COLBECK: When you say 'domestically oriented' for the vegetable industry, are you talking particularly about the fresh sector of the vegetable industry?

Mr Morris: Yes, because there are obviously imports to the market, but a large proportion of those are at the process end.

Senator COLBECK: Have you done an assessment of how they impact the broader returns on vegetables? The reality of dairying is the thing that underpins the entire industry price is the global market price and then you have variations of that based on transport and other local factors. How does that align with the vegetable sector

where you have an element that is imported going into processing? That has led to the cessation of processing in some areas because of competition. How does that impact on the broader horticulture sector and the fresh market?

Mr Morris: When we talk about processing we talk about packing as well, so there are some additional costs in the packing sector. We have looked at the costs through the chain, both packing and the processing side of things, and looked at the proportions of production which go to the various areas on different parts of the chain. We have taken into account all of those things as well as things like the impact of refrigeration costs and so forth that have been built into that analysis. All that is talked about in the report in a little detail—it was not a very long report—so that information is contained in the report.

Senator COLBECK: One of the other things you reported in the report was the reluctance of vegetable growers to get involved with export. About 80 per cent of them believed it was too difficult or time consuming. Do you have anything more on that than what you had in the report? I found that to be quite an interesting point. Given the discussion that we continue to have around imports and exports of vegetables and other food in particular, can you give us a little bit more information on that? I noticed that for the first time in your reporting you were reporting on the export of vegetables into certain markets. That has not appeared in your numbers before, so obviously you are looking at it a bit more closely. What came out of that conversation?

Mr Morris: I do not have much more detail on what came out of the interviews with the farmers, but I can certainly talk about our work more generally. That work suggests that there are significant prospects for growth in the export of fruit and vegetables to the Asian region. It suggests there are opportunities for our producers to try and export more to that region in the future. The prospects seem to be particularly good for, obviously, the fresh sector. We seem to have more of a comparative advantage in that sector than in the process sector. Again, the middle to higher end of the value chain is where we are likely to have some success. Our fruit and vegetable exports into markets in Asia and the Middle East tend to be at the higher end of the scale already—putting boxes of fruit on planes and things like that. I have visited the United Arab Emirates a few times. When emirates started flying into Australia that created a whole new market for exports of fruit and vegetables from Australia into that market because we were able to put fruit and vegetables into the holds of aircraft. Some of those broader trends in passenger movements and trade opening could be quite beneficial to exports of fruit and vegetables into those developing markets.

Senator COLBECK: Has there been any work done on changing the perception or view that it is too difficult or time consuming to get into those markets?

Mr Morris: I think that is probably a job for Horticulture Australia Ltd to look in terms of their marketing efforts. We have certainly done work looking at opportunities, and we are doing further work at the moment. At the outlook conference last year we looked at demand prospects to 2050 and talked about some of the things I just talked about in terms of potential growth in fruit and vegetables. At the outlook conference this year, on 5 and 6 March, we will be looking at, again, demand to 2050 and what might be driving that but also at some of the supply-side factors. It will be an opportunity to have a bit more work out on the table on longer term prospects. We have also recently been funded, as part of the Asian century white paper outcomes—although that is funded through our department—to do a major study on what Asia wants. We will be looking in a bit more detail at what sorts of products Asia might want in the future. That will hopefully feed into information for our industries in terms of making their marketing plans going forward.

Senator COLBECK: Do you want to do your wild dogs, Senator Back?

CHAIR: Is this a new dance of the Liberal Party? Only because Senator Heffernan's not here I thought I would throw that in.

Senator BACK: I am glad you did! Mr Morris, I take you to your planned biosecurity deliverables 2012-13, under which one of your projects is 'wild dog management in Australia—a landscape approach', as you describe it. You would be aware now of the enormous impact of wild dogs in our sheep and goat industries and increasingly in our cattle industry. Also, I recently had feedback on our native animal species being attacked in pastoral areas in WA. Can you tell me where you are with progress in examining the impediments that exist to appropriate wild dog management?

Mr Morris: You may be aware that ABARES administers, on behalf of the department, the Australian Pest Animal Research Program—APARP—and has been doing that for a number of years. Under that program there is quite a number of projects funded on wild dog management, including quite a number on appropriate control measures and that sort of thing. For the projects that are completed, there is information on our website, which goes into quite a bit of detail on the impacts of wild dogs and potential control measures. So, that is the main area

of our work. We have also done a bit of work ourselves. Unfortunately I do not have a whole lot of detail in front of me on where that work is up to, but I am happy to take that on notice and give you more detail later on.

Senator BACK: I am particularly interested to know what programs, if any, involve cooperative funding between the Commonwealth and the states. I would also appreciate it if, in providing that on notice, you have any observations or recommendations in terms of management of national parks and public lands. The overwhelming evidence coming to us—I learnt this this morning from New South Wales, and I know it well in relation to the pastoral areas of Western Australia—is that whatever efforts farmers or pastoralists themselves are making on their land are as nil, because the equivalent work is not being undertaken in national parks and other areas. So, if you could do that I would be appreciative.

Also, if time does not permit, perhaps you could also take on notice what progress you may have been making with regard to the social and economic impacts of a foot-and-mouth disease outbreak—whether you have any updated information on that. Finally, I notice you are also doing some work on rabies risk assessment. Knowing now that we seem to have a fairly significant incidence of rabies in Bali in monkey populations and dog populations, and given the number of Australians visiting Bali and being bitten, I was wondering whether you have any advice for us in terms of where you might have been in that particular project as well.

Mr Morris: Certainly we have a number of projects underway for the biosecurity area of the department, which is doing risk assessments of potential outbreaks of a range of different pests and diseases. So it is a relatively new area for ABARES, starting to get into those risk assessments. We have done quite a bit of work on foot-and-mouth disease, and I am happy to provide you with that information.

Senator BACK: Thank you.

Mr Morris: In terms of working with the states and territories, quite a number of the projects under the program I mentioned earlier—the APARP—have actually been done by the state departments of agriculture, particularly the New South Wales department and the Western Australian department, and also with other bodies, such as CSIRO and universities. We would be happy to table the list of successful projects and so forth at the appropriate time, if you wish.

Senator BACK: Yes, thank you.

Dr Ritman: In addition to APARP, we undertake some social science projects on wild dog management, looking at Queensland and New South Wales, which we will include in that list of projects. In that list, I would draw your attention to one from CSIRO that has been funded to look at estimating the success of vertebrate pest eradication and control programs. So, that project addresses your earlier question about the success of eradication programs.

Senator BACK: You make an important point on the social impacts, as Northern Goldfields right across to the Murchison in WA now is just catastrophic, and it is far more than just the animal welfare and the economics; it really is having an impact socially.

Dr Ritman: Yes.

CHAIR: Mr Morris, you were going to table a document for the committee, on the successful projects, so we will take you up on that offer.

Mr Morris: Yes, we will make a photocopy of the relevant part of it rather than giving you the other bits and pieces.

CHAIR: Thank you.

Senator SIEWERT: I just want to very quickly follow up on wild dogs issues, but I will not traverse the issues that Senator Back has gone over. What liaison are you doing with SEWPAC on the work you are doing on the impact on biodiversity, as Senator Back just touched on, of (a) wild dogs and (b) control measures? Is that included in the work that is being done?

Mr Morris: Under APARP we fund a number of different organisations to do that research, so it is very likely that some of them are actually liaising with SEWPAC. But we would have to check on the extent of that liaison. I might just ask Dr Ritman if he is aware of anything in particular.

Dr Ritman: Through the Vertebrate Pests Committee there is joint representation from the department and SEWPAC. When we table the list of APARP projects, these projects are to look at research on nationally applicable control measures that are applied to agriculture. Whilst they might have some applicability in the non-agricultural sectors, they are targeted at agriculture. But I am sure the biodiversity considerations are part of those projects.

Senator SIEWERT: I am looking at the impact, both from the perspective of not only how you decrease the impact of wild dogs but also what impact control measures have on biodiversity? Is that particular element included in the projects that are focussed on agriculture?

Dr Ritman: Definitely, and I will give you an example. There is now a commercial product called PIGOUT which is a delivery mechanism for pig baits that was originally funded through the APARP program. If you can imagine a hollowed-out bone or cylinder, within which you can stuff an appropriate poison that can be delivered out of an aeroplane or flung out of the window of a car. It has been designed to be of a particular size that pigs can bite into, but small marsupials do not access it. It is a delivery mechanism particularly targeted at agricultural pests and not at our endangered species and other native fauna.

Senator SIEWERT: I will look at that list and will probably come back to you with some questions on notice. I want to move on to climate and extreme weather adaptation. I am aware of the conversations that we have had earlier about the impact of carbon tax. I am interested in any ongoing work around impacts of reduced rainfall and increased temperatures on profitability in regions, and I am particularly focussed on the south-west of WA. What ongoing work have you got there?

Mr Morris: I might start on this one and then ask Dr Harris to add a little bit as well. Most of our work in the past has been a combination of things, looking at things like impacts of the carbon tax and impacts of climate change in a very broad sense. We are now starting to move our program a bit more towards the adaptation, recognising that over the next 30, 40 or 50 years, no matter what we do now, we are still going to have those changes taking place, so it is well recognised that farmers are going to have to adapt regardless of what we do to try to mitigate the impacts. We are starting to move our program more into the adaptation side of things, but we are at the reasonably early stages of that in terms of putting anything on the table today. Certainly, over the next year or two we should be able to start providing a lot more information on that. I might ask Dr Harris to comment. He has been working on some of these areas and adapting our program in this area. I will see whether he might have anything to add.

Dr Harris: One of my tasks has been to champion the early stages of this proposed adaptation research program. It is going to be housed within a branch that focuses on climate change and variability, but it will cut across all aspects of the bureau's main research areas. It will also interact with scientists at the Bureau of Meteorology, CSIRO and others. There is an enormous range of possible work that can be done here and part of the task is to narrow it down into a set of feasible projects, but it also requires a reasonably plausible amount of scientific underpinning and then some degree of economic analysis and modelling. It is almost such a big palette of issues that it is hard to give a more specific answer at this early stage, but that is a major direction that we are moving in.

Senator SIEWERT: What is your timeline for the development of the project and funding resources available for the project?

Dr Harris: I would call it a program rather than a project. The program, at this stage, is getting underway in preliminary work which is, as much as anything else, scoping work, and that is going to happen over the next 12 to 18 months, with particular products emerging from that as research findings and analyses. But I would guess, in terms of more formal analysis and modelling, it would be over the next two to three years.

Senator SIEWERT: What sorts of products? You mentioned the word 'products'?

Dr Harris: 'Outputs'.

Senator SIEWERT: Yes. I don't care what you call them. What are you going to be producing at the end? Western Australian is going to be at the front end of some of these changes to our agriculture, especially in the south-west. In fact I would suggest we are seeing that already. At an inquiry we had last year CBH said they are changing their infrastructure as a result of the impacts of climate change. There are already doing that. So we are starting behind the eight ball. What are you going to be producing?

Dr Harris: Simple answer: one of the products we would be doing is monitoring how farms adapt, and our survey program would assist us in doing that. But more importantly the fundamental question is: what is the role for government in providing information to assist farmers in the adaptation process, to analyse alternative risk management strategies, but also the role of government as provider of R&D and provider potentially of infrastructure that might facilitate farm regions—the sorts of infrastructure that farmers would not provide onfarm but might be important for farm regions to adapt? Those are examples.

Senator SIEWERT: I think there is a very important role that we need to be playing in R&D. How soon will that be rolling out into applicability?

Dr Harris: There are two kinds of question at least that come to mind there. One is a general assessment of the R&D needs that might be required under adaptation. The second one is the specific kinds of R&D that might be required, which is a combination of science, economics and social science and probably will require a lot of work with scientists outside ABARES. So that second one is probably a good couple of years, I would say. But a sort of scoping study of assessment of principles and the quantum of R&D that might be required might be a little earlier.

Mr Glyde: Senator, I am just wondering if I might intervene to clarify the nature of the question. You are really asking about specific R&D that particular farm sectors might do in order to better adapt to changing climate. I was just going to add to Dr Harris' answer. The standing council on primary industries has within it a research RD&E framework, and one of the cross-cutting elements of that framework is a strategy in relation to climate change. All of the RDCs, or almost all of them, participate in that cross-cutting strategy that describes what each of not just the RDCs are doing but also universities and state governments as well, and that provides the strategy for the research work that will be needed on the adaptation side. That might also be the sort of information I think you are looking for. We are more than happy to provide that strategy and progress reports to you.

Senator SIEWERT: I am trying to look at what role you are playing in that process. I am going back to the question of funding for this process.

Mr Morris: I think it is fair to say that, as Dr Harris has indicated, we are developing a program of work in that area. We would like people to fund it, so part of our financial position in terms of how we operate is that we get some money from direct appropriations—and the development of the program work I suppose at the moment is being funded through appropriations—but in terms of any major work that we would want to do in the future we would be hoping to get some sort of funding from either the Department of Climate Change and Energy Efficiency or supplemental funding from our own department. So, at this stage, we are trying to develop the ideas, and then, in terms of the outputs, it will depend on what people are willing to fund going forward.

Senator SIEWERT: Thank you.

CHAIR: Thanks, Senator Siewert. Senator Edwards, I am sorry, I only have one more minute, so if you could quickly throw a question out there, if it is that burning. Otherwise I would invite you to put them on notice.

Senator EDWARDS: Mr Morris, last time we spoke, we talked about crop estimates and I urged you to reforecast down your grain crop estimate for last year. Who won the bet? Do I owe you a lobster or do you owe me a case of beer?

Mr Morris: I do not think I took the bet, but it is probably just as well for you that I did not because we did revise down slightly but not by very much. In terms of the wheat forecast: in September we were saying 22.5 million tonnes, in December we were saying 22 million tonnes, so it was about right. Of course, the previous year it was 29.9 million tonnes, so that is quite a dramatic reduction from the previous year but in terms of our forecasts there really has not been a lot of change. In June, before we even knew what was going to happen we were saying in 24 million tonnes, so we were expecting quite a reduction—

Senator EDWARDS: But it turned out to be 20.8 million tonnes, didn't it?

Mr Morris: I do not think we have a final number yet.

Senator EDWARDS: My bird is—

CHAIR: I will have to make this the last question.

Mr Morris: We will be putting our—

CHAIR: Senator Edwards! Don't spit the dummy if your mates have taken all your time. I am not going to put up with that sort of carry on. Get your act together in your party room then come back to me. Don't carry on like a kid. We have run out of time. Sorry to interrupt you, Mr Morris. We will take a 15 minute break.

Proceedings suspended from 10:46 to 11:00

CHAIR: In continuance of Senate estimates with DAFF, I now call officers from Climate Change. But I believe Mr Metcalfe has some answers for us.

Mr Metcalfe: Yes. Earlier today we were asked a question by Senator Colbeck as to whether or not the published staffing figure of 5,119 includes ongoing, non-ongoing and casual staff. The answer is yes, it does. That is our total headcount as of 31 December 2012.

Senator NASH: I have some questions around the Carbon Farming Initiative. I want to talk about Henbury Station. In July 2011 \$9 million of taxpayers' money went into the purchase. Has the department received a proposed methodology from Henbury?

Ms Gaglia: That question was directed to the Department of Climate Change and Energy Efficiency.

Senator NASH: So under climate change and in this department we deal with the Carbon Farming Initiative. Which bit of Henbury do you have anything to do with?

Ms Gaglia: We do not deal with Henbury Station. It is actually the Department of Sustainability, Environment, Water, Population and Communities that has responsibility for that.

Senator NASH: So there is nothing at all under the Carbon Farming Initiative to do with Henbury that sits in your department?

Ms Gaglia: That is correct.

Senator NASH: Why is that?

Ms Gaglia: The Department of Climate Change and Energy Efficiency has portfolio responsibility for implementing the Carbon Farming Initiative. What our department does, and our role, is to assist them with the development of offset methodologies and to roll out programs that assist the Carbon Farming Initiative, like the Carbon Farming Futures program.

Senator NASH: So you assist them in the determination of how they are going to run the program, but that is it?

Ms Gaglia: And with some of the policy issues around the CFI, that is correct.

Senator NASH: What policy issues are those?

Ms Gaglia: We helped with the development of the legislation. We are working with them on policy issues around leakage and how to set baselines for different methodologies.

Senator NASH: If I have questions about the measurement of soil carbon in the Carbon Farming Initiative, does that come to you guys?

Ms Gaglia: That would be directed at both us and the department of climate change. We have the research into soil carbon.

Senator NASH: But I suspect that is not in this particular part of climate change—or is it?

Ms Gaglia: Yes.

Senator NASH: I want to talk about camels. The Carbon Farming Initiative specifically identifies feral camel management as an activity that should be able to generate carbon credits: is that correct?

Ms Gaglia: Correct.

Senator NASH: I understand that there was a proposal for a project from Northwest Carbon. Is that correct?

Ms Gaglia: That is correct.

Senator NASH: Correct me if I am wrong, because the last thing I do is believe media reporting, but it gives us a place to start: was Northwest Carbon's proposal rejected?

Ms Gaglia: It was, Senator.

Senator NASH: On what basis?

Ms Gaglia: I understand that the Domestic Offsets Integrity Committee rejected that methodology on the basis that there was not enough data provided by the applicant in relation to the abatement and the setting of baselines.

Senator NASH: Has there been, as I expect there would have been, an assessment of methane emissions from camels?

Ms Gaglia: I understand that is the case, Senator.

Senator NASH: If there is an average amount of methane coming from a camel, where is the difficulty? Why would this particular proposal have been rejected? If they are talking about culling the camels, that will obviously stop that methane emission, because the animal is dead.

Ms Gaglia: The DOIC is an independent committee and their reasons for rejecting any methodology are on the Department of Climate Change and Energy Efficiency's website.

Mr Tucker: This is one of those areas we cross over with the department of climate change. They manage and support that Domestic Offsets Integrity Committee. We provide advice into it, so the question of how the committee is operated and some of the detail of their considerations would be best directed to that department.

Senator NASH: We will have a bit more of a crack at it here, since there is some crossover. What is your understanding of the lack of information in the proposal?

Ms Gaglia: It was mostly around the setting of the baseline—where you actually start the reporting of abatement.

Senator NASH: Can you explain that for me? We have camels running around in the middle of the desert, doing what they do with their back end and we are trying to stop that—

Ms Gaglia: I am not that familiar with that particular methodology. I have never had anything to do with that—

Senator NASH: Why would you not be? This has been one of the big things. The minister would know it has been one of the difficulties, and I will agree.

Senator Ludwig: They need to set baselines. It is an independent regulator and they do need to provide sufficient information. To give you some understanding, it is very important to set a baseline for an emission. You cannot simply assume that an animal emits a certain amount of methane per day, per year, per life cycle, because it depends on the fodder, the type of input, on its location. It depends if it is fed on grass and so on. You have to take all those things into account and then you have to have some way of measuring the methane emission. In this instance there is a lot of work being done by universities, where they isolate a particular animal, work out their baselines—how much methane it emits and use that data to project forward over its life cycle what it may emit. They are the technical aspects. I am not familiar with this particular one, but I suspect in trying to set baselines and that data they may need to do a little more work by the sounds of it. It is not impossible to comply. They do need to provide information to the regulator. In providing that information to the independent regulator, I encourage you to check and talk to the independent regulator as to the information they need. I am always keen to see methodologies approved. So, if there is more information that needs to be provided to DOIC, then they should undertake that work.

Senator NASH: From what you have just said, Minister, it sounds extremely complicated and extremely difficult.

Senator Ludwig: No, it is not. A number of them have been approved. I would not want to leave you with that. That is why I say that in establishing baselines and the methodology if there are deficiencies—and they do have to meet certain standards—

Senator NASH: No, I get that.

Senator Ludwig: You can't just make them up and send them out and say, 'These will operate.'

Senator NASH: I understand that completely, Minister. When you say there are a number of them that have been approved, are you talking about similar projects or just in general about the methodologies?

Ms Gaglia: In general. There have been 11 methodologies approved.

Senator NASH: There has not necessarily been one like this. What I am struggling with is the fact that the Carbon Farming Initiative specifically identifies feral camel management as something that may be appropriate to apply for under the CFI, and yet the DOIC, or whoever it is that makes the assessment, says that there is not enough information, but there seems to be no collective information within the department to provide some assistance. I mean, we are going around in circles. You are expecting them to come up with something, surely the department could have some guidelines on this baseline stuff.

Senator Ludwig: No, they do not make this up. Has the request been made to the department to provide this information?

Ms Gaglia: No, no request has been made.

Senator Ludwig: So there has been no request. Do not close the loop when it has not been requested. As I always said, the first port of call is the independent regulator, the DOIC. I have not seen the report, I have not seen the information. Have you? It may be helpful to make sure we are talking about facts. The question should be directed to the Department of Climate Change and Energy Efficiency in the first instance, but we are always happy to assist people in meeting their obligations to achieve methodologies, because we are keen to see, as you are, our methodologies approved.

Mr Tucker: Two methane methodologies have been approved: one for piggeries and one for dairies. As the minister said, it is best to go into the detail, but my understanding of the current approval of methodologies and the difference with the camel methodologies is that, obviously, with piggeries and dairies you actually know how much stock you have and you can measure very readily the output, whereas camel numbers are not well known across Australia. There certainly are estimates. The estimates move up and down, depending on the climatic conditions across Northern Australia. So I suspect some of those factors may have played into the discussions around that particular methodology.

Senator NASH: Why would that be an issue? One would imagine that the amount of methane coming out of a camel would be a reasonably standard rate. Whether you have got two camels or 2,000 camels, all you have got to do then is multiply their back ends to get where you are headed. I do not see how the number of camels really impacts on a methodology, because all you do is multiply the work—and I take the minister's point that that work has not been done and needs to be done—but the numbers surely do not matter that much because it is just a multiplication exercise.

Mr Tucker: It does depend on diet, just as feedstock does to other animals. But you are sort of getting beyond our level of competence. We are trying to assist, but it is best that details go to the particular department.

Senator NASH: You are assisting very well. Perhaps I could ask you to take on notice—in so far as you can assist, and certainly from the perspective of this department—given the ranging nature of the feral camels, how would you expect there to be a determination on the feed type as you have been talking about? Perhaps you could also ascertain for us the reasons for the rejection.

Senator Ludwig: That question may in fact be better put to the climate change department. We will see what we can provide.

Senator NASH: In so far as you can, if you would not mind. I will certainly put it to the other department as well. I do very much appreciate your assistance.

CHAIR: If I can just get an indication of how long or how many questions we have, because Senator Rhiannon has questions and I know you do, Senator Colbeck. Is there anyone else for this division—climate change?

Senator NASH: I have got another five minutes, but I am happy to come back if Senator Colbeck would like to proceed.

CHAIR: We have got an hour, if you want to finish. Do you want to finish?

Senator NASH: All right. The other area I just wanted to talk about was the measurement for soil carbon. We have had some discussions previously. I think there was still some work being done on getting an appropriate measurement process. Have we got any further on that since last we were discussing it?

Ms Gaglia: One of the things we discussed last time was the cost of measurement as well. Where we are with that is that the CSIRO have been working with 10 laboratories around the country in wanting to see whether they could roll out this new technique and get consistency across those laboratories.

Senator NASH: This is the new infrared spectroscopy.

Ms Gaglia: That is correct. They expect to have that testing completed by the end of this month, and they will report on it that in March. Then we will have a better idea on whether the technology can roll out quite easily and consistently throughout these different commercial labs. If that is the case then we would expect to see the labs taking up this technology in the future.

Senator NASH: Who will do the costing on that?

Ms Gaglia: The costing that we talked about last time of bringing in the analysis down from \$,1000 a sample to \$40 a sample was based on the estimates that CSIRO have if they were actually doing the measurement. One would expect that, if you have got 10 commercial laboratories around the country coming on board with this technology, we would actually see a drop in that price.

Senator NASH: What is it currently? If somebody has methodology ticked off and they are currently doing it, what is the cost to measure it today?

Ms Gaglia: The cost comes down to the sampling and the analysis. The sampling is how many samples you have to take for a methodology. At the moment, because we do not have a soil carbon methodology, we do not know how many samples will be required. The department of climate change is working on that with the CSIRO and I believe shortly they will have a sampling protocol that will be applied to any soil carbon methodology. That is one aspect of the cost and the other aspect is the analysis. That is what we have been talking about in terms of analysis coming down from \$1,000 to \$40.

Senator NASH: That is one of my problems with it. As you say, we do not have the soil carbon methodology yet, but we are approving methodologies for these projects under the CFI although we do not know how the carbon is going to be tested or how much it is going to cost. Is that correct?

Ms Gaglia: No, we have not approved any soil carbon methodologies at this point, so no projects in soil carbon have been approved either.

Senator NASH: Have any been bowled up to be approved?

Ms Gaglia: No, projects cannot be approved until there is a methodology in place, so until there is a soil carbon methodology approved there will not be any soil carbon projects approved.

Senator NASH: So it is a bit of hurry up and wait and see.

Ms Gaglia: Yes.

Senator NASH: Who is going to be responsible for payment? Is it the project proponent?

Ms Gaglia: I imagine so.

Senator NASH: You imagine so?

Ms Gaglia: It depends on how they set up their projects—whether they are working through aggregators, whether they are doing the project themselves—but in the end they will have to undertake the sampling and getting the results through for the audit report.

Senator NASH: The department is not going to foot the bill for the measurement?

Ms Gaglia: That is correct.

Senator NASH: How much does it cost to get these 10 departments to do the testing of the spectroscopy?

Ms Gaglia: The CSIRO are doing that. We have not had to pay them to work with these 10 laboratories.

Senator NASH: It is still taxpayer money from somewhere. One thing I have been trying to get my head around about the CFI is what the process is going to be. There is measurement of the soil carbon, and an increase in the soil carbon under the CFI would result in a return to the proponent of the project. Am I right so far?

Ms Gaglia: Yes.

Senator NASH: For what period of time and how often will that soil be required to be measured to see if there is any further increase or any decrease?

Ms Gaglia: That comes down to what is specified in the methodology. One of the options being looked at is whether or not we do modelling, so for a certain period of time—whether it is 10 or 15 years—you model what is the increase in soil carbon in relation to the practice in place. Then you do sampling at certain intervals to back up what the model has predicted, which would reduce the amount of actual sampling that you would have to do.

Senator NASH: What happens if the soil carbon decreases for some reason?

Ms Gaglia: If it is through action like a drought, for instance, then you would stop being credited until the soil carbon levels build up to where they were before that natural occurrence.

Senator NASH: What if they do not build up again?

Ms Gaglia: If you do not do anything to change your practices, in theory your soil carbon should increase.

Senator NASH: There is an awful lot of theory in this, isn't there? Why has it taken so long? When did the legislation for the CFI go through?

Ms Gaglia: If I can correct you on that, the CFI came into place in December 2011. In less than two years we have had 11 methodologies approved.

Senator NASH: There were only four until very recently, but go on.

Ms Gaglia: When you look at the development of offset markets around the world, it has taken over two years for any of those offset markets to get their first methodologies approved. We are actually quite a long way ahead.

Senator NASH: Under the CFI obviously there is no soil carbon methodology yet. What other methodologies are there for carbon farming, things that do not involve an increase of carbon in the soil, which we have not got to yet because we do not have a methodology. What things under carbon farming in general have been approved?

Ms Gaglia: At the moment there are three methane capture methodologies, two for piggeries and one for dairies. There is also an environmental planting methodology and there is a savanna fire management methodology.

Senator NASH: If we have all those—and I appreciate we are saying others are being slower, but others being slower than us is not really a good answer—why has it taken so long and why are we only now getting the 10 departments to do the work on the soil carbon?

Senator Ludwig: One of the important things you also need to recognise is that the methodologies are usually put forward by proponents who want to provide a methodology. You can go to their website, and I think it provides a really good overview of methodologies. It also provides the methodologies that were not endorsed, so it deals with the methodology that you raised in relation to the feral camels. There is management of large feral herbivores in the Australian rangelands. There was an application by NorthWest Carbon Pty Ltd. That is why I went back to the earlier answer I gave. That is why the role of DAFF is filling the research gap, providing those funding initiatives for people to develop methodologies. That is why we also fund for action on the ground so that we can demonstrate sequestration activities, and we can encourage that. And if you look at the range of work that is being done I think it is quite significant. Those ones that have not been approved are certainly ones where the proponents can take the report—because we provide a report, which I would encourage you to go and have a look at, as to why they were not approved. I will not take the opportunity of running through some of the questions you asked earlier, but the answers are in the report that I have had the ability to just cursorily look at.

And of course these are working through very quickly. If people put methodologies forward then we are very keen to have them go through the process and get approved, because they do add a significant benefit to farmers who can use these methodologies. And once one is approved—if you take the piggeries, for instance—it means that all piggeries are approved, so 600 or 700 piggeries across Australia can participate in that methodology. So, just because there are 11 does not mean that there are 11 only; what it means is that once a methodology is in place, many businesses can participate in those methodologies, and I think the work to date has been very good.

Senator NASH: I have one last question. Have you taken into account, in trying to come up with some sort of measurement for the soil carbon, overseas experience? Have you looked at what is being done in the US?

Ms Gaglia: Yes, the researchers have been looking at that. What we are doing here is actually superior, in terms of trying to get the measurement costs down, to what is happening overseas.

Senator SIEWERT: I just want to follow up on the theme I was asking ABARES about, and that is on what work is being done for climate adaptation and extreme weather events—and what projects you are running and how far they have progressed. In particular, I am interested in the south-west of Western Australia.

Ms Gaglia: One of our programs, Filling the Research Gap, which we had opened and closed at the end of January, has a large adaptation component. So, we will be funding adaptation projects under that. But at the moment we are just going through the assessment of those applications, so I cannot make any comment about what kinds of projects we might be focusing on.

Senator SIEWERT: Is that the first round of projects you have done under that particular issue?

Ms Gaglia: Under Filling the Research Gap, it is the first time adaptation has been addressed; that is correct.

Senator SIEWERT: When do you expect to have completed the assessment of the project?

Ms Gaglia: We expect that to happen in the coming months.

Senator SIEWERT: So, what is your time line for announcement? Perhaps I could put it that way.

Ms Gaglia: We hope to have recommendations to the minister within the next couple of months.

Senator SIEWERT: And how many project applications did you get?

Ms Gaglia: We received approximately 234.

Senator SIEWERT: From what types of organisations?

Ms Gaglia: We had research organisations, industry organisations and some community groups as well, I think.

Senator SIEWERT: Was that for the whole of the research?

Ms Gaglia: That is correct.

Senator SIEWERT: So, how many under the adaptation element?

Ms Gaglia: Off the top of my head, I think there were around about 60, but I am not 100 per cent sure on that.

Senator SIEWERT: Were they area specific or for the whole of Australia?

Ms Gaglia: The whole of Australia.

Senator SIEWERT: So you cannot tell me how much was focused in the south-west of WA?

Ms Gaglia: Not at this stage.

Senator SIEWERT: The rest of my questions are pointless until we see the outcomes of the funding applications.

CHAIR: I have never heard that from a senator before.

Senator SIEWERT: They are not pointless; they are pointless in that I will not get an answer.

CHAIR: That can be hypothetical. Senator Colbeck and many of your colleagues have questions. Do you want to lead?

Senator COLBECK: I will pass to Senator Back.

Senator BACK: I want to quote from a speech from Mr Ross Garnaut in Beijing on 31 January:

We should acknowledge that trade in emissions entitlements has struck some large practical problems. Within the European ... trading system, the many regulatory and fiscal interventions are forcing much larger reductions in emissions than carbon pricing. These together with slow growth in economic activity and the realisation of unexpected opportunities for low-cost abatement have caused permit prices to fall to levels that are well below the economic cost of emissions ...

He refers also to New Zealand's scheme:

Already New Zealand's emissions trading scheme has prices close to zero through allowing unlimited access to credits ...

I do not know if you have read Mr Garnaut's speech. If you have, could you tell me what impact you think that will have on your advice to government in terms of the programs you have been outlining this morning?

Senator Ludwig: Firstly, I think if you are going to read from a speech, you might want to table it so the officers can have the whole speech available to them. Secondly, I think you are now asking for an opinion about government policy and not something that officers here should reasonably answer. Thirdly, by and large, if it is a policy issue around climate change, I am happy to have a stab at it, but I suspect Mr Combet would much prefer that it be directed to his department for a comprehensive answer in respect of a policy question. They are the three points I make. If you have direct questions about this portfolio in respect of its work in this area, I am happy for them to answer. I am not sure that is the question you asked.

Senator BACK: I really was going to a continuation; I am quite happy to provide the full text of Mr Garnaut's speech. I do have a question for you. But it was to do with offsets. Mr Garnaut went on to say:

The low prices raise questions about the effectiveness of the emissions trading system. Although controlled in quantum, use of offsets at very low prices ... has pushed prices even lower.

I am not questioning the officer here in terms of policy. Given the fact that offsets are so critical to the activities we are discussing, I am very interested to know what will be the impact, if the price collapses, on the activities the department is engaged in in climate change?

Senator Ludwig: Again, that is a hypothetical question. You are asking for a future unascertainable impact. What I can say is that Treasury modelling predicts and is consistent with what will be the future price of carbon in the market. Nothing has changed. Treasury modelling is still available to you to have a look at. The price of carbon has fluctuated broadly in the EU, as we know. My recollection is—and I stand to be corrected—but I think I have said in parliament that it has been as high as about \$53 a tonne and it is down to \$10 or \$11. But we are confident and the Treasury modelling predicts that the price on carbon will be \$23 a tonne when introduced in 2016.

Senator BACK: For clarification, Minister Combet actually gave an assurance last year that he was confident of the Treasury modelling predicting a \$29 a tonne carbon price in 2015-16—not \$23 but \$29.

Senator Ludwig: Well, we have set it during this period as being \$23, as you know, and I will always defer to Minister Combet for his prediction there. As I said to you at the outset, these questions should be directed to Minister Combet, because I am running on recollection from a range of information that has been put out there in the public domain. So I do defer to Mr Combet on this issue, now that you have pointed out that my recollection is at odds with his.

Senator BACK: Can I then ask you, based on Garnaut's comments about the collapse of the system—with the European trading scheme now less than \$4.55 per tonne—his statement that New Zealand's emissions trading scheme is now close to zero, what direction would you give to the department to go back and redo its figures in the climate change space, armed with that information?

Senator Ludwig: Again the answer to your primary question still is: we are confident of the Treasury modelling. It still is there, it is still a very good piece of work, and nothing has changed that would suggest the Treasury modelling is wrong.

Senator BACK: Even though Garnaut was effectively the architect of the scheme, Garnaut is now admitting that it has collapsed or is in the process of collapsing, you are still confident?

Senator Ludwig: I cannot recall whether I have read that entire paper, but I am confident that Treasury modelling remains accurate.

Senator HEFFERNAN: This is one of the largest ongoing fraud cases in Europe.

Senator Ludwig: We know your view, Senator Heffernan. You remain a climate change sceptic—

Senator HEFFERNAN: Say that again?

Senator Ludwig: We know your view, that you remain a climate change sceptic—

Senator HEFFERNAN: That is bullshit—

Senator Ludwig: unlike your party—

Senator HEFFERNAN: I have always supported the proposition, because I am a bloody farmer—

CHAIR: Senator Heffernan, you can defend yourself—

Senator HEFFERNAN: You are absolutely ridiculous—

CHAIR: I am saying you can defend your position without the colourful language. I know it is all smoke and mirrors for those poor devils who might be watching this—

Senator HEFFERNAN: Everyone on this panel knows I am not a cynic. But it is the largest case of ongoing fraud in Europe.

CHAIR: Senator Heffernan, now we have clarified that. Thank you very much. Senator Back, you have the call.

Senator BACK: That does raise the questions I was asking, and I will take the minister's advice and then take that up in estimates appropriate to Minister Combet's portfolio.

Senator COLBECK: We talked to you once before about some work the CSIRO was doing in relation to review of state and territory codes of practice for plantation management. It was supposed to be finished by July 2011. Can you tell me where that is at—whether it is finished?

Ms Freeman: I might take that on notice. I may be able to get that to you shortly. I am just not precisely sure of the exact status of that one.

Senator COLBECK: We will have to come back to that topic. I want to go on to the forest contractors exit package. We asked in question on notice 43 about the ability of an individual to take the exit package and the family still continue in the business. You said you had received no formal allegations around sale of a business within the family and the family continuing to operate. You also said in the response to question on notice No. 43:

... there were no conditions placed on the sale of a business or of business machinery to a family member.

However, the business entity if sold could not access native forest contracts.

Would it be possible for someone to sell their equipment to a family member, receive an exit package and then go to work for the family member if they sold the equipment?

Ms Freeman: Yes, as I understand it, they can. I should say that DAFF has, since the October estimates, received three allegations. Two of them have been investigated and it was found that there has been no matter of fraud with regard to their application. Both of those have now been referred as part of our compliance program for that exit program, and we will be looking to make sure that people are complying with the terms of their deed. So we will be doing follow-up on that as part of our compliance activities for that program. The third matter is currently being investigated by DAFF's fraud and ethics area.

Senator COLBECK: Sorry, but I completely lost that in all the background noise.

Ms Freeman: Just to confirm: there have been three allegations. Two of them have been investigated and it was found that there was no case, and the third matter is still being investigated.

Senator COLBECK: Still being investigated?

Ms Freeman: Yes. Just to reassure you, on the two cases that were looked at by our fraud area with regard to allegations made by individuals the people had not acted fraudulently as part of their process of putting in their application or the claims that they made in their application, but, as part of the compliance activities for this program, we will be making sure that people are sticking to the terms of their funding deeds.

Senator COLBECK: So there is a continuing monitoring process?

Ms Freeman: Yes.

Senator COLBECK: Effectively of those allegations?

Ms Freeman: It is with regard to all recipients of the grants.

Senator COLBECK: So the compliance review process is being applied across the board to all of grants under that program?

Ms Freeman: Yes, it would apply to all—

Senator COLBECK: It has become an element of your day-to-day operations?

Ms Freeman: Yes, as part of the normal program.

Senator COLBECK: Would it be possible for a person that received an exit package to subsequently have a level of ownership of another business in Tasmania or another state or territory?

Ms Freeman: I would have to check—

Senator COLBECK: I know there is a distinct difference between in Tasmania and other states. I think that is something we should put on the record to start with.

Ms Freeman: Yes, that is correct. So this was regarding people exiting the Tasmanian sector?

Senator COLBECK: Yes. So they could not take a share in another Tasmanian business?

Ms Freeman: I would have to confirm this to be sure but, if there have been commitments made to exit native forest contracts, regardless of the business, depending on what they are working on, there would be commitments made for whatever business they are involved in. The exit was in relation to native forest contracts.

Senator COLBECK: Yes.

Ms Freeman: I think to be really clear, what someone may or may not do as part of that, they have met a condition of a deed to not operate that business and they have withdrawn those contracts that they had with native forest. So depending on what they are or are not doing speculatively with another business, I think it would depend on the terms of the deed that that other business may or may not be involved with. So it is a bit hard to answer that conclusively.

Senator COLBECK: I think I understand what you are telling me. Is the one that is still being investigated at a different stage or a different type of process to the other two?

Ms Freeman: No. We just received that one subsequent to the others. It is purely a timing issue.

Senator COLBECK: Okay. Are you currently rolling out any other funding under the IGA process?

Ms Freeman: From this department or this portfolio, no.

Senator COLBECK: So who is dealing with the process for sawmill exits?

Ms Freeman: The Tasmanian government.

Senator COLBECK: So all that funding has been allocated to the Tasmanian government?

Ms Freeman: Yes.

Senator COLBECK: So what liaison do they have with you around that?

Ms Freeman: This department offered some assistance in the design of the program guidelines—looking at some of the principles that you might put into that. That was really our engagement, at the request of the Tasmanian government some months ago. Since that time, it has really been a matter for the Tasmanian government.

Senator COLBECK: So there is no reporting back to the Commonwealth government as part of this process of how that is progressing and applicants and those sorts of things?

Ms Freeman: If you will bear with me, Senator, notionally, the formal arrangement was that it was a matter to be administered by the Tasmanian government. We have been kept abreast of applications and where it is up to, and I can certainly provide you with those details. But it really is a matter for the Tasmanian government.

Senator COLBECK: How much money has been paid out? Do you know?

Ms Freeman: I will take that on notice of where it is up to.

Mr McNamara: The regional saw millers program has closed and bids have been received, but my understanding, on checking with the Tasmanian officials, is that no funds have been paid out as yet.

Senator COLBECK: How much have we paid to the Tasmanian government?

Mr McNamara: The funding provided to Tasmania as part of the intergovernmental agreement is \$15 million for that particular program. Senator, can I go back to an earlier question to asked about codes of practice?

Senator COLBECK: Yes.

Mr McNamara: The Commonwealth is still in consultation with two states, Queensland and South Australia. We expect that those consultations with those states will be completed in the next two or three months and at that point we will write to all the various state forestry ministers to seek agreement to the codes of practice.

Senator COLBECK: Can you just run past me again please?

Mr McNamara: CSIRO has done the work on the codes of practice. In terms of the report that we have received from CSIRO, or that the states have received from CSIRO I should say, both Queensland and South Australia are still in discussions with CSIRO and we are awaiting the completion of the outcome of those discussions which we expect to be in the next two months or so. At that point we would write to the various forestry ministers in each state and territory seeking their agreement to update the codes of practice.

Senator COLBECK: Is the CSIRO document available?

Mr McNamara: It is still in draft until those discussions with the outstanding states are finalised. At that point it will be a document that is published.

Senator COLBECK: So, South Australia and Queensland. This work was supposed to be done in 2011. What has been the key cause for the delay?

Mr McNamara: It was quite a large piece of work to actually update all the codes of practices for all the various states and territories. CSIRO has certainly put in a significant effort to get that work done. The report that it initially did has gone through a number of drafts with the various states. Obviously state governments have also changed in that period. It is a very complex piece of work, but as I say we are down now to having two states left. In terms of those two states my understanding is that the issues still to be discussed are fairly small, so I think we are at a point where we are pretty close to getting this finalised.

Senator COLBECK: Effectively what we are doing is redrafting the guidelines for plantation forest codes of practice across all states?

Mr McNamara: No, Senator. My understanding is that what we are doing is checking to see whether those codes of practice still meet the requirements as set out by the government, and CSIRO is the body that is undertaken that assessment.

Senator COLBECK: What are the requirements of the government? Where would I find that information? If we are trying to see whether they all meet those requirements, there must be some benchmarking and there must be some documentation that underpins that work.

Mr McNamara: There is documentation but I do not have it with me. I could take that on notice.

Senator COLBECK: Where would I find that?

Mr McNamara: It would be on our website, and we will table a copy later on.

Senator COLBECK: If it is on the website I can chase it down through the weblink. That is fine with me. We expect that that should be available fairly soon.

Mr McNamara: Yes, we do, Senator. As I said it is a complex piece of work.

Senator COLBECK: I want to go back to the Tasmanian IGA process again. Have there been any conversations in relation to that process around the recent fires in Tasmania, and do they impact on the qualification of any of the people involved in that process? There is one particular sawmill that has been impacted by the fires that a number of us have an interest in. Would the loss of that facility actually impact on their eligibility under the scheme? Do you know?

Ms Freeman: We are certainly aware of some of the impacts of the fires down south on a number of recipients. We have had no formal contact from them yet so it is a bit hard to ascertain at the moment. We are certainly aware of the impacts, but, in terms of their compliance with it or any impact it might have on their ability to meet the requirements—not at this stage. My colleague might have some more intelligence but that is my understanding at the moment.

Senator COLBECK: Is there a requirement for the Tasmanian government to, for example, be talking to you around the design of the scheme? It is a fairly catastrophic loss that this particular facility has suffered. Fifty years of businesses do not exist anymore.

Ms Freeman: There are a few things. One is obviously the natural disaster relief—

Senator COLBECK: And I know that Tasmanian government is managing it.

Ms Freeman: Yes. I think there are several things that are impacting here. One would be the Natural Disaster Relief and Recovery Arrangements, which are also applicable in Tasmania at the moment. So there would be a number of things taken into account.

Senator COLBECK: And there are a combination of things that will apply through this process. I understand that. But, regardless of my view of the IGA process, it is there and it is happening. What happens around this program could be very material to the wellbeing of that business operator into the future.

Mr Tucker: As you said, it is a Tasmanian run process but it is something we are obviously keen on in terms of delivering the outcomes that both governments have agreed to. I think it is probably fair to say, too, given the current circumstances in Tasmania, we have been a bit reluctant to harass our state colleagues, given that they have a lot of things on their plate at the moment, as do the communities there. It is something we will be discussing with them as soon as we get an appropriate window to have that discussion.

Senator COLBECK: I think that sentiment is probably reasonable, but asking that sort of question I do not think would be regarded as harassment. Senator Thorp just said to me, 'Is anyone going to contact him to find out where they are at and what they might be looking to do?'

Ms Freeman: Officers from our division have been in touch with the Tasmanian department checking on the wellbeing of the individuals in question and have had discussions; I am just not aware where it is up to at the moment. There certainly was, immediately after the fires and subsequently, conversation between officials on those particular parties. I am just not sure where it is up to now.

Senator COLBECK: I don't know how much further to take this. This whole IGA process has impacted on the business obviously. The huge pile—and I mean huge—of sawmill waste that had not been able to be disposed of because of some of the things that have occurred through this process actually became a real problem for them during the disaster; it went up like a bomb and exacerbated perhaps the issues that were faced in the immediacy of the catastrophic fires. As we talked about at the outset of the hearing this morning, getting some of these things sorted out in a timely way can actually make a real difference. I think I will leave it there.

In respect of the broader market for timber and timber products, I noticed in the ABARE stuff that was there earlier that there is a projection for an increase in sales of wood fibre out of Australia and an increase in price next year. How has that been considered as part of this overall process? Largely what has happened is that there has been a transfer of product out of Tasmania, basically because of logistical issues, into other states. How has that been considered as part of the overall process? We have been told that there is a structural change in the market. The structural change has basically been that it has moved out of Tasmania and into other states. Has any advice been given as part of this overall discussion around the future of the industry in Tasmania about those sorts of factors—the future demand and prices?

Mr Tucker: Our role can be seen in a number of ways. One is a policy advice role in terms of the matters that you were talking about and an analytical role, such as ABARE has done in those reports, and we will obviously provide those considerations to the government for its decision making. The other clear role we have in this is to implement the agreement between the two governments that has been entered into, and we have a particular program element in there.

As you say, much of the circumstance in Tasmania is due to essentially the global commodity market for forest and timber markets. Those markets will change all the time. Principally our effort at the moment is obviously giving effect to the agreement between the two governments and continuing to monitor international circumstances in the markets so that we can also provide that into future policy directions.

Senator COLBECK: With respect to some of the information that has been put into the report between the governments into the IGA process, particularly the work that has been done under the West committee, I asked in question 4445 about peer review of that information and you said that the terms of reference did not require peer review. It concerns me that a lot of the data that came out of that is now being relied on for certain purposes, but there is some significant question mark over some of that information, particularly the assessment process of conservation values—and that has been demonstrated by some work that has been done by the Institute of Foresters.

Are we doing any oversight or review of that? If the information that has come out of that process is not right and there is no formal peer review process, history would indicate to me that it will tend to become regarded as fact whether it is or not. How are we aligning that sort of information and dealing with the information that is sort of sitting there as part of that process and ensuring that it does have some efficacy and perhaps some peer review? I think even Professor West has indicted that it needs peer review. Are we doing anything or are we just leaving it sit there?

Mr Tucker: At this stage our effort is obviously into delivering the elements of the agreement. In terms of the process that was decided upon, that process was agreed between the two governments in terms of the way it would followed. We do not have any resources that we are putting into analysis of the data behind that agreement. If it is in relation to whether the particular areas have the conservation values that are of a concern, SEWPAC, the Department of Sustainability, Environment, Water Population and Communities may be doing something, and would need to do something, I presume, in relation to any future World Heritage nomination. But, in terms of our work, we are dedicated to—

Senator COLBECK: Just to interrupt you there: it is not a 'future' World Heritage nomination. The problem is that there has been a nomination made but without any review of that information. It seems to me that the whole process is going ahead in spite of the information—that there is agenda there and it is being run and it does not really matter what else goes on around it. In fact, it has almost been there since day one when the environment groups said to one of the participants in the then roundtable, 'If you don't go along with this we will do to your business what we did to Gunns—and that is stuff your business.' So it has not been a negotiation; it has not been anything but a process which gives the environment groups what they want—and the more they cause conflict, the more they get. Why aren't we doing something to look at the efficacy of the information that has been put forward? No resources? Is that the answer?

Mr Tucker: We obviously follow the decisions of the government of the day. The government of the day has decided to proceed with that nomination and it has also, through the effect of the Intergovernmental agreement, tasked us to deliver certain elements, and we are doing so.

Senator COLBECK: Is RFCS dealt with as part of this?

Ms Freeman: Yes.

Senator COLBECK: Given the current circumstances in Tasmania both in relation to forestry and also more broadly in the rural community, as well as the high impact in the rural community, has there been any requirement, demand or thought about resources into the Rural Financial Counselling Service in Tasmania to deal with that? Has there been an increase in demand of the service?

Ms Freeman: Obviously, following the floods and the fires throughout various states in Australia we have been working closely with our providers in those affected states to monitor the wellbeing of farmers and small-business owners and their families. Often the RFCS is the first point of contact for a lot of those people, and we have been talking to all our providers, checking on what they have been hearing on the ground. They have been checking up with their clients on how they are, so we have been actively engaged both in response to the fires initially and now the floods, talking to all our providers. Indeed, some of them have been affected.

They have been helping people get into the areas to assess the damage and the losses. Also, in terms of the measures that are available under the NDRRA, the Australian disaster relief payment and the tax measures, they have been applying assistance to clients to help them fill in the application forms for assistance. They have also been attending the recovery meetings that are around participating and relevant task forces and committees, and going to the bushfire and flood recovery centres to ensure that people are there. There has been an active effort to work with the providers.

Some states have offered: when the fires were on in Tasmania the South Australian providers actually rang us up and offered to send counsellors down to Tasmania. We extended that offer to the Tasmanian provider and they said they were right for the time being, but we are continuing to monitor that very closely.

Senator COLBECK: Have there been any issues for what are effectively rural businesses but which do not strictly qualify for the service to be able to be assisted through this process as well? What happens to those people who fall outside the fringes?

Ms Freeman: FaHCSIA also provide services on the ground, and in the flood-affected areas in particular. We have had a whole range of services that have gone—if people do fall through the cracks there is a range of measures in place as part of the NDRRA response. If people do not strictly qualify for the RFCS there is a range of others: there is a 1800 number, there is a financial counselling hotline and FaHCSIA offer the Commonwealth financial counsellors. They have also had temporary officers—for example, the Queensland Rural Adjustment Authority has set up client liaison officers. We have also had ATO staff, and RFCS staff from elsewhere in Queensland have been responding. There has been quite a concerted effort to meet the demands to assist people.

Senator COLBECK: Is there a formal coordination process across this?

Ms Freeman: We have quite clear arrangements between ourselves and the providers. It has been a matter of regularly keeping in touch with them, asking if we need to move people around. We have been touching base with them all on what they are seeing in demand for services. Certainly, as you would expect, there has been an

increase in demand following the severe flood and fire events, but at the moment people are saying they are okay working with their existing resources.

Senator COLBECK: What impact has that had on the waiting times, and what is the size of the Tasmanian waiting list at the moment?

Ms Freeman: I would have to take that on notice; I honestly do not know.

Senator COLBECK: If there a KPI around that I would be interested.

Ms Freeman: I could give you some fairly general figures about the demand for the service more generally. It is roughly 7,000 to 8,000 a year across the country. Part of the service includes, for example, providing direct assistance and working with recipients of our transitional farm family payment. They are a direct client, so we have roughly 360 or 370 across Australia on that hardship payment at the moment. That would be a normal part of their client base. I could tell you what they are for Tasmania, but I would just have to take it on notice as I would not know the specifics.

Senator COLBECK: That is fine. When was the funding last reviewed for RFCS?

Ms Freeman: It was announced in 2011-12 that funding would go till 30 June 2015. For when it was actually last reviewed I would have to check my notes.

Senator COLBECK: My notes tell me 2007.

Ms Freeman: The government basically announced in May 2011 nearly another \$55 million to cover the program up until 30 June 2015.

Senator COLBECK: What about the quantum, though, in terms of what was costing to do business?

Ms Freeman: The quantum of clients has actually fallen, partly in relation to the fact that there are no areas currently in an exceptional circumstance. I think that is one reason. The other is that we have a database that actually monitors the number of clients that we have. That database has changed, partly because we were double counting if someone came in and out of the system twice. So it is hard to say, but the numbers are roughly half of what they were a number of years ago. I think it is also important to note that the nature of the business or their engagement with the RFCS would be quite a different when they are not helping people in terms of their EC applications or whatever. Both the business and the number of clients have changed.

Senator COLBECK: What is the cycle of reporting that you receive on that?

Ms Freeman: I would have to take that on notice for this specifics. But, for example, they are audited regularly, we would set up biannual meetings with them where we actually go through what is happening in terms of—

Senator COLBECK: The reason I ask is—and it is more of a radar type of thing—we had a conversation earlier about some of the rumblings coming out of the dairy and horticulture industries at the moment, and I just wondered if any of the information that you might have been receiving back from RFCS was indicating that there is a level of concern or issue around viability of those business types. So there might be something happening here that we need to have a look at, and the external indicators would be that there might be something happening there. What feedback are we getting through RFCS? People are telling me the banks are being harder on them at the moment—that sort of stuff.

Ms Freeman: I think there are a couple of things. One is, as I said, we meet formally with all the CEOs and chairs twice a year, and through that we get quite good formal intelligence on where demand has moved or the nature of that demand. I met with all the chairs and CEOs in Adelaide in September last year and have sought their input into the development of the national drought reform program and the view of their clients—what is their sense of the needs of their clients over time going ahead and where there might be particular hotspots. They have been asked for their input for development of that policy moving ahead on the basis of the clients that they have and on the basis of either geographically as well as some of the factors affecting the long-term viability across industry types.

Senator COLBECK: I have one final question and I do not know whether it applies here, but it is related. Has there been a meeting of the Agricultural Finance Forum in recent times?

Ms Freeman: There is one scheduled for June. Let me just take that on notice as it might be even sooner. I just do not know it off the top of my head, but there was certainly one where the minister met with them.

Senator Ludwig: We have got one scheduled shortly. I do not have a date in my head either. We wanted to have them regularly, so we had one last year and we will have another one shortly. We also had an opportunity of sitting down with the Treasurer at a financial forum that he had convened as well, so I participated in that. In

particular, there were representatives from right across Queensland. There was dairy, there was Growcom. There was a range of financial institutions also available there. It is one of those areas that I continue to keep on my radar.

Senator COLBECK: I did see some reporting on that.

Ms Freeman: Mr colleague Mr Koval from the ag productivity division will be able to answer that question when the next finance forum is scheduled.

Senator COLBECK: Let us put him on notice. If you could give us a schedule of what has happened over the last couple of years.

Ms Freeman: Certainly.

Senator HEFFERNAN: As I understand it, you give advice to SEWPaC on the climate change area under this portfolio. You are not responsible for the climate change policy area, but you give advice to SEWPaC.

Ms Freeman: And the Department of Climate Change and Energy Efficiency.

Senator HEFFERNAN: In the advice that you give, have you bothered to do a cost-benefit analysis on the agricultural side following the recent phenomenon of seriously hot fires which completely destroy the landscape. You cannot put stock in to reduce the fuel load and you have not got the resources to do cold burns in any proportion that is required? Have you bothered to figure out, which any person with half a brain could figure out, what happens when a hot fire goes through? If you go on the road in the Snowy from Adaminaby to Talbingo, you will see whole valleys of mountain ash stone dead, like bloody graveyards. Do you give advice that says perhaps we ought to consider other options and advice on why fires are getting bigger when the gear is getting better? It is almost like football now: fires are a TV event with a helicopter, with half the water they drop evaporating before it hits the ground. Also, have you done a cost-benefit analysis on the encroachment on agricultural land of national parks that have now become a breeding ground for dogs and pigs. As Senator Back and others would know, wild dogs have become a serious problem—

Senator Ludwig: I do not mean to interrupt the flow. I know time is precious. I would like maybe one question followed by another question followed by another question, so the officer at the table can respond.

Senator HEFFERNAN: Because Senator Rhiannon is having kittens, perhaps you could take that on notice or give a brief answer. Have you done a cost-benefit analysis?

Mr Tucker: Not to our knowledge. We will have to check with our ABARES colleagues.

Senator HEFFERNAN: Why not?

CHAIR: Mr Tucker, you are taking that on notice, which you did offer, Senator Heffernan.

Senator RHIANNON: Minister, have you been involved in any talks about the closure of the Eden chip mill owned by South East Fibre Exports?

Senator Ludwig: I will check, but I do not have any clear recollection of that.

Senator RHIANNON: So you will take it on notice if there have been any informal or formal talks?

Senator Ludwig: If I have, I do not recollect. You asked me whether I have been involved. My recollection is no. Just in case it involved another entity or another name, I will check my records.

Senator RHIANNON: Is there anyone from the department who has been involved in such talks?

Mr Metcalfe: I recall visiting the facility as part of my familiarisation program with the portfolio back in December. Certainly to my recollection there were no discussions of that nature. I was there purely to familiarise myself with the forestry industry in the south-east.

Senator RHIANNON: As you were there to familiarise yourself, are you aware that there have been a number of media reports in the area of the possible closure of the mill, and is that something that you are acquainting yourself with?

Mr McNamara: We are aware of reports of some downsizing of the staff in that particular mill. We have not had any formal discussions with SEFE.

Senator RHIANNON: I understand that the New South Wales government is reviving logging licence conditions, which could mean that areas of old-growth forest and rainforest currently in special management zones and thus protected in state forests would be opened up for logging. So it is with regard to revising the conditions. Is there any discussions with the New South Wales government about these changes and would such changes be a breach of the RFA?

Mr McNamara: We have not been in discussions with New South Wales with regard to that. Land planning, as you would be aware, is a state matter by constitution. The case would be that the New South Wales Department of Primary Industries would be in discussions with the Environment Protection Agency within New South Wales, and those discussions would be ongoing. We have not been involved in those discussions at this point in time.

Senator RHIANNON: Under the RFA, if considering such a revision would breach the conditions, would that trigger the requirement for discussions?

Mr McNamara: What you are saying is that it would breach the RFA; I am not sure that it would breach the RFA. The RFA provides for adaptive management, so what it actually provides for—it is a long-term 20-year agreement. Certainly when the RFAs were put together it was recognised that views on forest management and views on environmental management could well change over the course of that 20-year period. What the RFAs provide for is an ability for state laws to change, adapt and evolve over that time and the RFAs remain current. So, if the practices that are being undertaken within state forests are consistent with the current state laws, then that also means they are consistent with the RFAs. So I am not sure that the proposition you are putting forward is correct.

Mr Tucker: I will add to that reply. Yes, RFAs are to be adaptive instruments, depending on how circumstances change. But state governments also have certain commitments in those regional forest agreements. So it is slightly hypothetical—I do not have it in front of me—but certainly, if they were considering arrangements which may affect those commitments, we would expect a discussion.

Senator RHIANNON: Back to issues to do with SEFI again. In October last year, there was information about a sawmill biomass study being undertaken. I understand that a little bit over \$73,000 went to SEFI for that. When will this report be released to the public?

Mr McNamara: The report has been published on the DAFF website.

Senator RHIANNON: Thank you. Are there any export controls over the export of wood pellets made from native forest wood?

Mr McNamara: I would have to take that on notice. We should be able to get an answer back this afternoon.

Senator RHIANNON: Another one to take on notice with that: for whole logs or wood chips that are destined to be used for energy purposes, including electricity generation, are there any controls with respect to export or generally?

Mr McNamara: Under the Export Control Act that there is a requirement for saw logs over two tonnes for licencing, but under two tonnes it essentially falls to state legislation.

Senator RHIANNON: Could you take that on notice, please. I want to ask about the exit strategy package for the Tasmanian forest contractors. DAFF has put many millions of dollars into this. Could you provide a final list of grants that have come under that scheme?

Ms Freeman: It is up on our website. But we are happy to provide that to you.

Senator RHIANNON: Thank you. Minister, in relation to the fraud inquiry—with respect to the package paid out to some companies in Tasmania—at the last Senate estimates you explained that no charges were laid by Federal Police and no report would be published. Is the reason that no charges were laid because some of the original recipients paid the money back?

Ms Freeman: Can I just clarify which program you are talking about. Senator Colbeck asked a number of questions about the intergovernmental agreement contract exitors program and we talked about allegations of fraud in that. So I just want to clarify—

Senator RHIANNON: A fraud inquiry commenced in February 2011, and one of the companies it covered was Kasun Pty Ltd. The minister explained at the last estimates that there would be nothing further done about this, and I just want to clarify: is part of the reason for that that some of the money was paid back by companies; and, if so, what and how much?

Ms Freeman: I will take that on notice.

Mr McNamara: I want to confirm this with you, Senator. There have been a number of grants programs run in Tasmania over the last five to six years. I was wondering if you could perhaps provide us with some more detail. Which particular program was that grant provided under?

Senator RHIANNON: I will give the website that I am picking it up from. If you look at the response that the minister gave at the last estimates, it will clarify what program that we are talking about. We had an exchange. The minister said: 'No charges were laid by the Federal Police and no report will be published.'

Senator Ludwig: I am happy to take that on notice and get back to you.

Senator RHIANNON: I want to go back to an RFA in western Victoria. That RFA notes that while the review process will not open the agreement to renegotiation both parties may agree to some minor modifications to incorporate the results of the review. There are enormous developments in that area. We have seen the phasing out of commercial logging in the region, there is a recommendation of the five-year review to cancel the agreement, a large number of nationally significant species are in the area, there are moves by the state government to reopen sensitive forest areas for new logging and changes being made by the state government to water down the protection under state law. These are considerable changes. What steps will the federal government take to revisit the western regional forest agreement?

Mr Tucker: I can answer in the general sense—I do not have that agreement in front of me. In answer to one of your previous questions we said that the RFAs are documents that adapt to changes in circumstances. Clearly, if there are intentions or decisions that may affect state commitments then we expect a discussion around the content of the RFA. There is also the regular process of examination of the delivery of the RFA and the review of the RFAs as we get towards the end of their 20-year span. In each of those circumstances, we have the capacity to revisit the commitments in a regional forest agreement. Governments of the day, as they have chosen to do in the case of Tasmania, can also reach other agreements if that is their policy position. I do not know the specific circumstances of western Victoria but there are a number of opportunities or occasions available to change those agreements.

CHAIR: Thank you, Mr Tucker. We have gone over time. I request that you put the other questions on notice, Senator Rhiannon.

Proceedings suspended from 12:17 to 13:18

CHAIR: Mr Metcalfe?

Mr Metcalfe: Thank you Chair. I have some responses to some of the issues that we took on notice earlier. I think Mr Aldred has one as well. Senator Nash asked about two figures that appeared in a document. One was in relation to properties the department maintains in Broome, where we have a number of staff. The figure 59,000 was one that she queried. I can confirm that the 59,000 figure is the annual rent for one of the residences that we maintain in Broome. She also asked about the figure 387,000 and I can confirm that that is the rent and associated costs of maintaining our office in Broome for the period of five years to 2016.

During the session on Climate Change Division, Senator Rhiannon asked whether the lack of follow-up by the Australian Federal Police regarding fraud allegations under the 2010-11 Tasmanian Forest Contractors Exit Assistance Program was as a result of money being repaid to the department. I am advised that no money has been repaid to the department from that exit assistance program.

Senator Colbeck asked what standards the states plantation codes of practice were being reviewed against. I understand that the states codes are being assessed against the national plantation principles and those principles are on the DAFF website. I can give the senator the particular reference if he would like it.

Thirdly, Senator Rhiannon asked when the south-east fibre exports bioenergy research project report would be published. I am advised that that is on the department's website and I can give the senator that particular reference as well. I think Mr Aldred was also going to add to something.

Mr Aldred: I was going to answer one of the questions that the secretary has already covered.

[13:20]

CHAIR: Thank you. It is great to see you coming back so early with answers to questions taken on notice. We now welcome Border Compliance and the Post Entry Quarantine Program, formerly known as Biosecurity Quarantine and AQIS.

Senator COLBECK: I want to go to Operation Hayride. We have had a few discussions in relation to that. My question goes to cost recovery. My understanding is that it is a cost recovered process—that the operations of these particular operations, and I think that you have two or three running, all form part of the overall overhead and that they are all cost recovered.

Mr Chapman: That is right. They fall under the part of the organisation that is funded through cost recovery. Even if the actual activities do not occur a fee or charge, the targeted campaigns are funded by our cost recovery arrangements.

Senator COLBECK: How is that allocated? How does the cost recovery process work?

Mr Chapman: It is an overhead for the import clearance program.

Senator COLBECK: Okay. Is there an annual allocation made against that or is it something that is balanced on an annual basis, depending on the level of activity, and then built into the fee structure when they are worked out on that annual basis?

Mr Chapman: The fee structure that we have across the whole range of our fees tries to ensure that we have sufficient revenue over a period of time to conduct all the work that is required to manage biosecurity at the border. The targeted campaigns are given a notional budget within that broad bucket for their activities through the year, but that needs to get adjusted, depending on what turns up in the course of those activities.

Senator COLBECK: Operation Hayride, from recollection, was about 14,000 hours and about \$850,00 was what it ended up costing.

Mr Chapman: I would have to check on the figures. We provided some answers to questions on notice about this. Operation Hayride was expensive because of the large amount of follow-up work that we had to do and the number of premises that we had to visit.

Senator COLBECK: It is accepted that it was a fairly extensive exercise. A bit over 100 tonnes of stuff was searched out, I think.

Mr Chapman: It worked out at the end at 132 tonnes. That was what we ordered into quarantine. Following that, there were assessments made as to whether it needed to be seized, destroyed or re-exported. But it was a significant recovery operation.

Senator COLBECK: Where any other expenses incurred as part of that process by anyone else that was part of the operation? Were importers, for example, responsible for transport, storage, treatment or destruction of the non-compliant goods? Who bore those costs?

Mr Terpstra: Individual industry participants bore the costs of destruction of non-compliant goods if those were detected. They bore the costs of storage for goods where there was a dispute as to the testing outcome or while things were being tested. Costs for the diversion of their cargo to a suitable facility so that it could be inspected by DAFF were borne by the performance targeting and effectiveness program allocated budget that Mr Chapman was referring to earlier.

Senator COLBECK: So you really do not know the full cost of the operation because you do not know what costs were—or were they charged back? Was it a charge-back process or were they just required to pay for that themselves as part of the operation?

Mr Terpstra: Those would have been commercial costs that were administered by the owners of particular facilities that those operators normally engage as a part of their cargo clearance processes. Those are not costs that are actually administered or visible necessarily to the department.

Senator COLBECK: So the figures you have given us were specifically in relation to costs that you incurred as part of your internal processes or ones that you might have borne as part of an activity that you have undertaken?

Mr Terpstra: Correct.

Mr Chapman: That is right. The costs are staffing costs and the other costs that we referred to in the answers that we provided to you.

Senator COLBECK: You said, in question on notice 165, that Operation Hayride was undertaken without standard operating procedures. Has there been any assessment of the efficiency of that process and whether or not there has been any cost to either the department or to industry, given that there were not operating procedures in place?

Mr Chapman: Could you repeat the question, please?

Senator COLBECK: In question on notice 165 you indicate that Operation Hayride was undertaken without standard operating procedures—I suppose, given that it was perhaps a bit of a surprise that this stuff was there in the first place—has there been any assessment of the costs, to either the department or to industry, by virtue of the fact that there were not any standard operating procedures in place?

Mr Chapman: No. As you said, Operation Hayride was the first of these major recovery exercises following illegal importations that we did. Our first priority was to ensure that we got as many non-compliant goods back as we possibly could. So, while it was a successful operation, it was a learning exercise for us. We have been able to provide the cost to the department of conducting the operation but we have not done an assessment of the costs that might have been borne by individual industry participants. We have not tried to assess whether it would have cost less had there been standard operating procedures in place. But, as we advised, since Operation Hayride and the fact that we now have an ongoing rolling campaign of these target inspections, we have procedures in place.

Senator COLBECK: Has there been any feedback from industry in relation to this whole process in the review of the cost-recovery guidelines that are underway at the moment?

Mr Chapman: Not in relation to the cost-recovery guidelines. I think it is fair to say that industry is very supportive of us taking this approach of targeted campaigns and trying to identify those people who are deliberately trying to get around the system. So we articulated that in a publication which we put out in November last year, the *Imports Compliance Statement*, which really outlines that we are trying to make sure that we have a more vigorous approach to identifying and dealing with those who are non-compliant and, on the other side of the coin, that those operators who are highly compliant and can give us confidence that biosecurity risks are being managed have a lower regulatory touch on them. It has not entered into the discussion about cost-recovery, but industry's overall approach is that this is a good thing for us to do.

Senator COLBECK: No-one has made an representations about the fact that this part of the process is actually being cost-recovered or about where responsibility for its payment might be?

Mr Chapman: No. Not that I am aware of.

Senator COLBECK: So everyone is content that they are paying the bill for that?

Mr Chapman: Us conducting activities to verify compliance—and we have a whole range of activities that do that—is accepted as a legitimate cost of ensuring compliance at the border. As I mentioned before, there are specific fees and charges we have for certain activities. For instance, if we inspect goods or if we conduct an audit, the person whose goods we inspect or the recipients of that service get a direct charge. Over and above that there is a fee for every container that comes into the country; there is a fee for every full import declaration that we assess. They are very broad based—and they are not very large—and they are the ones that provide the funding for this sort of activity.

Senator COLBECK: What is the allocation in your budgets across the board for these sorts of compliance activities? And I presume they would then get built into those broader charges that everybody has applied to them.

Mr Chapman: I will have to take that on notice so I can give you something that covers off the range of the compliance activities we conduct; it goes across targeted campaigns and it goes across our cargo compliance verification and the investigations that we do as well which are actually appropriation funded. So there are several elements to it and I will have to advise you on notice how it is broken up.

Senator COLBECK: Is it possible to give it to us in that level of detail?

Mr Chapman: We can say what the allocated budgets are for those areas, yes.

Senator COLBECK: We have already discussed that about 14,000 hours were spent in the overall process of identifying and retrieving that 132 tonnes under Operation Hayride. Can you tell me how much of that time was spent working through paperwork to track the product? We had a conversation earlier about whether or not any of your computer systems were involved in that process. It appears that it was largely a manual process.

Mr Chapman: Yes.

Senator COLBECK: Can you give me a sense of what proportion of that time might have been undertaken doing that sort of work?

Mr Chapman: I will have to take that on notice too. I suspect that we will only be able to give you a ballpark figure. In tracing the goods, it was very much an iterative process, because in the course of following up the information that was given to us by the importers and the QAP operators, we would get extra bits of information and we also identified that there were some people who were trying to, even at that stage, bypass the system. So we would go in again and find something else. So we can give you an estimate of how much time was spent, but it will only be an estimate.

Senator COLBECK: In that context, have you done any further work on requiring QAPs to have a traceability process? Is that something that is being built into the upgrade of the systems we are talking about?

Mr Chapman: I do not believe so. The quarantine approved premises have to keep information about the goods while they are under quarantine control but once they are released from our control and what happens to them when they are on sold is not something they are required to keep or something that we would normally pursue, especially when you consider the number of goods that come into the country which are at some stage subject to quarantine control and get on sold and on sold. In this case though we made use of their commercial records as to where they sold it. After that, it was a process of interviewing people and finding out where it had gone, because it might go to a wholesaler and then to a retailer—

Senator COLBECK: Like a Christmas tree down out through the system.

Mr Chapman: Exactly.

Ms Mellor: It is certainly something that we have looked at and thought about—end use—to see whether there is a regulatory regime that is possible there. There has to be balance. We are talking about right up the illegal chain versus everybody.

Senator COLBECK: Potentially big and costly.

Ms Mellor: Cost is an issue.

Mr Chapman: Mr Terpstra has just advised me that one of the issues we had was that, because of the fraudulent nature of the activity, and because people were trying to hide that, much of the information we had was not accurate or was sometimes misleading. That was another complicating factor.

Senator COLBECK: Hence the need to go back over it, and over it, to continue to interrogate where things are at and to try to find out exactly where you were heading to.

Senator BACK: Can I ask one supplementary question? Faced with the incredible costs that we have just had discussed in the questions and answers, my understanding is that the company director who pleaded guilty was given a 12-month sentence, which was suspended and he entered into a \$500 three-year good behaviour bond, and the company was convicted and fined \$15,000. Is that the sum total of their costs apart from their legal fees? Did they meet the department's legal fees?

Mr Chapman: They were not the department's legal fees. The prosecution was conducted by the Commonwealth Director of Public Prosecutions.

Senator BACK: So the taxpayer only pays once?

Mr Chapman: I assume so, yes.

Senator BACK: There was no cost allocated against the defendants?

Mr Chapman: I am not sure about the legal costs there because we were not handling it at that stage. As far as the imports were concerned, they lost all the goods, obviously. The quarantine approval was revoked and there have been two jail sentences handed down—one in this case; one in another case—and there are other matters still pending.

Senator BACK: This one was suspended. What about the other one?

Mr Chapman: The other one was time to serve. I can get the details of that in a moment.

Senator BACK: Mr Terpstra, you were quoted as saying that the prosecution reflected the serious penalties that industry and individuals faced. On my reading of it, I am afraid I cannot agree with you about a \$500 three-year good behaviour bond in lieu of prison and the company being fined \$15,000 against the risk of Korean meat coming in at a time when there was a foot and mouth disease and an avian influenza scare, unless there are other penalties imposed that are not apparent here.

Mr Terpstra: Senator, if I may, there were two prosecutions: one on 5 October 2012 when one particular director received a 12-month suspended sentence and a three-year good behaviour bond and the company was fined \$15,000; and the second on 30 November 2012 when their director was sentenced to 2 years and 11 months in prison with a non-parole period of six months. So he did get jail time for that. The company was fined \$60,000 in that particular instance.

Senator BACK: That person is behind bars at the moment?

Mr Terpstra: Absolutely.

Mr Chapman: One thing I might add—I believe it was in the first case—was that one factor taken into account was the amount of information that the person being prosecuted provided. It was that information which enabled us to find the other people who had been involved and to trace the groups. My understanding is that that was taken into account in the sentencing, but, of course, we do not have a role or a say in the sentencing.

Senator BACK: And there has been no capacity to recover any of the costs for the many hours spent in tracing the products and getting rid of them.

Mr Chapman: Not beyond the answers I gave to Senator Colbeck.

Senator COLBECK: Specifically related to those, what is their status and their capacity to continue as an importer?

Mr Chapman: There are several aspects to that. First of all, in relation to them importing goods, we have what we call 'supplier in quarter profiles'. Those are profiles we put on particular suppliers or particular importers or any combination of the above because we have a lower level of confidence that they are complying with

biosecurity requirements. That basically results in higher inspection levels. While they might be able to continue as an importer—we cannot prevent them from doing that—we can check what they are doing more carefully.

Perhaps more importantly is their role as a quarantine approved premises. Following Hayride, we revoked a couple of QAP approvals. Some others were not renewed and some were voluntarily relinquished. Other ones where there was, if you like, a lower level of non-compliance are now subject to much greater levels of scrutiny and intervention by us, which has an impact on the way that they conduct their business, of course.

Senator COLBECK: Moving on to the performance targeting and effectiveness program, are the minutes of the DCCC meeting 61 on 7 May 2012 going to be made available, noting that the minutes of meeting 62 already are available? Were there any issues there?

Mr Chapman: No. We can make those available. Historically, the minutes of those meetings have been available to industry members through the DCCC if they wish to see them. We recently took a decision that we thought should be overtly transparent, if you like, and put the minutes of all the meetings and the papers up on our website. If you wish to have copies of minutes of earlier meetings, we are very happy to provide them.

Senator COLBECK: Okay. So it was post meeting 61 that the decision was made to put them up and so that is why things post there are up but not things prior?

Mr Chapman: That is what I remember. It was not an issue that we agonised over a lot. It is my view that we should make as much information as we can publicly available. Having it on our website means that all of industry can see what is going on in those meetings, not just a select few.

Senator COLBECK: Is it correct that the budgets for both Abercorn and Balmain went over budget and that the estimate budgets did not include staffing costs?

Mr Chapman: We provided information in answers to questions on notice last time on this. In both cases, the overall costs were higher than we had initially estimated. But, as I think we answered, it is a bit hard to tell beforehand what the costs are going to be because you cannot tell beforehand the degree of non-compliance and the action that is going to be required.

Senator COLBECK: Okay. Why would the budgets have excluded staffing costs? Why wouldn't you have included staffing costs as part of the budgets for those?

Mr Chapman: The staffing costs are, if you like, a constant. PTEP exists all the time. The staffing costs are a constant there. What we are trying to look at are the additional costs of a particular campaign. You raised a—

Senator COLBECK: So it comes back down to where they are focused as part of whichever operation. Your budget is \$2.5 million for PTEP. That is for the resources required for that consistent number of staff to be applied to that program.

Mr Chapman: That is right.

Mr Metcalfe: What we are saying is that the staff are there anyway available to do the activity. The budget for a particular program involves costs above and beyond that. If there was a question as to what the total cost of the operation then that would probably include the staffing costs, I imagine. But if the question is what the budget for the operation is, then the answer is what above the standing resource that we have.

Senator COLBECK: Okay. That is fine. So when you are allocating costs to a particular program—and we went through this stuff with Hayride—what is the calculation for staffing costs as part of that process?

Mr Chapman: At the end of the targeted campaign, we will ascertain how many staffing hours were spent in designing and developing the campaign. That will potentially include people from a number of areas. With the actual campaign, there are staffing costs involved in conducting inspections and any follow-up work that might be required. Does that cover it?

Mr Terpstra: Essentially, there also may be testing and analysis of particular goods required to determine if they are in fact goods from a particular animal type—

Senator COLBECK: They are what they say they are.

Mr Terpstra: et cetera if those facts are being contested. There is also some invoicing that we get from a number of these independent examination facilities that we use from time to time where these inspections are undertaken. They are commercial operators independent from the normal supply chain of the entities that we are interested in looking at. Transport costs, storage costs and other costs are passed on to us by those operators as part of the campaign work.

Senator COLBECK: In respect of determining the \$2.5 million for PTEP, how is that number derived? Is that a number that you came up with as an agency or is it a number that came up as part of the consultation process with the DAFF Cargo Consultative Committee? How is that determined?

Mr Chapman: That is the cost of the staff in the program. We determine how many are required to undertake the activities—

Senator COLBECK: Hang on. I thought that we had determined that it did not include staff because the staff are there already. I thought that the \$2.5 million was to be applied for external things other than staff, which are there anyway.

Mr Chapman: The \$2.5 million is the staffing cost of the people in the program.

Senator COLBECK: I think that we are at variance.

Mr Metcalfe: I think that I may have—

Senator COLBECK: I thought that we are on a reasonable program, Mr Metcalfe.

Mr Metcalfe: I think that I may have tried to be too helpful. I might just clarify that.

Mr Terpstra: The \$2.5 million budget for PTEP is the total cost of running that program, including salary costs and on costs for all of those staff. The issue on which we have some confusion is when a campaign budget established. The campaign budget does not include salary dollars. It includes all of the extras, if you like, over and above the salaries. But that campaign budget comes out of the total \$2.5 million allocation that had allocated for PTEP.

Mr Metcalfe: I am sorry for any confusion that I caused. You were originally talking about a question that had been answered on notice, so we had just better double check that we are quite clear about what is in and what is not in that particular figure.

Senator COLBECK: We talked about Operation Abercorn and Operation Balmain. Their budgets excluded staff costs. We are all on the same page with that. What I need to get an understanding of now is what proportion of the \$2.5 million is staff costs and what proportion is for allocation to particular operations, given that my understanding now would be that those staff are there all the time and that would be a particular unit that would be applied to operations when and as they occur.

Mr Chapman: It might be easier for us to take it on notice so that we can spell it all out.

Senator COLBECK: I was expecting you to say that.

Mr Chapman: I do not want to cause any confusion or fail to answer the question in the most helpful way. It might be useful if we can provide you an answer that says, 'Here are the staffing costs, here are the overheads and here is how we take into account setting up budgets for particular campaigns.'

Senator COLBECK: Okay. That sounds fair.

Mr Terpstra: I offer another piece of clarification that might add a little confusion in the short term but that confusion will also be explained in that answer. Not all of that \$2.5 million budget for PTEP is allocated to the development and execution of targeted campaigns. There are three other major components of work in that program that we will provide some independent numbering on. There is the post-quarantine detection area, which is a routine area that looks after any reports of items that are identified by members of the public that should not be here and that we need to sort out. There is also a small operational intelligence capability. There is also some staff allocated to the management of the profiles that Mr Chapman mentioned earlier. I think we have given evidence previously that there are in the order of around 4,000 different profiles in our IT systems.

Senator COLBECK: We are running out of time. I just want to go on to the IER. And can you tell us the current status of the IER and how much it might have dropped this financial year?

Mr Schaeffer: The IER is forecast to be around \$10 million by the end of this financial year.

Senator COLBECK: How much has it dropped this financial year? What is the projected change?

Mr Schaeffer: Just to confirm, you are talking about the Import Clearance Program? We forecast it to change from \$24,688,000 to \$10,402,000.

Senator COLBECK: You are on track to come to that line. What is that being spent on?

Mr Schaeffer: Essentially, the arrangement is that, given the fees have not changed in this program since 2008-09 and the fees have been stable for a number of years, the first three years of that time frame since 2008-09 is basically an arrangement with industry where the fees are set at a point where it averages over those three

years. Given that we are into that fourth year now, we are paying for the operational cost of that program and we are absorbing the costs that are associated with that program, so it is paying for all costs.

Senator COLBECK: What is the base level that you want to see the IER come down to?

Mr Schaeffer: We have an agreement with the industry to maintain that level at around 10 per cent. But, as you know, it fluctuates based on activity.

Senator COLBECK: So, 10 per cent would leave it where?

Mr Schaeffer: Currently at about \$18 million?

Senator COLBECK: Would it mean a change in the fee structure to get it back up to \$18 million?

Mr Schaeffer: It could to, or it also could mean a change in the cost base.

Senator COLBECK: What you mean by that?

Mr Schaeffer: There is a number of initiatives under way for efficiencies throughout the department which would impact on this program. It may be that they might impact the costs in that program.

Senator COLBECK: How confident are you that that might occur?

Mr Schaeffer: I have no confidence at this time. One of the possibilities is to either increase fees, one of the possibilities is to reduce costs or a mixture of both.

Senator COLBECK: I would like to stick with the no-confidence stuff at the moment.

Mr Metcalfe: It sounds like a technical accounting term.

Mr Schaeffer: The level of confidence to meet those figures that I have stated is pretty high. I would be quite confident that we would get to the reserve balances that I have stated here.

Senator COLBECK: But I am trying to get a sense of whether you will meet them via efficiencies, and I am taking from your answers that your confidence in reaching them through efficiencies is lower than it is in reaching them via increased fees.

Mr Schaeffer: No. There is a whole range of things that happen through the program, including cost increases as well. For example, our staff will get a pay rise under the enterprise agreement, so we have to manage that within the program along with a number of other cost increases, some of which have been mentioned today. Things come up and we have to manage that throughout the whole available resources that we have.

Senator COLBECK: Could you give me a sense of some of the efficiencies?

Mr Chapman: As I said, we are trying to make our business more efficient. We are looking to reduce costs in areas where we get better value for what we do. One example would be, as you have asked in estimates before, that we are doing lower levels of intervention in areas where there is very little risk, where this is not much to be found. That is a way that we can do one of two things: one is redirect the staff who are doing that to another area where we get a bigger bang for our buck; another one is where we reduce staff numbers and therefore costs. There are lower costs for industry in doing that. They are able to move goods through faster. They are no longer paying inspection fees. One of the things we have found in the changing of our focus in the last couple of years is, perhaps ironically, that in lowering our intervention levels we are also having an impact on our revenue because we are not performing some of the activities that generated fees that we did in the past. At the same time, we ramped up things like the targeted campaigns, which do not generate fees in themselves but they are critically important to us having a good approach to managing biosecurity at the border. So we are continuing to focus on how we can ensure that our activities are as efficient as possible, that they are focused on the right things, but we also need to think about the revenue that we get as well.

CHAIR: Senator Colbeck, I will have to--

Senator COLBECK: We still have not had an example of the cost efficiencies.

CHAIR: No, I am listening intently for that answer but, unfortunately, we have run out of time. I have to thank the officers from Border Compliance. We must roll on; time is tight today. I call Biosecurity Plant.

[13:56]

CHAIR: I welcome Dr Findlay.

Senator RUSTON: Excuse me for not being absolutely sure, but I have two lots of questions relating to Plant. One of them is in relation to the import risk analysis and the other is about export certification. Do I have the right group to speak to?

Ms Mellor: Import risk analysis goes into Plant. Then, when the food division comes, that is the export side but we support them with the science. So, it is the same people, different section.

Senator RUSTON: If I just stick to—

Ms Mellor: Stick to imports now.

Senator RUSTON: Following on discussions that we had in the hearing on Friday, when we were questioning the Chairman of the Eminent Scientists Group, I asked what the process was by which an application to import produce to Australia was assessed. He gave me an outline. The question was: at what point does the department engage the Eminent Scientists Group in the further assessment of risk analysis.

Ms Mellor: The Eminent Scientists Group is used when the department does an expanded import risk assessment, which is covered by regulation 69A of the quarantine regulations. That is the only time it is formally engaged in the 36-month IRA process.

Senator RUSTON: Recently, I think at the end of 2009, there was an approval for Japanese mandarins to be imported to Australia.

Dr Findlay: Yes.

Ms Mellor: That is correct.

Senator RUSTON: It was not determined that there was any need for the Eminent Scientists Group to have a look at this particular importation request.

Dr Findlay: The risk assessment for unshi mandarin from Japan was undertaken as a standard risk assessment and the standard process does not include ESG oversight or assessment.

Senator RUSTON: What would have determined the fact that this particular importation request was standard?

Ms Findlay: There are a range of considerations that go into whether a risk assessment is undertaken as standard or expanded, the critical ones being whether the science is contentious and the importance of the import for our stakeholders domestically.

Senator RUSTON: Obviously, the determination of the department was that it was not contentious, despite the fact—and I have got a whole heap of information here—that would suggest that there was a huge amount of concerns expressed by a number of respected scientific organisations in relation to this particular importation approval. At what point do you disregard the evidence that is being provided by the industry or other scientific groups outside of your internal people that assess these importation requests?

Ms Findlay: I would not say that we disregard it. Both processes take full account of all technical information that we receive. The difference is that in an expanded process the eminent scientists group looks at stakeholder submissions and they look at the technical evidence in front of them and then make an assessment about the work that the department has done. On the standard side of the process, as the unshu mandarin assessment was undertaken, we still take full account of all submissions that were received, but we do in-house assessment of the relevance of that information.

Senator RUSTON: What was your response to the then citrus organisation, which I assume would still would have been under the guise of Australian Citrus Growers, in terms of their submission, when they said that they were seriously concerned about the exposure to the Australian citrus industry from the potential import of this product into Australia?

Ms Findlay: I will go back and have a look at the submission that they put in in 2009. It is four years ago now, so I would like to refresh my memory of that one.

Senator RUSTON: Basically, what they have been saying is that the area from which these mandarins are being grown is an area that, if not a citrus canker area, is certainly immediately adjacent to citrus canker and there is citrus canker in Japan. It is the industry's view that that is the case. Would you say that, in granting an import licence for this fruit, that it is actually a change in policy by the department to allow this to happen?

Ms Findlay: I would not say it was a change in policy. Each risk assessment is judged on the merits of that import proposal from our trading partners. In this instance, if my memory serves me correctly, the area that unshu mandarin are able to be exported from Japan covers just a 25-hectare area. For 40 years Japan has been undertaking surveillance and assessment and they have never found citrus canker. So it was our judgement, given the level of confidence we had in the surveillance programs that Japan had in place, that technically we could not ban that trade from that area.

Senator RUSTON: What you are saying is that the concerns that were expressed by the citrus industry were unfounded.

Ms Findlay: I would not say unfounded. But when we looked at the level of confidence that we have in the work that Japan had undertaken over a 40-year period, we could give ourselves the confidence that trade could be undertaken from that area and still protect Australia and keep Australia safe.

Senator RUSTON: Would you say that the conditions that you applied to this importation were as strong or as stringent as the conditions that we applied internally in Australia when we had a citrus canker outbreak in Queensland? We had a whole heap of conditions around that. So you are saying that, despite the fact that this 25-hectare area does not technically have citrus canker at the moment or there has not been any detection, we had much stricter guidelines, did we not, around how we dealt with Queensland citrus transfer than we are necessarily applying to the Japanese situation where we are actually importing.

Ms Findlay: Those differences are entirely appropriate, given that in Queensland we knew that citrus canker was present in the area. So it was appropriate that the measures for the interstate movement of citrus be much more stringent than in a place where we know that citrus canker has not been found for 40 years.

Senator RUSTON: Would you say that the application of the requirements that we placed on Japan were as strong or as stringent as the criteria that were placed on the importation of these particular mandarins from other countries such as the USA or New Zealand?

Ms Findlay: From that area, yes.

Senator COLBECK: I turn to horticulture sector fees and charges. In the cost recovery impact statement, fees and charges are based on an eight-hour day and 40-hour week, but the enterprise agreement stipulates 37½ hours per week. Does the fact that there is a discrepancy create any consequences for industry?

Ms Calhoun: This was a question on notice in the last estimates. We pointed out that this needed to be corrected in the current export control fees orders. At the moment the rate for the daily and weekly are not being charged out—we are charging it at the quarter-hourly rate, so exporters are not disadvantaged.

Senator COLBECK: What actions are being taken to redress this?

Ms Calhoun: We are currently looking at whether there are any savings in having someone at the premises for a whole day or a whole week and whether we can pass these savings on to industry. We will then put new fees through the system.

Senator COLBECK: Is there a difference between the quarter-hourly rate and the daily or weekly rate, or do they effectively equalise out? Or are you getting around the problem by charging by the quarter hour?

Ms Calhoun: The intent of the daily rate was that it was charged at the quarter-hourly rate for 7.5 hours per day and the same with the weekly. When the fees and charges were calculated it was seen that there were no savings in having someone at the premises for a whole day as it was the same as having someone on a quarter-hourly rate at a cost recovery.

Senator HEFFERNAN: What is the loading on the quarter hour versus the full day? What is the dollar difference in charging by the quarter hour or charging by the day?

Ms Calhoun: There is no dollar difference; it is the same rate.

Senator HEFFERNAN: Direct division.

Ms Calhoun: Yes.

Senator COLBECK: When did you first become aware of the anomaly?

Ms Calhoun: Shortly after the orders were tabled.

Senator COLBECK: Effectively the way to get around it is charging by the quarter hour rather than using those consolidated rates.

Ms Calhoun: Correct. We have not charged those rates out at all, so no-one has been disadvantaged. We have not charged the daily or the weekly rates out, because we are aware that there is an error in them so we have used the quarter-hourly rate.

Senator COLBECK: Has that incurred any additional cost for you in the administration of it?

Ms Calhoun: No.

Senator COLBECK: In the cost recovery impact statement there was an estimated demand reduction of 20 per cent in the number of registered establishments as of July 2007. What has been the result of the process?

Ms Calhoun: For horticulture establishments or plain export establishments? In regards to horticulture establishments, we have written to every establishment which is over 500. At this stage we have had only 10 establishments indicate that they will not continue with their registration.

Senator COLBECK: So it is running at five per cent not 20 per cent at this stage.

Ms Calhoun: Correct.

Senator COLBECK: Have you been given reasons for their non-renewal?

Ms Calhoun: No, we have not been given any reasons, but anyone that has come to us we have looked at whether they have exported previously. Some of them were not using those facilities. We are aware that there is an issue with the nursery industry and the cost to them, so each premises that approaches us we are looking at the most cost-effective way for them to operate and if there are any alternative ways that they can continue to export.

Senator COLBECK: So, as a proportion of the nursery sector, how many are expressing concern there?

Ms Calhoun: We have had two express concern in the nursery sector, and we have a total of 45 registered.

Senator COLBECK: So that is still running at about five per cent?

Ms Calhoun: Correct.

Senator COLBECK: Can you tell me where the IER sits in relation to the horticulture sector?

Ms Calhoun: As at 1 July 2012, the IER was reverted back to zero, and we are running back on a cost recovery track, so the IER will be calculated out at the end of this financial year. So, at 1 July last year, part of the \$6.5 million that was provided by the government to support the horticulture sector was used to wipe out the deficit sitting in that IER. So it is currently sitting at zero dollars.

Senator COLBECK: What was the deficit?

Ms Calhoun: \$1.658 million.

Senator COLBECK: What is the target level for the IER?

Ms Calhoun: Projected for this year?

Senator COLBECK: No. We talked before about how there was a target of having it at, I think, 10 per cent—I think that was the number we were talking about before.

Ms Calhoun: The target would be 10 per cent—deficit or revenue—where we would be looking at whether we needed to readjust the fees.

Senator COLBECK: So, what is the annual expenditure that that 10 per cent would be set off?

Ms Calhoun: It is approximately \$1 million.

Senator COLBECK: And that is the annual operating costs?

Ms Calhoun: Plus or minus 10 per cent.

Senator COLBECK: Or, is that the level that the IER would be set at?

Ms Calhoun: That is the level of the IER.

Senator COLBECK: So, your \$10 million programs set the IER at \$1 million?

Ms Calhoun: Yes.

Senator COLBECK: In questions 182 and 184, there was some discussion about several models being developed to support the impact assessment process. Is it possible to get access to the various models that were considered?

Ms Calhoun: That was throughout the consultation through the horticultural ministerial task force. They were papers that were provided.

Ms Mellor: They were provided to the ministerial task force, and we can provide those on notice.

Senator COLBECK: Okay; thank you. In the answer to question on notice 182, you said that moving to a reduced establishment fee and increased inspection fees would result in needing to change pricing more frequently to cope with over- and under-recovery. Isn't that actually the purpose of the IER?

Ms Calhoun: There are two elements, I guess. It is about having an appropriate cost recovery framework in the first place that meets your supply and demand throughout the year. That was the element of splitting it between the administrative costs and then back through to your audit inspection costs. So we need to ensure that we have a base there. Regardless of what the activity level is, there is always a base of work that needs to be undertaken, and we wanted to ensure that we had enough money to continue with that base. And this model is aligned to other export sector cost recovery models.

Senator COLBECK: In respect of the establishment and management of the IER, are over-recovered funds segregated for use in the sector from which they are collected? I think we have asked this question before and not got an answer.

Ms Mellor: Horticulture fees apply to horticulture activities. Is that what you are asking? We do not cross-subsidise activities across different IERs.

Senator COLBECK: I turn to question on notice 186. We asked about the industry consultative committee for horticulture, and it was indicated it would be settled in November 2012. Have we finalised that committee?

Ms Calhoun: We are in the process of finalising that committee. It is taking a little bit longer than expected. But, as you would be aware, the horticulture sector is quite diverse, and we have been trying to make sure that we have the right representation on that committee. We did not get that from the initial applications that were sent back, so we have been actively working with the relevant sectors to make sure that they will have a voice on the committee.

Ms Mellor: The issue here is to make sure that the individuals are representative. Some of the individuals who have come forward were representing their own business, as opposed to representing a sector of the industry.

Senator COLBECK: That is the reason for not having it finalised; wanting to get full representation across the industry, finding people who are prepared to do that across all of industry. How close, how far? How long is a piece of string?

Ms Mellor: Put it this way, it came into my office a week or so ago and I just need to go through the due diligence and make sure that those representatives meet the requirements, and I think we are very close.

Senator COLBECK: Thank you.

Ms Mellor: Senator Ruston, you asked about exports. The Assistant Secretary at the table with us now is the export horticulture person, and I just wondered whether your questions related to export horticulture?

Senator RUSTON: Specifically, export certification.

Ms Mellor: It is probably best at food when that set of people are policy people as well, without knowing your question.

Senator RUSTON: It is the horticultural sector that has raised the issue with me, but I am sure it is a more general question. But I am quite happy either way, whichever suits you.

Ms Mellor: This Assistant Secretary will still be here when the food people are here.

Senator RUSTON: Okay. I am happy to wait until then.

Senator EDWARDS: My questions relate to the white grain research and funding supported by GRDC and the South Australian Grain Industry Trust.

Ms Mellor: That is not biosecurity. It is probably agricultural productivity later this evening.

Senator EDWARDS: Somebody will get shot, that is it.

Ms Mellor: It is very late tonight.

Senator NASH: Ginger and Fiji: where are we at with that? There was some reporting—and I do not always take reporting on face value—that DAFF were going to visit Fiji to look at the conditions. Is that correct?

Ms Findlay: That is correct. On 22 January we put the final import risk analysis out, and the process that follows that is that we have to work with the exporting country to make sure that we have confidence that the measures that are required as a result of that risk assessment can be implemented and have been implemented. The next step is working with Fiji to make sure that happens.

Senator NASH: It is to go and have a look and make sure?

Ms Findlay: Correct.

Senator NASH: Do you have any indication of when that might take place?

Ms Findlay: I do not think we have a formal time line in place for that yet, but we have commenced work with Fiji on the initial stages of establishing an appropriate work plan.

Senator NASH: My recollection was that the pest list from Fiji was not extensive initially. But I think—correct me if I am wrong—that the department's view was that the processes that were going to be a place would take care of any pests even if they did turn up anyway. I am putting it very colloquially but is that correct?

Ms Findlay: Through the risk assessment, the first stage that we go through is a pest categorisation process that identifies all the pests and diseases that may be of concern. Then we use a process to ascertain whether they

are actually a quarantine pest. At the end of the risk assessment process, there were two pests that gave us some concern. One was *Radopholus similis* and the other virally nematode, and the second one was the yam scale. The measures are written to make sure that we have confidence that we can protect Australia from those two pests.

Senator NASH: So you will go and check that the processes will be in place to satisfy the department that no nasties are going to come in. What happens if the Fijian processes do not meet your criteria?

Dr Findlay: We will work with Fiji to make sure that they do. If they cannot then we have to wait until they can be met.

Senator NASH: Until they absolutely do.

Dr Findlay: Yes.

Senator NASH: Once that process has happened, there will be a report done by the department as to the compliance or otherwise of the Fijian standards.

Dr Findlay: Correct.

Senator NASH: How long would that take to come out after you make the visit. Is there a normal process over time?

Dr Findlay: There is a normal process. Some countries are very good at getting their systems in place. Others take a little bit more work. We take as long as we need to give ourselves the confidence that the measures have been appropriately implemented.

Senator NASH: If you are not satisfied, will there be an interim report saying that you are not satisfied to this point and then the process will continue?

Dr Findlay: Yes. Our audit systems identify where there are non compliances or where there are concerns. We go back and work through those to make sure they can be addressed.

[14:21]

ACTING CHAIR (Senator Gallacher): I now welcome Food.

Senator BACK: Following the lifting of the ban last year or the year before on New Zealand apples coming to Australia, can you tell us what has been the history of imports of New Zealand apples into Australia? How many consignments have been successful; how many consignments have been knocked back and for what reasons, if any, have they been knocked back?

Ms van Meurs: To talk about the 2012 season, we have had five consignments of New Zealand apples come to Australia—about 57 tonnes. We have undertaken nine offshore inspections of those five consignments and there have been no rejections.

Senator BACK: Nine inspections of five consignments?

Ms van Meurs: That is correct.

Senator BACK: And all nine were done offshore?

Ms van Meurs: That is correct. There were no inspections specifically on arrival. The on-arrival inspections have been done offshore in New Zealand.

Senator BACK: By Australian officials.

Ms van Meurs: By Australian DAFF officials.

Senator BACK: How does that contrast with 2011?

Ms van Meurs: I will have to take that on notice but my recollection was that around 12 shipments. I would have to take that on notice. Again, there were fewer in 2012 than in 2011.

Senator BACK: In 2011 there were some rejections by DAFF officials offshore, weren't there? If you would provide that on notice I would be appreciative.

Senator COLBECK: Just before you do go, I did see a report last week in the media about a desire to increase the consignments coming this year. Have you had any communication with New Zealand or is there any additional work being done over there around that?

Ms van Meurs: Yes. We are preparing for the 2013 season. It is likely to start around April 2013. We have had an initial request for a number of officers to go to New Zealand in April. We do not know the exact numbers yet. That will depend on the commercial arrangements that New Zealand have with their importers in Australia. At the moment we have five valid import permits as of 7 February 2013.

Senator COLBECK: Are there any more applications or increase in activity about registered establishments or import permits?

Ms van Meurs: My understanding is that they have not finalised their establishments for registration as yet. I think in 2012 they had eight. I do not think they have finalised their registrations to date.

Senator COLBECK: But we do not have any indications of what the numbers might be at this stage, just that there are five permits.

Ms van Meurs: Those are valid permits. The permits are valid for two years.

Senator COLBECK: Are there any further applications in process?

Ms van Meurs: Not that I am aware of, but I can take that on notice.

Senator COLBECK: Thank you. Can I now go to baby food. I think we are now back on food. I just want to ask a couple of questions around the baby formula that was being exported out of a backyard into China. My understanding is that it is not illegal to export in small quantities to China. Can you give me a sense of where the parameters around this are?

Mr Read: Under the Export Control Act, prescribed goods are regulated generally above the 10-kilo weight limit. A lot of what you are talking about is product less than 10 kilos.

Senator COLBECK: That is as I understand it. So they were all less than 10 kilos that were being sent over there. Do we have any further information on that particular case? Was any action taken against the person that was exporting? Was he just taking advantage of an opportunity that existed in the market to fill a need?

Mr Read: That is right.

Senator COLBECK: My understanding is that that need was generated by the fact that shops providing the product were closed for a period of time?

Mr Read: I am not exactly sure on the niche need that has developed around that. It may well be that there is a high degree of confidence in Australian packaged baby formula product, and it is that niche that is probably driving that demand.

Senator COLBECK: Can I say to you, having been on a delegation to China late last year, that confidence was expressed to me personally by a mother who was buying a local product, Bellamy's baby food. She was buying that directly because she knew it was safe. That lines up with other things that I have heard. Do we have any sense of what volume was sent as part of that enterprise?

Mr Read: No, we do not. It is very difficult to assess what movement of product has occurred via postal means of small volumes when we do not regulate it.

Senator COLBECK: Were there any investigations taken as to what was occurring? Did we have any conversations, or was it just a media event effectively?

Mr Read: At this time, we are not aware of concerns expressed to us, for example by industry, in relation to this movement in trade. There has been really no impetus to conduct that sort of investigation. The trade, in itself, is not, in a sense, breaching any of the provisions of the Export Control Act.

Senator COLBECK: What about any discussions, conversations or concerns expressed from the Chinese side?

Mr Read: Not that I have heard at this time.

Senator COLBECK: So there has effectively been no regulatory action around that at all, apart from the fact that it is being an issue of public comment.

Mr Read: Apart from the fact that it has been happening, yes.

Senator COLBECK: Part of the broader conversation about baby food and the demand for it was the impact in supermarkets where some of the major supermarkets were expressing concern about their capacity to maintain product on shelves. Any conversations in or around that?

Mr Read: No.

Senator COLBECK: Perhaps, a market opportunity? Going to question on notice No. 178 around the registration of export premises since the changes in the cost recovery process. You indicated on that question that there has been none, or not much, in the way of reduction in registered premises. Can you give us an update on those numbers?

Mr Read: In terms of food programs, no. Equally, at this time, in terms of horticulture, no.

Senator COLBECK: We just had a conversation with the horticulture guys and they talked about there being an expectation in the cost recovery impact statement that there might be a 20 per cent impact. The numbers that we were talking about were about five per cent. So, that five per cent are expressing concern, but they are not necessarily dropping of the system. Is that fair? Welcome back Ms Mellor.

Ms Mellor: Just to make sure that we are covering all of the registered premises. Ms Calhoun will clarify that question. Would you mind asking the question again?

Senator COLBECK: I was just trying to get a sense of actual drop-off; whether there has been actual drop-off, more an expression of concern of cost, or whether people are actually falling of the system? We did talk about a couple in the nursery sector, but are numbers actually been affected or are they just expressing concern about cost and potential for them to drop off? I do not know. I am just trying to get a sense of where it is actually at.

Ms Calhoun: In the horticulture sector we have seen potentially a five per cent drop-off and in the grain sector we have seen no noticeable drop-off.

Senator COLBECK: This is in registered premises?

Ms Calhoun: In registered premises.

Senator COLBECK: There is a drop-off.

Ms Calhoun: Five per cent, but we were estimating it would be an approximately 20 per cent drop-off, so it is less than the estimate.

Senator RUSTON: In terms of the expectation of a drop of registered premises for exports, what was the justification? You were thinking they were going to drop off because they simply could not afford to—

Ms Mellor: Through the process, what we identified were a lot of registered premises that were not operating. They were on the book, but they were not turning over any stock or any activity. We expected to see some movement as the registration process changed.

Senator RUSTON: I have a particular shed at the moment which is an exporter and which has exported for many years—although it only exports one product for six weeks of the year and about six pallets at that—and it has told me that its cost has gone from \$500 to \$8,350.

Ms Calhoun: It is hard to comment on the premises without knowing what product they are exporting and to what markets.

Senator RUSTON: Limes into New Zealand.

Ms Calhoun: We have a three-tier system that we are moving to for the horticulture sector. The top tier is just over \$8,000 but there is currently a rebate in place, so that brings the cost down to \$1,800. We are actively working with our protocol markets to ensure that we can get the take-up of authorised officers in those markets, so that we can reduce the costs in forward years.

Senator RUSTON: The authorised officers are not in place as yet?

Ms Calhoun: For a number of markets they are, and we have a number operating in horticulture, but there are still some protocol markets which are the technical, high-end markets that we need to work with to get more acceptance of.

Senator RUSTON: The implementation of the full cost recovery has occurred before the promised reforms in relation to those particular things. is that what you are saying?

Ms Calhoun: Correct. However, the government has given the horticulture sector \$6.5million over three years to assist with that transition whilst we continue to negotiate. So there is a rebate in place this year. There will be a further rebate in place next financial year and by that point we hope to have the authorised officer system accepted.

Senator RUSTON: What percentage would that rebate cover regarding the increase in cost?

Ms Calhoun: It differs depending on what tier they are.

Senator RUSTON: Say, it is protocol markets.

Ms Calhoun: At the moment, the cost is over \$8,000 and they are only paying \$1,800 for registration.

Senator RUSTON: So they have only gone from \$500 to \$1,800.

Ms Calhoun: Correct, and at the same time the fee-for-service rate has gone down from approximately \$60 per quarter hour to \$36 per quarter hour. Also, there has been a reduction in the electronic certification fees.

Senator RUSTON: It would not matter whether you are a little shed, in the case of the grower that has spoken to me, or a huge operator that exports hundreds and hundreds and hundreds of pallets of stuff every year; the same cost of certification applies to both?

Ms Calhoun: Yes, because the registration costs are the same regardless whether you are small or big because you need the same systems in place. The amount of work regarding cost recovery is the same. However, what we are doing is working with some of those smaller premises and working out whether there is a different way they could potentially export which would reduce their costs.

Senator RUSTON: Basically, at the moment we have got a situation where there is a really significant disadvantage for small exporters under this current scenario despite the fact in the previous scenario—albeit, not full cost recovery—there was a suggestion that the size of the shed or the size of the exporter had some bearing on the cost that was applied to them.

Ms Calhoun: The registration cost is the base cost recovery for the work that is required.

Senator COLBECK: I refer to the National Residue Survey. I understand that DAFF is now subscribing to the FreshTest database of residue test results—is that correct?

Mr Read: I believe so, yes.

Senator COLBECK: I understand so, too, so we are on the same page. What are the implications for horticulture industries that participate in the National Residue Survey given that we have access to that direct information on the FreshTest database? Can the National Residue Survey use those FreshTest results to provide government to government assurances? My perspective is looking at this in the context of gathering all of this data at farm level as part of our quality assurance systems. I think it is good that the government is now accessing the information. Is there a possibility for a positive cost implication in utilising data that is there anyway rather than having another process that overlays it again?

Mr Read: I understand the question. The element that I will need to take on notice is in regard to the verification of that data and whether the sorts of assurances we are providing government to government can be met from that industry dataset. Where you can take that dataset and verify the integrity of the testing and the methodology sitting around that, and also the international standards relating to the reporting of the residues and they meet those requirements, I would imagine that that sort of approach could be applied, but I need to check that specifically in this context.

Senator COLBECK: What might be needed for that to occur?

Mr Read: I am not an expert in terms of analytical testing of residues in relation to horticulture. But there would be everything in terms of the sampling templates that are used, the analytical labs that are used and the accreditation of those labs. There would need to be a verification program across that. Equally, with that approach applied, does that then meet the expectations of the importing countries where that type of methodology is used? Some countries are particularly strong on the need to have full government oversight of the collection testing while others are more acceptable of the use of alternate providers with strong verification of the systems that are being applied. It will depend also on the country that those assurances have been provided to.

Senator COLBECK: In the context of their quality assurance systems, they are generally—I will not say always—indicators for market access. Say, for example, that GlobalGAP is the recognised standard around certification for the horticulture sector, if that is an indicator for them getting access to the country—and my understanding is that it is, largely, it is the globally accepted certification regime that you have to have if you are going to be involved in an export market—would it not make sense to align those things as closely as possible so that we are not having two sets of costs as part of our efficacy process?

Mr Read: All of that is totally sensible but I again would pick that up in terms of response on notice in the context of the original question.

Senator COLBECK: In the circumstance where it does, is that a potential model for other sectors and utilisation of the data that exists?

Mr Read: There is already a range of industry systems, non-government collection of data and so forth, that are relied upon by the regulator in regard to export certification, even to the point that for example all the labs that are used are not government labs, they are NATA-accredited labs. AUS-MEAT provides a range of services to abattoirs such that we actually verify their provision of those services, and rely upon the quality systems that they are auditing on the companies in relation to those particular aspects. Specifically, that is around labelling provisions and product description and so forth. Where you can use the system that is sitting there, and still demonstrate the integrity of the certification in relation to the reliance on that information, and there is no specific

issue from the importing country in the use of that approach, my good understanding is that we do that more often than not. Every time that we can do that, we do it.

Senator COLBECK: The issue is giving them the confidence to the importing country of the efficacy of the information?

Mr Read: Correct. It is the integrity of the data. The integrity of whatever that information is to the importing country that is always a critical point. Often they will come back out to your system and audit the integrity of that system against those attestations that are made to determine whether you are doing what you say you are doing. If they start finding cracks in those assurances, then the integrity of the whole system falls apart. It is thoroughly important to ensure that, where we are using that data, there are good, solid, robust systems sitting behind that well.

Senator COLBECK: I agree with you with respect to that. I do not think that is a question at all. It is a matter of what systems are in place to demonstrate the efficacy of that and if you have got something like a GlobalGAP accreditation system, where you have the audit processes and all those other functions that go along to demonstrating the premises are complying with the requirements, it would seem to me to be a sensible thing to do to utilise data if it were at all possible rather than have another system, albeit government managed, to replicate that information. And that goes for a number of different sources.

I want to go to some figures around the National Residue Survey budget. The closing balance expected for the NRS special account this year is projected to be 13.5 down from 20 in 2009-10. Can you give us a sense of the reason that number is going down? We are talking about a loss of about \$3 million in this financial year, and that goes back to questions on notice 194 and 196.

Mr Read: I will talk in general terms. Over a period of time, as you are aware, the National Residue Survey is supported by levying of the various sectors that are those residues sampling surveys are provided for. Over a period of time the revenues collected have in fact been greater than the expenditure requirements of the program. That has led to a reserve sitting in the National Residue Survey. What that has allowed to occur over the last couple of years is either not putting up the expenses of the program and in fact running it at a slight deficit to offset those costs or in fact reducing fees. There is a lot of consultation with all the industry sectors through the NRS on the management of those funds, but this is about trying to ensure that we have sufficient funds there to meet the flexibility demands of the program. Ultimately we do not want to hold industry capital excessively in those trust accounts where we do not need to. So, for all intents and purposes, the approach and the strategy at the moment is to bring those balances back to an appropriate level for the management of those NRS programs.

Senator COLBECK: Do you have a target level?

Mr Read: I think you would have already heard in evidence today that 10 per cent is probably not a bad figure that has been used for the last 10 years on a range of industry fund accounts. Equally, for the NRS it is probably also something the industry sectors would be looking at.

Senator COLBECK: Going back to our previous conversation, there are some industries that are looking at their processes at the moment. They have their industry QA based test systems and they are asking that question and saying, 'Okay, we want to withdraw from the NRS.' Are we actually having conversations with our trading partners about maintaining access? Are the industries actually placing themselves in jeopardy about making these decisions without having a look at the broader picture of particular country access requirements?

Mr Read: I am not directly aware of those particular discussions or circumstances. I am sure they are taking place. What the industry sectors need to be mindful of with those approaches are as I described: the reporting of what the national performance of an industry is in regard to a screen of residues and chemical use, the integrity of that program. If it is seen to be an industry run program, it doesn't matter which importing country generally you are dealing with internationally, they are sceptical to start with when you frame it in that language. So typically, even if it is industry run, it would need the integrity, often of the government direct oversight over that program, to provide the assurances that, yes, this is in fact doing what it says it is doing.

Again, notwithstanding that, there are a range of other examples where that is not the case. Organic has a number of certification bilateral-type international agreements operating where Korea and others will certify private sector certifiers on product. But in the main for your mainstream commodity type products, certainly the integrity of the National Residue Survey is just such a fundamental element of exports—and the one we have established in Australia has served us in such good stead for such a long time—I cannot recall a criticism of it by those importing countries at this stage in respect of the work that they do.

Senator COLBECK: Does that have any implications around the other processes we have been looking at with accepting approved arrangements—that we have been talking about as part of this broader reform of export fees and charges?

Mr Read: It does in the sense that, if we are talking about the NRS, on how those samples are provided to the NRS for testing, the integrity of those sample collection arrangements. If the discussion is then drifting towards the revision of certification to importing countries based on regulated systems operating on those plants, where we are devolving a range of regulatory responsibilities back to personnel on those plants to conduct particular activities, and then provide overlaying that with a verification to again ensure the integrity with which those undertakings are fulfilled, all of those are ongoing presently across a range of products and commodities to a range of countries, and are at different stages of maturity, I would say.

Senator COLBECK: You can give me the following one on notice: current staffing levels and what it has been for the last three years.

Mr Read: In regard to what?

Senator COLBECK: Current staffing level of the NRS.

Mr Read: Yes.

Senator COLBECK: Are there any other new projects relating to residue management that are being implemented at the moment?

Mr Read: I am not aware of any.

Mr Glyde: In relation to the agvet chemical reforms, there is talk of produce monitoring as one of the possibilities that might emerge from Commonwealth-state discussion in relation to the reform of agvet chemical administration. That would be the only thing I would be aware, and that sort of lies outside of the specific NRS responsibilities, but clearly there is an overlapping set there.

Senator COLBECK: Can you explain to me what—and I suppose it is conceptual at the moment—what broadly is being considered in relation to that?

Mr Glyde: It is looking at whether or not we can find a way of reducing the regulatory burden through both the labelling and then the ongoing use of agvet chemicals. Can we find a way, given that it is a shared responsibility between the Commonwealth and the states, as you know? One of the options is to beef up the monitoring as we change the way in which the chemicals are both labelled and then permitted for use, which is administered by the states and the territories. The logic there is that monitoring is part of that, and what is the best way, what is the least-cost way of dealing with this? It is something that the agriculture productivity division has been working on. If you are interested in the real detail I would probably have to defer to them when they come on later on this evening.

But, just in terms of the general policy, what we are trying to do is maintain our well-deserved reputation as a supplier of clean and healthy food. At the same time, we have to, given the competitive pressures in the rest of the world, find the least-cost ways of maintaining that reputation. Whether that can be delivered through government run schemes or industry quality assurance schemes, we do not really much care as long as it delivers the result. As Mr Read has been saying, a lot of it is driven by the preferences of the importing countries; how much do they trust industry run systems? So we have been doing a lot of work to try and find the least-cost ways, right across all of our export products, of delivering that safety net that we can guarantee the cleanliness and health of the food we provide for export.

Senator COLBECK: But aren't we almost talking about duplicating stuff that is already out there potentially? You look at FreshTest, which basically rounds up data from third-party certified labs, the NATA certified labs that we have just been talking about. That collects all that data, and my understanding is that up until very recently the government had not subscribed to that information and so was not aware of it or what was there.

Again, rather than using the data that is there, which from my looking at it could provide a lot of quality information to a whole range of people, whether it is our markets and our government's oversight of that, whether it is the ag and vet chemical companies who look to check on efficacy use, failure rates or otherwise of application—all those sorts of things. There is a whole heap of information that is basically sitting there and is not being used for a number of things that it could be used for. Rather than find new ways to collect and test it, we could utilise that. It is not necessarily an industry-run scheme. It is funded by industry but, as Mr Read has said, the issue is having confidence in the efficacy of that information and data. If you have a quality assurance system sitting behind it—a GLOBALG.A.P or whatever the scheme might be—surely we ought to be trying to reduce the number of these interventions rather than increase them.

Mr Glyde: As Mr Read said, neither of us knows enough about the detail of how that works. We have agreed to come back on notice on that specific question. I was trying to say that we agree with the principle of what you are doing. We are trying to find the least cost way of providing that certainty to both the governments in Australia and the countries we export to.

CHAIR: What we need to do—sorry Mr Glyde—is to send the copies. We have 10 minutes left.

Senator DI NATALE: My question relates to the issue of testing for antimicrobial residues in locally farmed aquaculture. In my question on notice that was asked at the previous estimates hearing, the response I got was that 'a small amount of residue testing, including testing for antimicrobial residues is conducted by some aquaculture sectors to enable access to overseas markets.'. There is a bit more information after that. I am interested in exploring the question of who those aquaculture sectors might be. I just repeat: you state that 'a small amount of residue testing, including testing for antimicrobial residues is conducted by some aquaculture sectors'. Who actually does that testing?

Mr Read: In terms of seafood, a lot of the preliminary tests and oversight registration is conducted by the state regulatory authorities.

Senator DI NATALE: Is that what you mean by 'some aquaculture sectors'? Do you mean the state jurisdictions?

Mr Read: Within that, there will be aquaculture sectors. There will be various bivalve molluscs, rock lobster and prawns and so forth.

Senator DI NATALE: Okay. Also in the question was that part about the purpose of that testing. If this is done at the state level I am not sure how much more information you can give me. You said in your answer 'to enable access to overseas markets'. What does that mean? What is the point of that testing in that sense?

Mr Read: It is a very broad question but within the seafood sector essentially I see two important levels of testing. One is certainly around water quality for a range of aquaculture product; the second is around the product itself. All aquaculture product produced in Australia will need to meet the Australian standard and that will be the responsibility of state regulatory authorities. Depending on the country to which that product is exported, it may well have other testing requirements in addition to what that Australian standard is, and those particular facilities will be export registered. As part of the approved programs of those export registered establishments, they will be required to have systems to have the ongoing monitoring to provide us with those assurances that those importing countries' requirements are consistently met.

Senator DI NATALE: To my knowledge, I do not think there is any market that requires antimicrobial resistance testing—

Mr Read: No.

Senator DI NATALE: so, it would need to satisfy the Australian standard rather than standards imposed by any overseas market?

Mr Read: That is right.

Senator DI NATALE: Apart from access to overseas markets, is there any testing done on the grounds of public health—in particular, the issue of emerging antimicrobial resistance? Is that something that the department would look at?

Mr Read: There has been a range of—there probably currently still is—survey activity that is conducted on imported seafood in regard to the use of a range of antimicrobial chemicals. Obviously, some are permitted and some are not permitted, and various MRLs will stick with those chemicals. That sort of survey work is done, and equally we will have—and I would need to check—certainly through the NRS, a range of surveying around the use of various chemicals that may well also include antimicrobial-type chemicals in that seafood aquaculture sector.

CHAIR: There being no further questions on food, let us go straight to biosecurity policy. What I have done, Senator Macdonald, is this: today's round of estimates is being driven purely through the shadow parliamentary secretary who has control of who will be asking questions on behalf of the coalition. That was my easy out.

Senator IAN MACDONALD: Are the flying fox problems in North Queensland an issue for this department at all, and if so in what program?

Ms Mellor: The government has contributed to the funding of a range of research programs—the Commonwealth government, in concert with the Queensland and New South Wales governments. To that extent, we are part of a Hendra virus steering committee across the Australian government and the states. We obviously monitor—

Senator IAN MACDONALD: Is that out of your department and, if so, which area?

Ms Mellor: Yes. Biosecurity animal. We are obviously monitoring what is happening, and we obviously work with the Australian Animal Health Laboratory and are interested in the development of a vaccine, which has occurred. Interest more so than regulation, though, because the Queensland government obviously—

Senator IAN MACDONALD: Your involvement is the Hendra virus aspect of it.

Ms Mellor: Yes.

Senator IAN MACDONALD: Human health?

Ms Mellor: No, human health is Department of Health and Ageing, and then there is a range of issues that the Department of Sustainability, Environment, Water, Population and Communities has in relation to flying fox populations.

Senator IAN MACDONALD: I will be taking it up with environment about the supposedly endangered species of these animals, of which I saw about 100,000 of them yesterday on the Atherton Tableland at Yungaburra. But that is more of a human health issue than an animal one, but there is the Charters Towers one. Can you tell me anything about it, or just that you are part of a research program being led by—

Ms Mellor: We contribute as the Commonwealth government; Minister Ludwig has made an announcement of \$3 million towards the research program.

Senator IAN MACDONALD: Who is doing the research?

Ms Mellor: There is a range of research programs underway. Obviously, there was the development of the vaccine, which was being led by the Australian Animal Health Laboratory, and there has been a range of other studies. There has been tracking of flying fox populations. Hendra is an endemic disease, it is not exotic. Our biggest interest is for our Chief Veterinary Officer to make sure that vets are well across some of the risks and the management of the risks and that horse owners are across the education—how to manage the feeding and watering of horses away from the flying fox populations. The CVO, Dr Schipp, has joined me if he wanted to add anything.

Senator IAN MACDONALD: I will leave it there as time is short, but I do want to come back to BJD later.

CHAIR: In policies?

Ms Mellor: It is in animals.

Senator COLBECK: I want to ask a couple of questions around a recent media article about the United States taking Indonesia to the WTO over plant and animal import rules.

Ms Mellor: That would be trade—WTO issues under trade.

Senator COLBECK: There are no policy implications for us in that?

Ms Mellor: Yes, but they are in the trade policy side of the department.

Senator COLBECK: I will leave my questions until trade then, so you escape that. You are on notice.

Senator RUSTON: I am hoping my question is going to be relevant to policy. In relation to the preparedness of the department for exotic diseases into Australia, one that has been causing a lot of concern in the industry that you know I take a great deal of interest in is greening disease. There are countries that are very close to our border and the disease has a high level of transportability. Are there processes in place and are you satisfied that we would be in a position to be able to react immediately should that happen to fly in on a cyclone or something?

Ms Mellor: We do have a citrus greening response plan. Response plans are generally developed by industry groups under the deed and there is a response plan that is in a mature version at the moment.

Ms Findlay: Under the arrangements that we have in place as lead by Plant Health Australia, each of the industries identify the pests and diseases of greatest concern to them. In this instance, the citrus industry has identified citrus greening as one of those concerns. They have a response plan in place that will dictate and guide us through the first stages of an emergency response, particularly their roles and responsibilities. We also have the emergency plant pest response deed, which determines the roles and responsibilities of state and territory governments and the Commonwealth government.

Senator RUSTON: In relation to certification of budwood, for instance, is that part of the process of our preparedness for this?

Ms Findlay: That is part of our normal nursery stock accreditation and high-risk imports, and that is managed through our post-entry quarantine arrangements. All citrus budwood coming into Australia goes through a significant period of post-entry quarantine and pest and disease testing.

Senator RUSTON: You are quite satisfied that the processes that have been put in place recommended by the industry are able to be implemented by the resources that are available to you should the horrible thing occur?

Ms Findlay: Yes, I am.

CHAIR: We will now to animals, and I welcome the officers.

Senator BACK: I seek guidance as to when we will discuss the matter of the Chibanong abattoir. Do you want to raise that now or later on this afternoon?

Ms Mellor: It is in the live animal exports section.

Senator BACK: Okay. I understand that this area has now been broken up into three divisions or branches: the risk management division, the animal welfare division and the animal export reform branch. Is that correct?

Ms Mellor: In terms of the department's structure relating to animals, we have Animal Division, which focuses on the biosecurity science, so that the Biosecurity Branch has animal import operations, biological imports and marine pests, and then we have an Animal Welfare Branch. We have a separate division covering live animal exports.

Senator BACK: What is that called?

Ms Mellor: Live Animal Exports Division. I should also add that we have an Animal Health Branch led by Dr Biddle, which is our animal health policy branch.

Senator BACK: So of those specifically related to live exports, is it reasonable to ask: is that division dealing with issues associated with the live export trade?

Ms Mellor: The Live Animals Exports Division, as outlined by the Secretary in his opening statement this morning, covers the policy and regulation of live exports. Animal Division still provides some animal health advice, as does the Chief Veterinary Officer in relation to animal health and welfare and advice to that division. I am not sure that I understand what risk management division you are talking about.

Senator BACK: As such, there is not a risk management division.

Ms Mellor: No.

Mr Metcalfe: There is no risk management division.

Senator BACK: But there is within Animal Welfare. So would the group within risk management though be considering live animal exports as part of their remit?

Ms Mellor: We have a risk management branch, a governance division, that is focused on internal risks such as internal fraud, integrity and that sort of thing. The Live Animal Exports Division is the policy setting and regulatory management division. They would look at the risks in live exports. Some investigatory work is done in our compliance area, which sits in broader compliance with specialist investigators, and some of it is done in the division itself. Animal Welfare Branch, which is in Animal Division, is more of a domestic animal welfare policy setting branch within the department.

Senator BACK: What about the Animal Export Reform Branch?

Ms Mellor: They look at the implementation of tranches of reform under farmer and other reform initiatives in live animal exports.

Senator BACK: Could you then explain to me, and thank you for that clarification, the extent to which we are seeing improvements in time frames and efficiencies as a result of this? This was a point made to me recently by people involved in the export process. Their claim is of excessive over-regulation, leading to inordinate delays for exporters getting AEPs—approved export permits—before they can load a consignment, incurring large unnecessary costs reflected in lower prices to producers, delays in getting animals to importers by agreed times, which in turn causes them to miss vital markets in the Middle East, for example the Festival of Ede.

Mr Metcalfe: Senator, that takes us squarely into the work of the Live Animal Exports Division and that is slated to come up next at four o'clock. If possible, we would like to talk about that then, and I am familiar with the issue. I have certainly met with some of the exporters and they have made the same point to me. We would be very happy to talk to you about it but we will have the right people here at four o'clock.

Senator BACK: So the first point in biosecurity—animal export operations, live animal exports—you would prefer we defer that?

Mr Metcalfe: Under item 9, which is the next one, which is due to occur at four o'clock, Chair.

CHAIR: Yes.

Senator BACK: I am happy with that then. We will defer those questions until then.

Senator IAN MACDONALD: I understand that BJD is principally a Queensland biosecurity issue. What is the Commonwealth's role with regard to it and what is the Commonwealth doing if anything?

Dr Schipp: The Commonwealth's role is in relation to export certification. We ensure that animals sent for export are suitable for export and, for that reason, preventing animals that are from properties that have been identified as under suspicion or investigation for BJD from accessing the export market.

Senator IAN MACDONALD: I understand BJD is fairly endemic in many of the countries we export to—is that correct?

Dr Schipp: It is largely endemic across the world, yes.

Senator IAN MACDONALD: If you were exporting BJD infected cattle to one of those countries, there would not be any problem.

Dr Schipp: A large number of countries have specific import requirements relating to BJD. Under the WTO SPS agreement, it is permissible to have import requirements provided that the disease is under some sort of official control program in the country of import. Even if the disease is present in a country, as long as they have an official control program that is permitted.

Senator IAN MACDONALD: What is permitted?

Dr Schipp: To impose import requirements for BJD.

Senator IAN MACDONALD: On notice, could you tell me which of the countries we export the cattle to that have BJD, which of them have protocols which in some way impact our export of those cattle to those countries and whether in view of the Australian government they are relevant and fair? I do not understand but Senator Back may well understand. If they have BJD and you export them BJD, what the heck.

Dr Schipp: We can certainly take that on notice. We have provided a list of those markets publicly and it was in the press earlier this week. But we can take that on notice.

Senator IAN MACDONALD: Minister, you would be aware that many beef producers are suffering, particularly in Northern Australia where BJD is now destroying those that were not destroyed by the live cattle ban. There are some proposals around for some form of government assistance from money that was set aside following the live cattle ban to Indonesia. It does not quite fit the rules but there is I understand money available for that. Is the government considering any help whatsoever to beef cattle producers who were affected by, firstly, the live cattle ban and, secondly by BJD? It is not a question of blame. I am not blaming the Commonwealth for BJD. The industry is in a parlous state. I am wondering if any thought is being given to a program that might assist those cattle producers in the North who are really doing it tough.

Senator Ludwig: As I understand it, there has not been an approach for assistance for BJD. So it becomes a moot point, quite frankly. It is a state based issue. It is an endemic disease and they would normally be dealt with by the states. For instance, WA have a program in place to assist their producers. They have a levy system that provides for support for BJD. I have a recollection of what Queensland is doing. I think Queensland is undertaking some work. I can go and find out what that is, but I am sure you are ably be placed to talk to the Queensland government as to what assistance they are providing.

Senator IAN MACDONALD: With respect, Minister, my question was a broader one. With the BJD and the live cattle ban—

Senator Ludwig: I understand your broader question. I have given you an answer. I have not had a request for assistance of the nature you have described.

Senator IAN MACDONALD: I have written to you on one. It was not related to BJD at all; it was related to something else. The broadness of my question is that the beef cattle industry is in diabolical trouble in the north—for what reason it does not really matter, I am not saying that. I am saying that I know one proposal has been put to you because I have written to you about it. But is the government looking at some sort of package—a bit like you might recall the Howard government sugar package, something like that—that might just save what is looming as dozens if not hundreds of bankruptcies across the north which will put the whole industry back a long time. Are you considering something?

Senator Ludwig: Whether or not I am considering it, certainly I would not announce it here today. If you look at the assistance that we have provided to the industry over the last couple of years, it has been significant, particularly since the suspension of the live animal exports. We provided a significant package then to provide support for producers. I am not going to take it from you. The industry associations that represent the beef industry have not sought assistance. I know you might be calling for it, but they have not sought direct assistance to support them in the field. With all respect to you, I am not going to take at face value what you claim. The

industry that are the representative bodies can certainly provide input into policy development of this government if they so choose.

Senator IAN MACDONALD: But, Minister, is it not a fact that the money you set aside following the live cattle export ban has not been fully taken up. In fact, very few producers could meet what I might editorialise as rather odd guidelines. There is money left over in those funds. There has been a proposal put to you which I have written to you about. I did not make the application—industry groups did. What I am saying is that because the industry is in difficulty—and you do not need to accept my view on that, just read the papers—I am wondering if the government has some thoughts on a general package, not necessarily related to the Indonesian ban, not necessarily related to BJD. People are doing it tough and I do not want you to tell me what you are considering, but is the government considering some sort of industry assistance perhaps only a small amount out of what was left over from the live cattle fund that I understand has not been utilised?

Senator Ludwig: Perhaps we can clear up that matter. Any unspent moneys of that package would have been returned to budget. You do not hold them as carryover. I am sure you are familiar with budget rules.

Senator IAN MACDONALD: This is for the current year.

Senator Ludwig: They are still returned. Any unspent funds will be and have been returned to the Consolidated Revenue Fund.

Senator IAN MACDONALD: Even if they are out of this year?

Senator Ludwig: You do not hold unspent moneys.

Senator IAN MACDONALD: No, but you have a program and I assume people can still apply for it.

Senator Ludwig: That date has finished, as I understand it.

Senator IAN MACDONALD: Perhaps on notice, can someone tell me what was actually used of the fund that was announced following the live cattle ban?

Senator Ludwig: The total of the funds allocated was about \$12.7 million during 2012.

Senator IAN MACDONALD: Is that what was paid out?

Senator Ludwig: Yes.

Senator IAN MACDONALD: What was the total program that was offered?

Senator Ludwig: I will have to take that on notice. I cannot recall it.

Senator IAN MACDONALD: Thank you.

Senator COLBECK: My questions are around quarantine fees for horse owners.

Ms Mellor: That is us.

Senator COLBECK: I understand that the new schedule of fees commenced on 1 February this year.

Ms Mellor: That is correct.

Senator COLBECK: When was the cost recovery impact statement made available for that?

Ms Schneider: The cost recovery impact statement has been put on the website, but I will have to check the actual date.

Senator COLBECK: It was not there on the 22nd when my staff last looked.

Ms Schneider: We will have to take the date on notice.

Senator COLBECK: What is the usual time frame for the release of the cost recovery impact statement around the increase in fees? Is there a policy around that, when it should or should not be released?

Ms Mellor: I am not sure that there is a specified time frame. I will double-check with our CFO under the cost recovery guidelines of the government. We generally try to get them out as quickly as we can as we consult with industry.

Senator COLBECK: The identified reason was that there was an under-recovery in fees since they were last adjusted. Is that the fundamental rationale for the adjustment?

Ms Schneider: Yes, the last fee increase was in November 2009 and there has been an under-recovery in the period since then. It is an attempt to bring the fees into line with current costs and to recover the debt that has built up since 2009.

Senator COLBECK: What is the level of the debt?

Ms Schneider: It was \$1.46 million at 30 June 2012.

Senator COLBECK: Any sense of what contributed to the under-recovery given that it was under-recovering since the fees were last increased?

Ms Schneider: There were lower levels of horse imports than were anticipated at the time the last fee increase was calculated. I think that has been the major contributor.

Senator COLBECK: Can you tell me what might have driven that? Why are we getting lower levels of horse imports?

Ms Schneider: I do not know the answer to that other than the fact that economic conditions had changed over that period and perhaps there was less incentive to bring horses into the country.

Senator COLBECK: Does the cost recovery impact statement recognise non-commercial importation by small breeders and their capacity to pay fees?

Ms Schneider: All imports are treated equally.

Senator COLBECK: So it does not matter whether you are a wealthy country-owning racehorse owner or whether you are someone who is breeding more for pleasure or something else.

Ms Mellor: Mostly, the horses that go into Eastern Creek, which is our facility, are shuttle stallions and ponies. The cost to maintain the service for the horse is the same no matter what sort of horse it is. The racehorses now go through the quarantine approved premises in Werribee run by Racing Victoria.

Senator COLBECK: It is a private facility?

Ms Mellor: Yes, and it is supervised by the department.

Senator COLBECK: Is that having an impact on returns to the government?

Ms Mellor: Racehorses generally need to be at a facility with a racing track that they can train on. The racehorses are going there rather than to Eastern Creek where the racing training facilities were not available anyway.

Senator COLBECK: You have provided me with a wonderful segue way.

Ms Mellor: What I was going to say is that previously there was Sandown. The types of horses coming through us have not really changed that much.

Senator COLBECK: In respect of the new facility that is being built at Mickleham, I understand there has been a proposal put to you by Harness Racing Australia to build a track on site because, as you say, horses really need to have somewhere where they can train and maintain their fitness levels and things of that nature. Why has that become such a difficult negotiation for Harness Racing Australia? Why are we so opposed to an industry coming in, paying all the costs to set up, manage, run and operate, and perhaps facilitate us having access to the sort of facility that we would not have—though the rich racehorse owners can operate but the others cannot? Why is it such a problem?

Ms Mellor: I might reintroduce Dr Colin Grant, who is now the first assistant secretary of post-entry quarantine—another change that was forecast in the secretary's outline this morning. Colin will walk you through that. I note that in that proposition that is being put, there is no doubt that there is a proposition being put of that nature. We currently do not have training facilities in the post-entry quarantine arrangements that we have. This would be a totally new exploration that the harness racing industry is proposing for a very low volume of imports that I think Dr Grant can cover.

Dr Grant: I had to dash out for a few moments, so bear with me if I do not hit your question right on the head in an answer. We met last week with Harness Racing Australia's chief executive. He had approached the department earlier, about a couple of weeks ago, and raised with the department an interest in having a racetrack—

Senator COLBECK: A training track.

Dr Grant: or a horse training track at the new site. We had the meeting with him. He has also had discussions with the department of finance, which is the entity that will build the facility for us. I think it is fair to say that at the end of the meeting we had last week he understood the situation that we put to him which is that the facility, while sitting on a piece of land which is very large, has certain limitations. One of those limitations is a piece of grassland that we are required to maintain and retain under an agreement we have reached with the environment department, SEWPaC.

The other issues that pertain to whether we can have a track or not go to not only the cost of building it—and HRA, Harness Racing Australia, indicated that it was prepared to consider paying for it without knowing precisely the cost—but also the ongoing management of horses and the exercising of horses on such a track.

There are a number of implications in terms of liability, occupational health and safety, and the like which had not been factored into the thinking.

At the end of the meeting, the chief executive said that he understood these issues. He asked us whether there was a prospect of the industry sector building its own post-entry quarantine facility—and, of course, there are always is, subject to conditions. He proposed that the location might be Echuca, which does present some quite significant difficulties in terms of location relative to staffing and inspections by the department. Then, latterly in the discussion, we were able to obtain some assessment of the volume that is likely to occur in terms of harness racing horses.

Exclusively at this stage it was about harness racing. At this stage, one horse in Australia's history has been imported for harness racing. While a track of this nature and a post-entry quarantine facility accredited by DAFF could of course take other horses, we left the discussion at that point. So that is where it stands.

Senator COLBECK: One horse.

Dr Grant: Yes.

Senator BACK: New Zealand is excluded.

Senator COLBECK: So when we run the Inter Dominion—

Dr Grant: You are right, Senator Back, it is excluding New Zealand.

Senator COLBECK: Yes, but what happens is that horses go to New Zealand and are quarantined there and then can come here anyway.

Dr Grant: Some can.

Senator COLBECK: Because the facilities are available and because, as I understand it, the costs are lower, we are just happy to be letting them bear the cost and do the work, are we?

Dr Grant: The only issue raised with us on this occasion by Harness Racing Australia was about a French horse.

Senator COLBECK: It could be the opportunity to have something that actually does provide a service and a facility, and it does not necessarily have to be restricted to harness racing, as you quite correctly said. How does this new concept fit with what we had at Sandown?

Dr Grant: Sandown was a post-entry quarantine facility approved and operated—

Senator COLBECK: It was a private facility?

Dr Grant: Correct.

Senator COLBECK: It was not a public facility as we are talking about for Mickleham.

Dr Grant: Correct.

Ms Mellor: It is worth noting—and possibly of value to note in this context—that the department is working on the review of the horse IRA which was forecast, through the Callinan inquiry, to be reviewed at this time. Part of that review includes looking at the post entry quarantine conditions for horses. Dr Cupit, could you quickly specify what changes are forecast that are out for consultation at present?

Dr Cupit: That is correct. We are in the process of reviewing the horse IRA. It is out for public consultation now as a draft. It was released on 22 January for a 60 day comment period. There are a number of proposed changes for a number of diseases including equine influenza, contagious equine metritis, equine viral arteritis, and pyroplasmiasis, so there are a couple of changes recommended. The pre- and post-arrival quarantine periods are roughly the same—two weeks before and two weeks post entry. There will be few changes in relation to the requirements, and generally industry is fairly supportive of the draft proposals to date.

Senator COLBECK: Going back to the broader issue: if, by providing the facility that we are talking about, it changes the level of importation rather than people going through New Zealand, doesn't that potentially reduce the overhead to be amortised across the cost-recovery, and, potentially, provide a more economic use for the facility? Isn't that a consideration as part of what we are talking about? We are providing a cost-effective service, and if we provided the accommodation that they are actually looking for rather than what we want to give them, couldn't that potentially provide some cost benefits?

Dr Grant: Are we talking exclusively about horses here?

Senator COLBECK: Yes.

Dr Grant: The government facilities that have been operated for horses since government has been operating in this way have never had access to a training track.

Senator COLBECK: Just because we have never done it does not mean that we cannot do something which facilitates and reduces the cost to everybody for having the broader service.

Dr Grant: The site is 144 hectares. That is a reasonably large site. Once you factor in the amalgamation of all the existing five sites in Australia and all of their facilities, a fairly large proportion of the site is taken up. The rest is there potentially for growth, but the size of a training track that would be necessary does not fit on to the site with the limitations that are there in respect of one piece of grassland that needs to be protected.

Ms Schneider: Could I go back to your question about the date the CRIS was put on the website. We do have answer: it was 4 February.

Senator COLBECK: After the new fees came into effect?

Ms Schneider: The new fees came into effect on 1 February, but the first intake is not planned until 27 February.

Senator COLBECK: My point was around having the cost recovery impact statement available before the fees and during the consideration process of the fees. That is what I was looking at.

Ms Schneider: The industry had been consulted throughout the process through the Horse Industry Consultative Committee and the sub-committee on finance, so they were aware of the proposed increases.

Senator COLBECK: By the same token, I would have thought the cost recovery impact statement would have been a part of that consideration, not something that would arrive after the new fees and charges had been set. If we go to the track, it is, in its broader dimensions, 335 metres by about 184 metres—but it does not take up that entire area, does it?

Dr Grant: It depends on the size of the track, clearly. We have indicated that we do not believe it is achievable on the site. It certainly has not been factored into our costs. The critical issue then is what the costs would be for not only constructing it, but maintaining, managing and operating it when it is needed to be in use for horses. Notionally it would be, if it existed, available to other horses—not just harness racing.

At this stage, the costing for doing that is not articulated in any way because we had not considered it. We had this discussion with the Australian Harness Racing chief executive. It is not something that harness racing has considered regarding its long-term maintenance and management of such a facility. It potentially could be amortised across other horse users of the site, but we have not gone there. We left it open with the chief executive to come up and talk to us again. Last week he seemed to be quite comfortable with the prospect of going back to his industry and saying, 'It doesn't look as if it's achievable, and there may be options for a quarantine approved premises.' That is where we stand at the moment.

Senator COLBECK: My information is that there are plenty of standard breeds coming in, but they do not come to race because there is nowhere to train them while they are in quarantine. So they are coming in for breeding purposes but not for the broader uses or racing purposes, and/or they are coming via New Zealand, which is dealing with it because it does have the facilities. It seems to me that we are putting ourselves out of the game because we do not put the facilities in place.

Dr Grant: From what I understand of the issues, there are about four types of horses that come in. There are obviously private ponies, the number of which is fairly few; there are thoroughbreds that come in for racing, and they generally go through private facilities, Werribee being the main one; there are stud horses that come into standard stud—they are able to come in and they are not expected to train. This has been the first such request of us and it is through Australian Harness Racing. So that is the situation as it stands, and over the last 10 days. The issue was raised with us first, as I understand it, about 10 days ago.

Senator COLBECK: It does not seem as though there is a willingness to take it all that much further.

Dr Grant: There are limitations to the site, physically. We have not gone through the costing and estimated. We have not gone through the operating costings regarding the future. We discussed that with Australian Harness Racing and it has said to us that it understands and it will come back to us if it feels it wishes to.

Senator RHIANNON: I want to go to the model codes of practice that are being converted into animal welfare standards and guidelines. I am interested: because there are so many of them, is the same process being used for all of them, for moving from the codes to the standards and how you engage with people and how you have the review?

Mr Smalley: Thus far there has been a process that has particularly focused on the livestock model codes of practice. That has been done through a model that primary industries ministers agreed to, using Animal Health Australia as the service provider. We have not yet got to the stage of reviewing all of those model codes of practice, but, for instance, there is a different model being used in relation to exhibited animals as they are

called—zoos, predominantly. That is being done through the leadership of one of the state agencies and in consultation with industries and welfare groups and is then being brought through a national process.

Senator RHIANNON: Does that mean you have not commenced the reviews on those other models—like cattle, domestic poultry, farm buffalo and all those others?

Mr Smalley: Cattle has commenced and is actually at a stage that is very near to public consultation on a draft consultation regulation impact statement. But the other ones that you cited have not yet commenced.

Senator RHIANNON: So domestic poultry has not commenced yet?

Mr Smalley: Domestic poultry has not commenced yet but the animal welfare committee, which is part of the primary industries ministerial set of arrangements, has put that as a high priority and of interest to the committee. We will be consulting with the industry hopefully at our next meeting and looking to consider how that review should be conducted and over what period of time.

Senator RHIANNON: Is there a similarity with how these are being conducted or do you adapt it for each sector?

Mr Smalley: As I said, there have been differences for different sectors. Thus far the land transport standards, which was the first one completed, and cattle and sheep, which are the other ones that are nearing completion, have been done through that same model of using Animal Health Australia as the service provider. But then zoos has been done differently and we are yet to start any others.

Senator RHIANNON: When did this process start? How long has this been going on for?

Mr Smalley: The process was agreed by ministers in 2006. The first cab off the rank, if you like, was the land transport standards. That process converted six or seven of the previous model codes into a single set of land transport service standards and guidelines.

Senator RHIANNON: So that has taken seven years and there is still a lot more to be done when you look at the list here. Are you trying to speed this up?

Mr Smalley: It would be fair to say yes they are trying to do them more quickly and that was one of the key reasons for the animal welfare committee to have increased its seniority when it was reformed under the ministerial council arrangements in 2012.

Senator RHIANNON: I am hoping you can answer this considering cattle and sheep are nearly finished. What efforts are made to ensure that members of the review panel reflect and represent the entire industry including those who may be looking at addressing animal welfare issues to be consistent with good practice in farming these animals?

Mr Smalley: The process that has been undertaken has given invitation to all of the stakeholder groups that were of interest, particularly in relation to your citing sheep and cattle. In some instances, animal welfare groups decided not to be members of the writing groups. They have participated to date in the reference groups, which are also a part of sheep and cattle. In addition to what has happened in the past, the animal welfare committee has also decided that it ought to review the way that these codes of practice are converted to national standards and guidelines. That review process is hopefully going to start up during the course of the next few months. So that will look at how the process is done, over what time frame and who is involved so that we can aim to do things more expeditiously.

Senator RHIANNON: Can you take on notice, when will that review be done?

Proceedings suspended from 15:49 to 16:00

ACTING CHAIR (Senator Gallacher): I welcome officers from the live animal exports division.

Mr Metcalfe: I have one thing come back to assist the matter that we took on notice earlier. Senator Rhiannon asked for a list of all the grantees under the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants program. I am advised that all grants paid for by the department are listed on the grants reporting section of the department's website. The 58 grantees of the program are listed from March 2012 onwards. I have a particular part of the website I can refer you to so I will give that to the secretariat and they can refer it to Senator Rhiannon.

Senator BACK: I refer to the media statement that the department put out on 7 February following an investigation into an apparent or alleged animal cruelty incident at the Cibinong abattoir in West Java on 28 September last year. I understand that on 8 October the department received a complaint from Animals Australia. I made two phone calls when I heard that, one was to Western Australia and one was to Indonesia. I established very quickly that there was absolutely no truth at all to the allegations that were made. I am wondering how did it

take four months for the department to investigate and finally report on 7 February that in fact there was no truth to those allegations?

Mr Glyde: When we receive these allegations we obviously take them very seriously. We have to engage in a thorough process to establish the facts of the matter. In this case there is a number of individuals and organisations that had to be contacted to try and establish those facts. In this particular case there was an allegation from Animals Australia that was given to us that was based on some information from an informant. We were obliged to pursue that and to ask further questions to get the detail from both Animals Australia and from that informant. Those things do take time in order to do them to a standard that is going to be acceptable as we go through and implement legislation. In this particular case, the informant was either unable or unwilling to provide that information. We gave them several opportunities and indeed Animals Australia several opportunities to provide more information. The simple answer to your question is that it does take time to do these investigations thoroughly.

Senator BACK: My concern is the very severe press. The *Australian* on 22 November wrote that the investigator advised that Meat and Livestock Australia representatives on site conducting an assessment at the time were powerless to press to stop the Australian animals being slaughtered according to traditional roping methods—absolutely false. It did not happen. And that this is the third breach of the new live export rules uncovered by Animals Australia this year—another lie. It did not happen. Would you confirm what I established, firstly, there were Australians and the local welfare officer in the abattoir that evening and they had no occasion at all to act. Secondly, that there were Australian animals and that they had in fact been slaughtered according to your requirements. Thirdly and, I think, most importantly, without any interruption or interference or involvement by Australians or others, the local Javanese cattle were actually being slaughtered according to Australian standards without any intervention or interference or involvement by Australians. Far from it being a case where there was animal cruelty, it was actually a prime example of where Australian involvement has lifted standards in Indonesian abattoirs. Did your investigations confirm any or all of the statements I have just made?

Mr Glyde: I might ask the officer who was closer to the particular investigation to make some comments on that. But the bottom line was that there was no reason for us to take any regulatory action; there was no breach of ESCAS or any of the regulations that we administer. I think there is a broader question you are asking us which is about the difficulty of undertaking investigations whilst there is a lot of media going on, and claim and counterclaim, which is another reason why we have to be absolutely sure about our regulatory processes and why we make sure that we do our work based on fact. In the longer run, all we can really do is continue to investigate and, when there are legitimate claims, to publish the outcomes of those investigations and to demonstrate the performance of the new regulatory framework. I will ask Mr Benyei to give a little bit more detail about what we did find and what we did not find.

Mr Benyei: Yes, I can confirm that a number of parties were approached to ascertain the facts. I can confirm that there were some Australian animals in the supply chain at that stage. I can confirm that all animals that were in the supply chain were processed in accordance with Australian requirements. I can also confirm that there are local supply chains that do adopt high standards as well.

Senator BACK: Those are my only questions in that area. I then want to go back, if I may. Mr Metcalfe, in error, I raised some questions under the area of 'Biosecurity—animal' about complaints from industry as to the excessive over-regulation now costing inordinate delays in time and money, demurrage, missing markets et cetera. When I was directed to this section you said that you were able to make comment.

Mr Metcalfe: Certainly I will make an initial comment and others may want to add to that. As you know, I am very new to the area, but one of the things I have had the opportunity to do is have a meeting with some of the key people in the export industry in Perth. I have also met with the National President of the RSPCA. But clearly I will have the chance to meet more people through the industry in the period ahead.

One point that was discussed in my meetings in Perth was a view by the industry that there was an excess of red tape associated with interaction with the department. We certainly stand by the need to ensure that the industry is well and properly regulated, but there is one aspect of effective regulation and there is another as to whether or not our processes have become cumbersome or difficult to access, whether the way that industry needs to interact with us is efficient or not.

In that meeting, I discussed the idea—and I have subsequently discussed the idea with the industry association—as to whether there might be an opportunity for the department and the industry to come together and, essentially in a workshop style, go through the way regulation is actually occurring; for us to be able to see through the eyes of the industry; how we look as they approach us; and for the industry to understand fully the sort of information and issues that we need to deal with. So I think there is a general agreement now that we

should come together and have relevant staff meet with people actually interacting with us. There is nothing unusual about this. In any system of regulation it makes sense for the regulator and the organisations being regulated to have discussions from time to time to ensure we are all working to get the best outcomes. So that is certainly something that we are happy to work on with the industry.

We have also talked about whether there should be some form of code of understanding, or some sort of clearly publicised guidelines as to what we expect from you and what you in turn can expect from us, so there is some transparency about the process as well. That is something we will consider in these further discussions.

Senator BACK: Thank you, I am encouraged to hear that. The best example, probably, was even the abattoir we were just speaking of. I think four different companies are seeking its licence under ESCAS, it has had four completely different sets of audits to achieve that—one for each of the respective company—and, as the ongoing auditing process takes place, that will be multiplied by four. I do not think anybody would subscribe to the validity of that circumstance.

I have a final question, knowing that others want to ask questions. At least in the West you will have no doubt been apprised of what is now turning up as a severe animal welfare problem. Just in recent days, for example, there have been two instances. One particular owner, whom I have known for many years, would normally have sold 10,000 to 15,000 sheep and goats by this time of the year, yielding him somewhere between \$600,000 and \$900,000. He has actually sold 700 sheep and goats, for an income of \$70,000. That particular family are facing turning their stock out onto the rangelands and walking off their land.

The second instance is a farm from exactly the same area, on the rangelands—in this case damara sheep, which have no local market. They have been highly successful with exports; they are now denied them—in fact, the only possible market might be the pet food industry.

I do not want to go through them in great detail except to place on record that we are facing, as a result of the drought conditions and the lack of market, a very severe animal welfare circumstance. I do not know if the department is across this, or has any advice or recommendations, but I fear to say that it is something that was predictable and is now happening.

Mr Glyde: Senator, we are aware of the media reports in relation to the claims by the producers. I guess all we can really say is that the nature of the change that we have made to the regulatory regime is quite significant. The extra requirements on exporters now, in order to find markets that will be able to satisfy ESCAS, will by their very nature, particularly in the short term, limit the range of markets we can go to and the capacity of some of those markets to accept animals in the numbers they have previously. It is the sort of thing we would make our Western Australian colleagues aware of. Western Australian departmental officials are aware of that, and they have that responsibility for animal welfare at a state level—it is not necessarily a Commonwealth responsibility, particularly the treatment of animals, in WA. I think it is one of those regrettable things that happen when you do make changes to markets and to the operating environment for producers. We are doing our best to try and make sure that, as the secretary has already mentioned, we streamline and try to reduce the impact that we have. But, at the end of the day, there is still an impact from changing the nature of the way in which the markets work.

Senator BACK: But you are aware that it is costing individuals and the industry tens of millions of dollars? As was also said to me throughout the nineties and the 2000s—and preceding that, as you and I are well aware—that encouragement was being directed at producers to breed to the market, and of course that led to interest in and development of markets for fat-tails and their derivatives. But, really, as we both know, there is no local market—there is no local demand for that type of carcass in Australia. So, basically, all they are doing now is facing them being shot.

Mr Glyde: I am not aware of any other markets, but I am not an expert on sheep either. I think the issue here—and I do not want to in any way downplay the impact on either the producers or the exporters; it has been a significant financial impact on both—is that the policy decision has been taken in the interests of the long run of the industry that the industry does have to operate to the satisfaction of Australians as well. The Australian population and others were concerned about the potential for adverse treatment of animals in those markets and we have taken some action to do something about that. In the long run, I believe that is in the interests of the industry but in the short run I think it is difficult for us to deny that there will not be impacts as we transition to that more sustainable industry.

Senator RHIANNON: Is it correct that there are five complaints currently under investigation by the department to incidents in Kuwait, Pakistan, Israel and Mauritius?

Ms Irwin: Yes, there are currently five investigations on foot.

Senator RHIANNON: One investigation is the Pakistan-Bahrain investigation, isn't it?

Ms Irwin: Yes.

Senator RHIANNON: That was where there was the tragic slaughter of 21,000 sheep. What is the status of that investigation?

Ms Irwin: That investigation is still underway.

Senator RHIANNON: When do you expect that the report will be finalised?

Ms Irwin: All of the investigations are a clear priority for the department. We are working through them. In terms of specific time frames, we are not able to give definite dates as to when they will be finished given the various issues that need to be followed up in each of the investigations.

Senator RHIANNON: Will the reports be made public?

Ms Irwin: Yes.

Senator RHIANNON: Considering the distress this caused the wider Australian public, considering the challenge that the industry has and considering your own workload, which is obviously very relevant here, can you give us some more information about how these are being conducted? You have said they are all priorities. The five of them sound like a lot of work. Is there one that you are concentrating on more? Would not the advice from one help inform the others? Could you give us some more advice please?

Ms Irwin: The department does have an investigations and enforcement division to conduct investigations across any of its regulatory programs. That division plays a key role in advising any program across the department on compliance and enforcement action. Specifically in relation to the way investigations are undertaken in the live animal export program, there are a range of areas in the department that provide expert advice to assist in the completion of investigations. For example, my own division will provide regulatory advice for the regulatory framework that we work under. The animal biosecurity division will provide expert advice for animal health issues that may arise, including advice from the CVO on occasions. The animal welfare branch will provide advice on animal welfare standards. As you can appreciate, there is a range of areas of expertise that may need to be called on depending on what the particular issues are in any investigation on foot.

Senator RHIANNON: Has any of this investigation or advice work been outsourced or has it all been done within the department?

Ms Irwin: To the best of my knowledge, it is all being done within the department.

Senator RHIANNON: Do you want to take that on notice if you are not sure?

Mr Metcalfe: We will correct the record or add to the answer if there is anything more to say.

Senator RHIANNON: I will go back to the question one more time about the time frame. It was such a huge incident. You obviously organise your work and make determinations on how long this work will take. Surely you are able to give some guidelines on when these reports will be finalised and what does take priority because there is variation within these five incidents. Could you provide more details about how you are managing this within the department. Surely that has been discussed in some detail.

Mr Glyde: Senator, you are not the only person that is very keen to know what the time frame will be for these investigations. That is something that I am particularly keen to know and also the minister is always very interested in the timing of it as well. I would make a general comment, which is that you do not know what you do not know until you start investigating.

As we initially discussed, sometimes we have information that comes to light and then when we go back we get further information, and that all has to be assessed. Other times we may not necessarily be provided that information and we have to find other ways to better understand the circumstances that occurred at the time. There is almost always a degree of consultation and investigation with a wide range of parties, not just the person who has made the complaint.

In addition to that, in terms of natural justice, once we have come to a position, an initial finding, we then provide to relevant interested parties our preliminary findings and conclusions and ask if they have any further information to provide. That can then lead on to further legal processes. If, for example, the particular interested party feels that that is the wrong step they might challenge what we are doing. By the same token, they might also provide additional information which will take time for us to assess. Putting all that together, we cannot really guarantee exactly how long these things might take, particularly the natural justice step where we try to make sure that the facts as we have ascertained them are absolutely correct.

Senator RHIANNON: Considering it was revealed in the estimates last year that it had taken more than a month after Minister Ludwig promised an inquiry to kick start the investigation by writing to the exporter Wellard to seek background information, can you assure the committee that similar delays are not occurring?

Mr Glyde: We have an internal process for registering the complaints, making initial inquiries et cetera that we go through, and I can reassure you that we do these as expeditiously as we can. It is really important for confidence in the system that we do undertake these investigations thoroughly but we also do them as quickly as we can.

Senator IAN MACDONALD: We have spoken before on the proposed export of live cattle from North Queensland to the Solomons, and I am curious as to whether all of the Commonwealth's involvement is finalised.

Mr Glyde: I might ask Dr Cupit to update us on the latest stage we are at with that.

Dr Cupit: Last August we had agreement on the animal health protocol, as we reported last estimates, which we had worked on with both the Solomon Islands government and also with the Australian exporters. That has been put in place. It is now up to the commercial parties in consultation with their importers in the Solomon Islands to establish a secure supply chain. It is my understanding that it is still in their court.

Senator IAN MACDONALD: But, as far as the Commonwealth is concerned, all the protocols have been put in place?

Dr Cupit: The animal health protocol, as far as the certification, has been put in place.

Senator IAN MACDONALD: So there is no other Commonwealth requirement; it is purely a matter of commercial negotiation now?

Dr Cupit: The Commonwealth's requirement now is for the supply chain ESCAS requirements to be submitted to us and then to be assessed in accordance with those requirements. The commercial parties have to come back to us for both a notice of intention to export and the ESCAS arrangements, which then has to be assessed, as you would normally do for any other market.

Senator IAN MACDONALD: So that is a fairly set procedure and everybody knows what that involves—except me?

Dr Cupit: There are two dimensions to the Commonwealth's involvement. One would be establishing the animal health conditions and the other now, with the introduction of the Exporter Supplier Chain Assurance System, to have assurance for animal welfare. So, at the moment, I think I would characterise it such that the ball is the commercial parties' court but it will come back to the Commonwealth to consider their ESCAS application.

Senator IAN MACDONALD: And there are certain rules and regulations in relation to the export and if they meet those and do their own commercial arrangements the Commonwealth has no other interest?

Dr Cupit: That is correct.

Senator IAN MACDONALD: Thanks for that. I am not quite sure who would answer this—it is about live export. I seem to recall Mr Ludwig and Minister Emerson promised the Indonesians they would get a \$20 million grant to improve the productivity of the Indonesian herd. Is that correct? Has it been paid?

Senator Ludwig: A press release was put out which was part of, as I recall, development money which is in the Trade portfolio, not here. It was about providing support to a range of small farmers. I will get you a brief on that as to where it is, what money has been expended and what programs have been undertaken.

Ms Evans: I will add a small amount to what the minister has already said. This is the project program through ACER, which is the IndoBeef project's \$20 million to invest in improving the productivity of Indonesian cattle herd. It is already in train as a project but it is managed by ACER. It is not managed by DAFF itself. It is progressing well according to its milestones, as far as I am aware.

Senator IAN MACDONALD: So Foreign Affairs would be the right estimates to enquire further about that?

Ms Evans: Yes.

Senator IAN MACDONALD: It is so progressing, so I guess they can tell me if the \$20 million has been paid or is still to be paid.

Ms Evans: It has not been fully expended yet, so where they are up to is in a planning phase. They have established the governance arrangements for it, which include both representatives from Australia and from Indonesia. They have gone through a process of identifying options to do and laying out what they expect to do with the money over the coming years. I think it is a four- or six-year program, so they have laid that out but they have not yet expended the \$20 million. I could not tell you how much they have expended yet.

Senator IAN MACDONALD: That came as a result of the live cattle ban, did it?

Ms Evans: It was announced in the context of the same time but I would not say that there was a direct correlation between them. It is something we have been working on with Indonesia, in any case.

Senator IAN MACDONALD: The minister told us earlier that \$12.2 million had been paid to Australian producers following the live cattle ban. Is there any other money that has gone to the Australian producer since the live cattle ban, which might assist them with their productivity or otherwise.

Mr Glyde: There were two programs that were announced on 21 October 2011 to help with the introduction of ESCAS. The first was a \$5 million program that would support exporters to deliver improved supply chains. The second element was part of the ODA contingency reserve to eligible countries that import livestock in order to try to improve animal welfare outcomes in those countries. But you are specifically asking about assistance to Australian farmers and exporters. I will ask Ms Schneider to take us through what the current status is with that \$5 million program to support exporters.

Ms Schneider: It is a \$5 million program. It is reimbursable at the rate of \$1 for every \$3 expended by Australian exporters. It is available to Australian Livestock Exports business entities and to industry bodies such as Meat and Livestock Australia. To date, there have been six applications from exporters and from MLA. Five were in 2011-12 and one in 2012-13. Those applications total \$529,646. We have completed the assessment of those applications. On the amount expended, the two applicants have received reimbursements totalling \$191,741 and we are in contact with other applicants seeking clarification on their applications. The total amount of funding applied for is \$529,000.

Senator IAN MACDONALD: The minister mentioned before that \$12.2 million had been paid to Australian producers following the live cattle ban. Is that the total sum—can anyone tell me—that has gone to Australian—

Mr Glyde: I think we could probably provide the exact amount. I just need to consult with—

Senator IAN MACDONALD: It is about \$12 million. Clearly, my point is: Indonesian farmers following a live export ban get \$20 million; Australian farmers get \$12 million.

Senator Ludwig: That would be an incorrect premise to base your question on because, as we said, there is no direct correlation between the two. One is not from this department. The \$20 million is from and administered by ACER.

Senator IAN MACDONALD: It is from the government.

Senator Ludwig: It is about using ODA money to assist in overseas development. Everybody, including the Liberal Party, supports that, unless you have had a change of heart about supporting overseas development aid money.

Senator IAN MACDONALD: But am I wrong in the premise that the government has given \$20 million to the Indonesian live cattle people, who were rightly upset at the sudden ban, and—

Senator Ludwig: You are wrong because it is—

Senator IAN MACDONALD: as opposed to that, Australian producers have got \$12.2 million. I am really asking: has there been more than \$12.2 million—

Senator Ludwig: I have said that you are wrong. Clearly, you are not going to move off that point.

Senator IAN MACDONALD: I do not need to make the point—

ACTING CHAIR: Senator Macdonald, the time now being 4:30, I encourage you to put any further questions on notice.

Senator IAN MACDONALD: on the \$20 million. I accept what you say. I am simply asking you, on notice if needs be: is there anything else that has gone to the Australian cattle industry following the live cattle ban apart from the 12 point whatever it was million dollars you mentioned earlier, Minister.

Senator Ludwig: My recollection of it is that the substantive funds—I think it was \$12.7 million—have been expended out of a package. There was also, I think, at the time a range of other measures that were addressed, but I would take that on notice rather than speculate.

Senator IAN MACDONALD: If you would take that on notice, I would appreciate it. Thank you very much.

Senator WILLIAMS: Perhaps you could take it on notice to provide details of the total payments to Australians, whether they be exporters or the cow cookies themselves. I would be interested to see if it is as much as the \$20 million that was given to Indonesia. It probably will not be.

Australian Pesticides and Veterinary Medicines Authority

[16:32]

ACTING CHAIR: Welcome. The committee welcomes the new CEO, Ms Arthy, to the estimates process. I would like to note that one senator in eight minutes got through nine questions in the last session, which is an example of how we could get everybody's questions answered.

Senator COLBECK: It depends on the answers too. It is not all about us.

ACTING CHAIR: Absolutely.

Senator COLBECK: I take you to question on notice 198 from October last year. We were talking about the interaction between SEWPaC and APVMA around environmental assessment charges. An environmental assessment level 1 was \$12,605, level 2 was \$3,255 and level 3 was \$620. How do those flat rates align with what it actually costs the department for the services that are provided given that SEWPaC charges the department by the hour, not by the job lot? How do you align a set fee versus a per-hour fee?

Mr Matthew: There are two components to our SLAs with the agencies. There is professional advice for ad hoc requests, which is structured on an hourly rate and agreed through a work order process; and then there are fixed assessment modules for which there is a fixed fee that is negotiated with the agencies on an annual basis.

Senator COLBECK: But that does not go to the question. My question is: your charge-out rate for an environmental assessment level 1 is \$12,605; how does that equate to what it costs from SEWPaC?

Mr Matthew: Can I just clarify. Are you asking whether or not the receiving agency of the work order spends more than we give them in the first instance?

Senator COLBECK: No. In response to my question on notice No. 198, you indicated to me that both SEWPaC and DoHA charge you by the hour. So the SEWPaC rate had increased from \$126 in 2008 to \$141 in 2011, and the hourly rate charged by DoHA in the 2010 to 2016 agreement is \$159 an hour. I am just trying to find out how they align. Does it cost you \$12,605 for SEWPaC to do a level 1 environmental assessment and \$19,490 for DoHA to do a level 1 toxicology assessment? Or are they, as you indicate in your answer to my question on notice, charged by the hour? How does it work? I am just trying to find out how it works.

Mr Matthew: For assessment services for registration applications, there is a series of fixed fees and they are the fees that you referred to. That is the amount of money we pay to the agencies to do the body of work that fits that category. There are other works that can be undertaken from time to time, particularly around chemical review, where there is not a fixed fee for service arrangement, and that is where the predominance of the hourly rate is; or any other particular professional advice that needs to be sought outside of the fixed fee arrangement.

Senator COLBECK: So, in the context of an environmental assessment level 1, your charge-out rate is \$12,605; that is what you get charged by SEWPaC?

Mr Matthew: Yes. That is the—

Senator COLBECK: So it is a direct flow-through, without margin?

Mr Matthew: We do not profit on the arrangement—if that is the question.

Senator COLBECK: No, that is not my question. A margin does not have to be a profit margin. It could be an administrative margin. Is what you are charging out what you are being charged?

Mr Matthew: Yes.

Senator COLBECK: So, under the arrangement that you have with SEWPaC, a level 1 environmental assessment costs \$12,605, a level 2 environmental assessment costs \$3,255 and a level 3 environmental assessment costs \$620?

Mr Matthew: I would like to check if those figures have moved on but essentially they were the figures that we spoke about in October last year. If the agency accepts the work order to do that work—in this case, environmental level 1—the expectation is the work will be done and we will provide them the value as stipulated in the table.

Senator COLBECK: But you need to confirm on notice?

Mr Matthew: I would like to take on notice if we have in fact revised any of those fees since July 2010. There were negotiations underway late last year to revise fees to take account of current costs. But I might add that, if there is a considerable amount of additional work and we cannot agree that it fits one of the predetermined levels, then work orders can be constructed that relate back to the hourly rate.

Senator COLBECK: So you have an agreed fee structure with both SEWPac and DoHA for certain types of assessment, as indicated—it is to be confirmed whether they are as indicated in that chart?

Mr Matthew: The broad thrust is that there is a series of levels. We have them in place with each agency. But I would like to double check.

Senator COLBECK: But if they come up against a big job that does not fit within the parameters of the agreement you have in place then there is capacity for them to say 'sorry we cannot do that for the fee in that particular category. We need to do it on an hourly basis' or some other form of agreed process?

Mr Matthew: Yes because if they do not accept to undertake the work order that we offer them, there can be a process of discussion to see if it would more neatly fit under professional services or some other mechanism.

Senator COLBECK: How often would that happen?

Mr Matthew: I am not sure of the number of times that has happened in recent times but it does happen from time to time. I might have to take that on notice.

Senator COLBECK: And if it fits comfortably within it, they do not say anything to you?

Mr Matthew: That is correct.

Senator COLBECK: It sounds like a market at work. Is there any assessment of the financial impact of those transactions? For example, is there an IER in the processes that you operate under?

Mr Matthew: What is an IER?

Senator COLBECK: It is a fund that is gathered to maintain a level of solvency within the agency in the event of under utilisation of resources, I suppose. It sounds like you do not have a problem with that that other elements of the agency do, for example, biosecurity. If the numbers are down, there is a fund that protects the solvency of that agency.

Ms Arthy: This is not directly related to the SLAs. It is more a broad question in how we position our finances. We run an equity struck at about three months of operating costs so that if there is an issue we know that we have three months of operating costs. If you require any more information, I can pass to my colleague for more detail.

Senator COLBECK: Okay, so can you give me an idea of what three months of operating costs sits at?

Mr de la Fosse: The three months operating financial reserve is \$7 million.

Senator COLBECK: If you go back to page 198, could you confirm the numbers in the 2010 to current day column as to their currency. I suppose the other question around that is: is there some form of rise, fall or adjustment process that is part of that agreement? The DoHA one, for example, I think according to the information I have is the 2010-16 agreement—so it is over a period of time. It would be reasonable to expect that there might be some adjustment clauses within that particular section.

Mr Matthew: I will try and get that correction within the session now.

Senator EDWARDS: My question relates to the product safety and integrity committee, and agricultural chemicals and spray drift more particularly. How does the secretariat respond to claims that the one-month consultation time for the regulation impact statement for the National Scheme for Assessment Registration and Control Use of Agricultural and Veterinary Chemicals has not been adequate?

Mr Koval: Are you referring to the reform process we are undergoing with all the states and territories around control of use?

Senator EDWARDS: That is right.

Mr Koval: That process has been ongoing for a number of years—

Senator EDWARDS: Since 2010.

Mr Koval: That is right. To be honest, I think it probably started well before then. We could speak to our state colleagues and it might even be much longer than that. It went through that process where we had a number of discussions with stakeholders. Then we worked with our state and territory colleagues from 2011 through to 2012 and by then we were getting close to reaching an agreement. We held another working group with stakeholders to say, 'This is where we have landed. How does it fit with your expectations of what we have done?' There is still a whole heap of work now around the implementation of the agreement. At the moment we have just reached agreement at the high level and the implementation of it is the next phase, which we will undergo post the next council meeting in May.

Senator EDWARDS: What is the submission that you are putting to COAG in June in relation to this? The framework proposal for all of this goes there—what is that?

Mr Koval: We went to COAG in December last year and in May we will be going to the Standing Council on Primary Industries and agricultural ministers from around the country. We are taking to them a package of reforms that has already been agreed among the ministers—things like harmonisation of licensing. So if you happen to be a spray rig operator operating in southern New South Wales you can operate in Victoria and South Australia, for example, without having licences in each of those three jurisdictions. We are looking at harmonising vet prescribing rights and we are looking to harmonising training qualifications for certain grades of chemicals—things like schedule 7s and restricted chemical products.

Mr Tucker: COAG agreed in its December meeting that they noted the 'progress to date', and asked primary industry ministers to finalise the package on which each jurisdiction had been working on. So we are in the process now of working with our state colleagues to get a final package for ministers to consider as soon as possible. As Mr Koval has said, that is a high level of agreement. We then have to go down an implementation path.

But it is not the end of the reform process. We are continuing to work with our state and territory colleagues to continue reform in the area to make sure that we have an efficient system that meets the needs of users as well as the general community in terms of safety standards.

Senator EDWARDS: Since the December COAG, have you provided costs, or have the costs surrounding the implementation of all of this been attached to the proposal?

Mr Tucker: As to the cost for implementation, obviously jurisdictions have their own cost. At the primary industry ministerial meeting before COAG, the Commonwealth minister announced that the Commonwealth would contribute \$5 million to a testing regime. We are also deciding that at the moment. Currently, it is within the costs of each jurisdiction, apart from that.

Mr Koval: We have done a regulation impact statement in conjunction with all jurisdictions. There we looked at estimated costs through the system and it came out positive in the sense of this reform—

Senator EDWARDS: Less cost?

Mr Koval: This reform is a benefit, yes. It changes from jurisdiction to jurisdiction. Some jurisdictions will have greater savings than others depending on their current arrangements. But we have done a regulation impact statement that actually tries to quantify those changes and costs.

Senator EDWARDS: The decision to implement mandatory buffer zones on pesticide levels—has any work been done to assess whether that has been helpful in reducing spray-drift issues?

Mr Koval: There is a group on spray drift, and APVMA looked at a couple of chemicals in the products around. They are looking at the effectiveness of them. I am not aware of any research done on that, but I am willing to take it on notice and have a look—

Senator EDWARDS: Yes, if you would not mind. It is a bit of an issue. There is a bit of a war going on between cereal growers and viticulturists on the edge of the Barossa Valley. I am getting a fair bit of heat on it and, if you are not, I am just trying to transfer some.

Mr Koval: I am aware of those concerns.

Senator EDWARDS: Is the APVMA providing advice to COAG on this or are you just being requested? Who is driving the bus? Who is giving the direction?

Mr Tucker: I am driven by the department in terms of the reform process, but obviously we call on the expertise of the APVMA—

Mr Koval: Are you referring to spray drift or just the COAG reform agenda in general?

Senator EDWARDS: The reform agenda in general.

Mr Koval: That is being worked out through government and the department, in conjunction with the states and territories.

CHAIR: We still have Senator Siewert and Senator Williams and we have got—

Senator WILLIAMS: Five minutes.

CHAIR: Senator Back, are you finished?

Senator BACK: I do not have priority.

CHAIR: We actually have 10 minutes to go. Senator Siewert, would you like five minutes?

Senator SIEWERT: Yes, and I think it might help Senator Back as well.

CHAIR: Go ahead, and then we will go to Senator Williams.

Senator SIEWERT: Could you give us a quick update about where you are up to with the fenthion issue in Western Australia.

Dr Bhula: We issued a new set of instructions for use of fenthion in Western Australia, as opposed to the eastern states. At the moment, we are in what is called a suspension of all fenthion products up until the end of October. We still have an occupational health and safety assessment and an environment assessment to be completed.

Senator SIEWERT: The suspension is still in place, is it? What are they currently using?

Dr Bhula: The fenthion is still able to be used on a number of crops, but the instructions for use are limited to two sprays only.

Senator SIEWERT: I thought that once the issues of data had been assessed last year that they were back to being able to use the spray to the new rating.

Dr Bhula: After we had assessed the additional information that came from Western Australia, we were able to issue a new set of use instructions, which related to the information that was provided to us in terms of standard orchard practices. What we did was issue new instructions which restrict use to two sprays per orchard crop, which is what the user groups had told us was their standard practice.

Senator SIEWERT: I am getting emails around the fact that it is a very bad season over in Western Australia. Have you had those emails?

CHAIR: Very bad for fruit fly?

Senator SIEWERT: Yes, sorry, for fruit fly.

Dr Bhula: We have had some emails. We are yet to discuss with the state agriculture department about the veracity of the information. We have not been in communication directly with any of the user groups since the suspension instructions were put in place other than to clarify what the additional information or data requirements were over the suspension period.

Senator SIEWERT: That was the clarification that we have talked about earlier. Moving on from there, you have not had any feedback from those series of discussions.

Dr Bhula: Not formally. Not yet.

Senator SIEWERT: Has the department been in contact with you?

Dr Bhula: Not formally in terms of reporting where they are up to this season, but that is something that we expect will happen at the next face-to-face meeting with the state jurisdictions in March.

Senator SIEWERT: I understood you to say just then that you have had a few emails from people alerting you to a potential situation in Western Australia. Have you responded to those?

Dr Bhula: We are aware of emails, but they have not been directed at the APVMA. These are emails that have been going around some of the user industry groups.

Senator SIEWERT: So, fenthion is still currently suspended, but people are able to use it for the two sprays, which is industry standard practice, as relayed to you through that data? We had a lengthy discussion previously about access to that data. Have you made progress in putting in place a more formal process to be able to access this type of data across the board for future situations—not just for this particular application, but for others also.

Dr Bhula: The sort of information that was provided to us is commercial information which only the farmer would hold. Because the spray records identify farmers and users and things like that, it is not information that the APVMA can typically require of a user through the chemical review process. When we publish a report and we invite submissions, users can voluntarily send that information to us, but we cannot legally require it. Not all state jurisdictions have the requirement for mandatory spray records, which is another difficulty that we encounter.

Senator SIEWERT: Sorry, did you say—

Dr Bhula: Not all states require it.

Senator SIEWERT: Sorry, I thought you said 'non-states' and it did not compute. So, not all states do. Western Australia does not. If the Western Australian Department of Food and Agriculture contacted you and said there was a problem, what would be your response?

Dr Bhula: We would ask the department to provide any information that they had gathered during the spray season to justify or provide any evidence in terms of what the problem is. If it was an efficacy type issue, we

would require the efficacy information that they had gathered to provide to us in terms of what the issue was. It really depends on what information has been collected since the new instructions have been put in place, whether it can be provided to the APVMA in confidence and how that changes the assessment or the instructions that we put in place until the end of October.

Senator WILLIAMS: Who is responsible for the importing of chemicals for livestock—sheep and cattle drenches et cetera? Who is the expert on that? Mr Metcalfe, I will just perhaps fill you in. We have a lot of chemicals approved—drenches, backliners, lice, ticks; you name it. I want to take you to the goat industry. It is an industry of huge potential but they cannot use many, many chemicals for worms. I will give you an example—fluke worm. There is one chemical they can use to drench for fluke worm. Of course, if you keep your water low over summer and the next thing fluke is appearing and their stock losses are just enormous. Then we have problems with Barber's pole, where they do not have a selection of drenches. They have one or two and then resistance is building up.

In America if you want to get a chemical approved recent information reveals that it costs \$39 million for the submission of a new food animal health drug and the whole process to go through takes an average of 9.4 years. What can be done to allow drenches and proper animal husbandry care chemicals to get established here in the goat industry? You cannot even give a goat an injection of penicillin, as it is not approved. You can get a can of terramycin to spray a wound or whatever. I know a station owner in western New South Wales who was in the crash of the wool in the early 90s who actually bought another two stations because he is running goats. So there is the cost of getting these chemicals here. What can be done to help this industry?

Mr Koval: I can answer some of those questions. On the questions around terramycin, Dr Bryce might be able to provide an answer. The issue you come to is the issue of minor use. The goat industry is a relatively small industry in the sense of animal products.

Senator WILLIAMS: That is the problem. But it might grow if we can keep them alive.

Mr Koval: Certainly. There are things that we are trying to do through the Better Reg reform to try to encourage some of these innovative products and expand their uses. We have a minor use program which APVMA currently run, and we are looking at ways to incentivise this to make it more useful and broaden it out.

Senator WILLIAMS: Do you use information from other countries—for example, New Zealand and what their research has found?

Mr Koval: There is nothing to stop the APVMA using the information from other countries. The issue comes down to how much you can take that information and apply it in an Australian context. Certainly under the Better Reg reform it will make it easier for the APVMA to use that information.

Senator WILLIAMS: Under what reform.

Mr Koval: The better regulatory reform bill, which is currently before the parliament.

Senator WILLIAMS: You think that when that bill passes it will make it easier for the goat industry to get access to different chemicals in the way of drenches and whatever to prevent these worms?

Mr Koval: It will be one of the tools available to help the industry and other industries have access to some of these products.

Senator WILLIAMS: What does it cost to register a chemical if you want to bring it into Australia for animal husbandry, animal healthcare?

Mr Koval: I do not know the answer to that. Dr Bryce, from APVMA, might know.

Senator WILLIAMS: Does anyone have a rough figure on how much it is to register a chemical?

Dr Bryce: How much to register a chemical?

Senator WILLIAMS: Yes; if I want to bring to Australia a drench that I have discovered overseas—a new chemical to fight resistance et cetera.

Dr Bryce: You are looking in the order of \$50,000 for the regulatory costs and then whatever it costs to develop the package of data that is required for registration.

Senator WILLIAMS: Over what period of time would it take if I wanted to get the chemical registered in Australia?

Dr Bryce: The statutory time frame for us to handle the registration of a new chemical that we have not seen before is 15 months. Typically, it takes longer than that because we frequently need to go back to the company for additional clarification of information.

Senator WILLIAMS: It is a problem, I hope it gets fixed up, because I know one goat producer lost 10 per cent of his herd through worms and cannot get a suitable drench; yet for cattle and sheep, there is a huge range of chemicals so you can knock out resistance and keep your stock not only alive but performing, producing and doing well. I hope that is something your body can assist with.

CHAIR: I take that as a statement, Senator Williams. Thank you. If there are any further questions, I ask that they be put on notice.

Meat and Livestock Australia

[17:02]

CHAIR: We now call Meat and Livestock Australia. While MLA are making their way to the table, it has been agreed by the committee at last Wednesday's meeting that we would have 10 minutes for MLA of which Senator Rhiannon will have half. Should there be any questions arising from some of the evidence taken, coalition or government senators may want five. If there are no questions arising, the agreement was that Senator Rhiannon can have the remaining time.

Senator RHIANNON: Has MLA been notified by any of your consultants about breaches of ESCAS in any of the market that we export to?

Mr Hansen: We have consultants working around the marketplace, and let me just reiterate what their role is: they are neither the policeman nor the auditors of supply chains onto the ESCAS program. They are there at the invite of commercial supply chains to conduct both gap analysis and training to assist those supply chains in either becoming ESCAS accredited or in enabling them to continue their improvement towards the journey in terms of animal welfare.

Our consultants whenever they see whatever they observe and witness during that training, that gap analysis, is provided in written reports back to the exporter or the supply chain that they are contracted to or working for. Not all those reports find their way back to us, but I will hand over to Dr Peter Barnard, who is our general manager for livestock exports.

Dr Barnard: Just to add to Mr Hansen's answer: MLA conducts a range of activities at the invitation of supply chains and we report on all of those activities to supply chains so they are training activities; risk-analysis activities; the risk of an ESCAS breach occurring; the possibility that it will occur; and technical advice. A comprehensive report goes back to the supply chain and a copy of that report is held by our officers.

Senator RHIANNON: So to Dr Barnard and Mr Hansen, the question was: has MLA been notified by any of your consultants or the companies that they work for about breaches of ESCAS?

Dr Barnard: As the general manager responsible, I cannot recall a single case—

Senator RHIANNON: Do you want to take it on notice?

Dr Barnard: No; I am prepared to answer it: I cannot recall a single case where a definite breach of ESCAS has been observed by our consultants.

Senator RHIANNON: I would ask if it could go on notice, because just listening to your language it sounds like it needs to be checked. I heard Mr Hansen say you are not a policeman, and I remembered that at estimates last year it was stated that you do not see your role as policing ESCAS, so that has been reiterated. After those estimates last year, Minister Ludwig stated quite clearly that he would expect MLA consultants to report ESCAS breaches. Given the minister's clear expectations, will you or have you notified your consultants about the requirement to report breaches as they see them?

Mr Hansen: We continue to play a role when we are invited into these supply chains, at their request with no regulatory power and no regulatory authority, to conduct the training and skills development we do. As we have said, any noncompliance perceived by us—remember we are not the ones to make a judgement as to whether an ESCAS noncompliance has occurred or can occur, it is purely the regulator's job to say whether the law has been broken—is reported back to the supply chain we are working for. That supply chain has a responsibility to report any breaches or perceived breaches of ESCAS to the regulator. That is one of the three planks of reporting of noncompliance to the regulator, either self-reporting the audit reports or through third-party reporting. We do report everything we see to the supply chain which in turn has an obligation and a responsibility to report to the department. If we or our contractors witness serious breaches—and I will ask Dr Barnard to outline the judgement we use for that—then we would ensure that DAFF is directly informed.

CHAIR: Senator Rhiannon, I will give you an opportunity to ask one more question, because time flies when you are having fun and it has flown.

Senator RHIANNON: Rather than giving Dr Barnard an opportunity to reply, I would like Dr Barnard to clarify whether the MLA has been notified by your consultants.

Dr Barnard: I would first like to add to Mr Hansen's answer. There are a number of considerations that we take into account when considering whether a serious breach has occurred and a report should be made. I will go through three things that we consider: first, whether the breach involves subjectivity. A lot of breaches or possible breaches of ESCAS involve subjective assessments. Let me give you an example: is movement of livestock carried out calmly and effectively? That is a subjective assessment. Are staff observed to be working in accordance with SOPs? That is a subjective assessment. That is one of the factors that we taken into account. A lot of these checklist items involve subjective assessments. It is not our role to make an ultimate ruling on whether that checklist item has been met.

Senator RHIANNON: Do you pass it on?

CHAIR: Dr Barnard, I ask you to make your response as brief as you can, because we only have two minutes left.

Dr Barnard: The second factor that we take into consideration is: are we are certain that an ESCAS breach has occurred? Mostly, almost invariably, we do not know whether ESCAS cattle are involved. We often do not even know if Australian livestock are involved. That is the second aspect and the third aspect is whether this is a systemic issue, whether animal cruelty is involved and whether there is significant pain and suffering. I emphasise that I cannot think of a case when we are ever in an absolute position to rule on an ESCAS breach. As Mr Hansen said, that is not our role—it is the regulator's role.

CHAIR: We have one minute to go.

Senator BACK: Dr Barnard, you would be aware of the DAFF media report on the matter Senator Rhiannon asked you about on 1 November last year, the apparent failing at the Chibanong abattoir on 28 September. The report stated that there was no cruelty on that occasion. In answer to Senator Rhiannon's question you said:

I am aware that an allegation has been made of breaches in ESCAS compliance at Cibinong. That alleged breach is under investigation by DAFF and we are assisting DAFF in those investigations.

To what extent were you able to assist DAFF, if at all, in those investigations?

Dr Barnard: We reported fully on our visit to Chibanong that evening and on what we witnessed in Chibanong. It would have been easy in November for me to say, 'I have information at hand and on the information available to me, which is substantive information, there is no doubt in my mind that a breach has not occurred.' I could have answered it in that way based on the evidence that I had before me. But I think there is a proper process here. There is a process that needs to be followed and that is the regulator conducting an investigation into these incidents and coming to a conclusion without pressure from that investigation.

Senator BACK: Thank you. That is consistent also with my inquiries into it.

CHAIR: Thank you very much, gentlemen. We will stick to our tight timetable and I will now call Australian Livestock Export Corporation Limited, lovingly known as LiveCorp.

Australian Livestock Export Corporation Limited

[17:11]

CHAIR: Welcome to the officers.

Senator RHIANNON: I will start with your website. I found that it is quite out of date. The media statements are only up to February 2012 and others are about a year old. What is the issue there? We rely on the website so much.

Mr Nieper: Thank you, Chair, for your comment 'lovingly known as LiveCorp'. It is nice to be here under that guise. Senator, I fully accept that our website is out of date. In some areas it is considerably out of date. We have recognised that well and truly and are in the process of updating it. I would hope that the next time we are here, if we are here again, we can say that it is probably one of the better websites that you have visited. At present, yes, we do have some things out of date. LiveCorp is a very small organisation, as you would appreciate—not like our cousins MLA. We have only four permanent staff and we do appreciate with the workload that we have at present in LiveCorp we do not have a great deal of time for some of the niceties of updating websites. I will ask my CEO of he will give you a bit of information on the updating process.

Mr Brown: I have little more to add to Roly's overview other than in the coming weeks, hopefully not months, we will have a new website launch which will provide you with a suite of information, research reports, the exercises and the programs which LiveCorp undertakes.

Senator RHIANNON: I notice that in your material you give emphasis to existing and developing new markets. Considering we have heard Senator Back speak about this and there has been a lot written about the enormous changes that are going on in the industry, to what extent is your work looking at new markets within Australia, having regard to the crisis that the industry is in?

Mr Nieper: We are not focused on the Australian market. LiveCorp is focused on export and that is where our efforts are. MLA obviously does have involvement within Australia. If there was any coordination it would be through there.

Senator RHIANNON: Considering the enormous attention the industry has received, and that there are increasing calls for an independent authority to be established separate to government and industry, with similar investigative powers to those currently granted to DAFF to regulate the export of livestock, do you see any merit in this proposal? Do you see any tension between your dual roles of supporting the industry and keeping it profitable, and looking after animal welfare?

Senator Ludwig: You might consider that you are actually asking LiveCorp for an opinion about a policy issue. You could direct the question at me.

Senator RHIANNON: I am happy for you to answer it.

Senator Ludwig: I would say that all of those things are always under consideration.

Senator RHIANNON: So you do not see that there is a tension or a contradiction in having a body whose purpose is both to make the industry profitable and to look after animal welfare?

Senator Ludwig: DAFF plays the regulatory role in relation to this, not LiveCorp. LiveCorp, I am sure, on behalf of its members, has its members' interest at heart, which is to ensure that ESCAS operates effectively and efficiently and continues to be well supported. As I understand it, LiveCorp has that view. I am sure they can speak for themselves.

Senator RHIANNON: In estimates last year, Mr Nieper, you explained that, as part of the work on the ESCAS regulatory framework, LiveCorp was undertaking a review of the export standards. Would you explain to the committee the findings of the review and any improvements to animal welfare that we can expect as a result of this work.

Mr Nieper: That review is still current; it is work in progress. It is being coordinated through DAFF and we are part of that. A steering committee has been put together with agreed representation on it. It is meeting now and I could not comment more than that it is under process.

Senator RHIANNON: When? Can you give us a time line?

Mr Nieper: I would have to refer to DAFF to give you a time line.

CHAIR: If there is anyone at the table who can answer that, great; otherwise, would somebody get back to Senator Rhiannon before they leave the building.

Senator RHIANNON: When will the review be finished and released?

Mr Glyde: We are fairly close. I will probably have to take it on notice, but I would think in the next couple of months.

Senator RHIANNON: Would you take it on notice, please?

Mr Glyde: Yes.

Senator BACK: My questions follow on. Have you yet been called in by Dr Schipp's group to respond to or answer any questions with regard to the very comprehensive report that you have presented to that committee?

Mr Brown: Neither LiveCorp nor MLA is on that steering committee. The Australian livestock exporters council has a representative on that, so we are not actually at the table. But, no, we have not been called to that steering committee to provide advice on the research we undertook.

Senator BACK: Is there any reason, to your understanding, why the committee would not accept your submission? Is there any factor that would preclude them from accepting it or you from participating in any inquiry that they may have of your evidence?

Mr Brown: We undertook a comprehensive R&D report that looked into aspects of inspection and procedures around that, which was considered by us as a process of supporting their considerations. As far as we are aware, that will be considered by the committee and the people at the table.

Senator BACK: That was not a confidential report, was it?

Mr Brown: No.

Senator BACK: I am absolutely hopeless at this, but, strangely enough, I found it on the internet through an search engine. I have studied it and I think it is very comprehensive. I am just wondering where it is going to from here.

Mr Brown: We will make that publicly available in due course, I am sure.

Senator RHIANNON: Mr Brown, as the Acting CEO of LiveCorp you promised in the May estimates last year that your strategic plan and annual operating plan would be made available on your website after June 2012. Then, in November 2012, you noted your website was in the process of being updated, and we have heard that again today. You now need a login to even see who is on your board. Why is this? Can you table the information today? When will you place these important documents on your website?

Mr Nieper: I can be brief in that the strategic plan has been put to the department for its consideration. We have received a reply from the department with their comments on our strategic plan for the next few years. They will be considered next week by the board and at that stage we would finalise our strategic plan and, hopefully with the upgrade of our website very soon, you will have access to that strategic plan.

Senator RHIANNON: So within a month?

Mr Nieper: Best endeavours.

Senator RHIANNON: Thank you.

CHAIR: I thank the officers from LiveCorp. Now I call officers from Australian Fisheries Management Authority.

Australian Fisheries Management Authority

[17:20]

CHAIR: I welcome officers from Australian Fisheries Management Authority. Senator Colbeck.

Senator COLBECK: I will start with the *Fishery status reports*. There were two separate documents released, is that right? Or is there one that has been released and one that is yet to be released? There was the new combined one that looks at both state and Commonwealth waters that was released in December, I think. And there is the previous format that has been going since the early 2000s. Am I correct that that is still to come out? Or has it been released?

Dr Stobutzki: In December we released the first *Status of Australian fish stocks reports*, which is the one that deals with both Commonwealth and all jurisdictions. We also released in December the ABARES *Fishery status reports*, which have been going since 1992, which just deal with the Commonwealth fish stocks.

Senator COLBECK: There has been some confusion in the market around those two documents. Some people have been looking in the new report for things that are not yet being assessed as part of that process for things that are of interest at the moment. Could you give us a sense of whether or not the Australian public actually understands what those reports have been telling us, particularly over the last five or six years? The story is overwhelmingly a good one and continues to improve, but do you think that the Australian public actually understands that?

Dr Stobutzki: I am not sure I can answer on behalf of the Australian public. We provide the independent assessment of the status. I think the public varies in terms of how informed they are and what they are using when they purchase their seafood. But I am not aware of work that has been done looking at their understanding.

Mr Thompson: I cannot speak on behalf of the whole of the Australian public either but we have had some discussions with some people who are bulk purchasers of fish, like supermarket chains, and they certainly understand what those documents contain. Again, we notice that some articles written by journalists draw on those stock and status reports for their background. Whether the general public understands I do not know.

Senator HEFFERNAN: Coles and Woollies?

Mr Thompson: Yes.

Senator COLBECK: Is there any intention to do any further work around expanding that information? Or is it a case of: 'Basically, we are providing the data and it is available there for the market to utilise as it sees fit'?

Dr Stobutzki: There is some work underway at the moment with resources from FRDC, called the Common Language Group, which is part of engaging all stakeholders to discuss the understanding of these issues and to try and get more uniform terms used, to avoid any possible confusion with the public.

Mr Tucker: We have had discussions with a couple of sectors of the fishing industry who are starting to see the marketing potential and edge of some of these results—in particular, the health of Australian fish stocks, that

they are wild caught and the way they are managed. I think we are going to sit more in the marketing material that comes out of our fisheries sectors.

Senator COLBECK: You mentioned the conversations you are having with the supermarkets, particularly Coles and Woolworths. How do you see the work that you are doing—as an indicator of the health of the fish stocks; the classification of whether they are fished, overfished, subject to overfishing or otherwise—in the context of where they are going? Woolworths have said they want to go to an MSC certification system for all their wild caught fish by 2015. I have had some conversations with them around that process. But what part does the investment that government and industry are making through the fish stocks report have in that overall process?

My answer to people generally is: 'If you want to buy a sustainably caught fish, buy Australian fish. And here is the evidence to demonstrate that that is the case. If you want to drill down into the details of it, you can actually do that.' But where does all this fit in the overall context of those sorts of things, because having them certified is potentially an additional cost to be imposed on industry, when there is already a fairly rigorous process that goes around the sustainability of Australia's fisheries management in this particular process.

Mr Thompson: I do not want to speak on behalf of Coles or Woolworths, but they have indicated they use simple measures like MSC certification or whatever because the public can understand a brand that says 'that is sustainable'. But, if you look behind what is required to get MSC accreditation or any other form of accreditation, it is about sustainable fisheries management, which means you need to be able to set quotas in accordance with good information and you have consistent and public reporting on the status of the stocks and the like. So in a sense the work we are doing is a necessary and pre-commercial component of somebody else coming along and inventing a sustainability brand to put on it.

If we took this out, someone else would only have to do it, and they might have to do it multiple times. So I would argue that this is the government playing its role in providing the information about the sustainability of the stocks, because it is information for good management and it is information the public can rely on over a long period of time on a consistent basis about the status of the stocks.

Senator COLBECK: So effectively that does form a part of the question that I asked a minute ago about playing its part in extending the message to a certain extent.

Mr Thompson: Yes.

Mr Metcalfe: Senator, this is just one subset of a bigger issue, one of the issues that I am looking at in the department. It is what I would broadly describe as our external communications focus. My first glance is that I think we probably could do more in explaining some of the great successes in Australian agriculture and fisheries. This is just one example of that. So I will be having discussions with my colleagues about what role the department can play within its own resources, not only in providing factual information to the public but also seeking to leverage that information, such as the sorts of initiatives perhaps with some of the key retailers and others.

Dr Rayns: Over the last few months AFMA has been doing some media to promote the fact that we do have sustainable fisheries and that seafood consumers should be confident in their purchases of Australian seafood.

Senator COLBECK: This is very much a smaller document than the previous one used to be.

Dr Stobutzki: That is the economic production and value information. That came out in December as well. Those are the figures. They are not the actual status reports. The hard copies of those will be available next week, I believe.

Senator COLBECK: That aligns with my understanding of what was going on. Fine.

Dr Stobutzki: In both situations we made them available on the web first and now we are doing the hard copies.

Senator COLBECK: I do note that there is a mackerel on the front. I am not sure whether it is—

Senator Ludwig: It is not a bream.

Senator COLBECK: No, it is not a bream, Minister. The minister has bragging rights on the bream. I think he got me on size but I got him on quantity.

Senator Ludwig: You did.

Senator COLBECK: We will call it quits; it was a good day. I have been told these are Northern Hemisphere mackerel. We will get to mackerel shortly. So the hard copies are out in the next week or so?

Dr Stobutzki: Yes.

Senator COLBECK: Terrific.

Senator WILLIAMS: I want to take you to the subject of fishing on Norfolk Island. Who is the expert on that?

Dr Rayns: I would be.

Senator WILLIAMS: Can you explain the situation on Norfolk Island to me. They just have some domestic fishing there—is that correct?

Dr Rayns: That is right. They have a domestic fishery and a charter fishery, to some degree.

Senator WILLIAMS: Do you know what their catch is a year.

Dr Rayns: I do not know what the total catch is but they target a species usually called red throat emperor.

Senator WILLIAMS: Are they in part of the marine park?

Dr Rayns: Not as far as I am aware. Their main fishing is on the shelf which surrounds Norfolk Island and up to the shelf break.

Senator WILLIAMS: Why can't they have a commercial fishing industry around Norfolk Island? Why won't AFMA allow them to?

Dr Rayns: There are already rights issued for fishing around Norfolk Island, and there have been for many years under a number of management plans, including the Eastern Tuna and Billfish Fishery Management Plan. Those rights were granted some years ago. They apply to the water surrounding Norfolk Island.

Senator WILLIAMS: So they cannot fish those fish around Norfolk Island?

Dr Rayns: They can if they buy the rights to do so?

Senator WILLIAMS: Buy the rights?

Dr Rayns: Yes. They are tradeable statutory fishing rights.

Senator WILLIAMS: How much does it cost to buy the rights?

Dr Rayns: I am not sure; I would have to take that on notice.

Senator WILLIAMS: In other words, when people buy these rights to fish these particular fish, they can sell those rights to someone else?

Dr Rayns: Yes, that is a common practice in all our fisheries today. Most of our fisheries in AFMA—

Senator WILLIAMS: As is the case with the Abel Tasman.

Dr Rayns: Yes.

Senator WILLIAMS: So, being right out there, do you ever issue any more rights for those people there to have a commercial fishing industry? It is as simple as this: their island is going backwards, economically. Tourism is down, they are surrounded by millions of acres of water and they have no commercial fishing business. AFMA have said in correspondence to them:

In recognition of the current local fishing activity that occurs in inshore waters, AFMA considers that it would not be consistent with a precautionary approach based on current understanding of the fisheries resources to allow any fishing activity additional to the local fishing activity by island residents that currently takes place.

Dr Rayns: That is correct

Senator WILLIAMS: Are you familiar with the fish stocks in that area?

Dr Rayns: We have information on the key fish stocks in that area in terms of the fisheries that are targeted by the fishermen who are there at the moment.

Senator WILLIAMS: How are the fish stocks in that area?

Dr Rayns: We have evidence over the past decade or so that they have been declining in terms of catch rate, even with no commercial fishery.

Senator WILLIAMS: There are hardly any fishermen there.

Dr Rayns: There is not a very big area to fish. The size of the shelf there is not large.

Senator WILLIAMS: What about outside the shelf?

Dr Rayns: Outside the shelf the rights are issued in various fisheries.

Senator WILLIAMS: AFMA does not consider that commercial fishing activities could be undertaken in a manner consistent with the Fisheries Management Act of 1991, particularly the objective of pursuing cost-

effective and efficient management, AFMA have said. I find it amazing that here is an island of 1,800 people and we do not allow them to have a commercial fishing business unless they buy their rights to do it.

Dr Rayns: That is correct.

Senator WILLIAMS: And you do not issue any more of those rights?

Dr Rayns: All the rights are granted for the adjacent fisheries.

Senator WILLIAMS: All the rights?

Dr Rayns: Yes.

Senator WILLIAMS: There will be no increase in fish stocks or increase in numbers?

Dr Rayns: If the fish stocks increase around the island, the benefits of that go to the rights' holders.

Senator WILLIAMS: Sounds like a closed shop to me.

Dr Rayns: It is the way we manage all our fisheries.

Senator WILLIAMS: Obviously that is something that needs to be addressed. I will certainly take that up with colleagues.

Senator IAN MACDONALD: Have you done any assessment of the fish stocks in the Coral Sea fishing grounds?

Dr Rayns: We do not do a lot of assessment in the Coral Sea fishery of fish stocks. For that particular fishery it is comprised of a few fishermen who fish everything, including aquarium fish, and use a number of methods to fish for trawl fish and trap, and so forth. It is a very small fishery. Our risk assessment of that fishery is that it is generally low; therefore, does not attract much attention in terms of specific research and targeted assessment.

Senator IAN MACDONALD: You have done some work in the past. From memory, it was about 500 tonne a year, or something.

Dr Rayns: I have the recent figures here, if you are interested.

Senator IAN MACDONALD: Can you give them to me now or on notice?

Dr Rayns: I can provide them to you now if you wish.

Senator IAN MACDONALD: How long will it take?

Dr Rayns: I can do the last couple of years: 2010-11, 47 tonnes taken in the fishery; 2011-12, 29 tonnes. That is the Coral Sea fishery not the Coral Sea area. That does not include the eastern tuna and billfish fisheries.

Senator IAN MACDONALD: I am going to ask you about that. The Coral Sea is useful. You used to give me figures on the Coral Sea element of the eastern tuna and billfish fisheries. Do you have current figures on that?

Dr Rayns: Apologies, I do not. I have to take that on notice and provide those to you.

Senator IAN MACDONALD: They are available?

Dr Rayns: Yes.

Senator IAN MACDONALD: For the Gulf of Carpentaria, did I hear Senator Colbeck talking about grey mackerel?

CHAIR: Mullet.

Senator IAN MACDONALD: What figures do you have on the Gulf of Carpentaria fisheries and the northern prawn fishery? I think the mackerel fishery is probably a state run fishery.

Dr Rayns: It is a joint authority fishery, so that is run by Queensland and the Northern Territory governments.

Senator IAN MACDONALD: And the Commonwealth.

Dr Rayns: The Commonwealth is a party to the joint authority, yes, but day-to-day management rests with the two states.

Senator IAN MACDONALD: You are entitled to information on it.

Dr Rayns: Yes, we can certainly acquire that information, if you want..

Senator IAN MACDONALD: Have you done any assessments on the impact of what the bioregional planning regime might do to the northern prawn fishery, the mackerel fishery and any other fishery that might be there in which the Commonwealth has an interest—but I am not sure that there are any, but if there is—in terms of take?

Dr Rayns: At a government level, those assessments are done by SEWPaC in terms of the impact of the MPAs. AFMA's role is to provide information we hold into that process.

Senator IAN MACDONALD: Quite frankly, I do not trust SEWPaC with any assessments they make, particularly in this area. What I am after is: have you got raw data of what was the take from there, say, in the last couple of years in any fishery in which the Commonwealth is interested?

Dr Rayns: Yes, we will hold that data.

Senator IAN MACDONALD: But you are telling me that neither AFMA nor the department are doing any assessment on what impacts—

Dr Findlay: I might hand over to ABARES; they have been doing the socioeconomic impact assessments on marine parks and they probably have data at hand or can otherwise find it more easily, otherwise we will take it on notice.

Dr Stobutzki: The department of the environment commissioned ABARES to do the assessment of the impact on commercial and charter fisheries. So we did assessments on the amount of fishing displaced based on the last 10 years average. You mentioned the Coral Sea fishery, in particular.

Senator IAN MACDONALD: The Coral Sea, eastern tuna and billfish.

Dr Stobutzki: The estimate of the final marine reserve proposal for the Coral Sea fishery was \$0.4 million excluding the aquarium sector, which is confidential.

Senator IAN MACDONALD: Sorry, what is the \$0.4 million?

Dr Stobutzki: That is the estimate of the value of catch that would be displaced by the final marine reserve proposal.

Senator IAN MACDONALD: You are saying that there is \$0.4 million worth of fish that will no longer be caught—that is \$400,000 worth of fish. Do you have that in tonnes at all?

Dr Stobutzki: I should have it in tonnes; I might have to—

Senator IAN MACDONALD: Doctor, I think we are going to run out of time, so perhaps if you could take it on notice. What is your figure on the gulf for northern prawn? Did you do grey mackerel fishery as well?

Dr Stobutzki: We did. The northern prawn displacement in the north marine region was up to \$2.08 million. In terms of the joint authority fishery, I might take that one on notice because I am not sure if it was released. Given the number of operators, it might be confidential.

Senator IAN MACDONALD: To make that publicly available, what do you need? Authority from the operators to tell us. I am quite sure none of the operators would mind the public knowing just what the impact of this bioregional zone is going to have on their fishery. It is not a question of their income.

Dr Stobutzki: All these estimate are available in the ABARES's reports that can be obtained from the ABARES's website or the department of environment' website, SEWPaC. The Northern Territory offshore net and line fishery, which I think is the joint authority—

Senator IAN MACDONALD: No.

Dr Stobutzki: So it is not that one.

Senator IAN MACDONALD: It is round a bit further, I think.

Dr Stobutzki: My apologies; but I will check to see whether we released those.

Senator IAN MACDONALD: Could you give me all those details, please. You would interpret them better than me. I want to be clear: what you were doing was working out the money value of the fisheries product that will no longer be taken from those fisheries as a result of the bioregional marine plans—is that correct?

Dr Stobutzki: Yes. The direct displaced GVP.

Senator IAN MACDONALD: Were you just there to find a monetary assessment, a volume assessment, or were you looking at the impact on the long-term future of the fish stock?

Dr Stobutzki: The focus is more on the displaced catch, not the long-term future of the fish stock, but there was work done on the impact of that displaced catch back on to home ports and a social and economic survey.

Senator IAN MACDONALD: That is ABARES' work, is it? Not SEWPaC's?

Dr Stobutzki: Yes.

Senator IAN MACDONALD: Is that all in the same report?

Dr Stobutzki: Yes, it is.

Senator IAN MACDONALD: If you can easily collate them for me, that would be helpful. Otherwise, if you give me the website I can do it myself, I guess. I would rather you do it. Do you or anyone from AFMA have a

comment on the sustainability of the fish stocks without the marine bioregional planning and with the marine bioregional planning?

Dr Stobutzki: Without the marine bioregional planning, I guess the comment would be the results in the fisheries status report, which are a summary of the state of fish stock, excluding the statements.

Senator IAN MACDONALD: Do you do that?

Dr Stobutzki: ABARES does it.

Senator IAN MACDONALD: I will ask you a leading question—and I know the answer from previously: the marine bioregional planning is not in any way going to enhance the sustainability of the fish stock. Is that correct?

Dr Stobutzki: My understanding is that the marine bioregional planning aims at biodiversity conservation and broader objectives than that.

Senator IAN MACDONALD: Yes, broader objectives—like it is political. But someone has done that assessment somewhere before. I will leave it there—time is short—but if you can let me have those answers that would be great.

Senator COLBECK: I go to the changes in fees and charges that were announced recently. A significant change in the methodology of charging those fees and charges was made where the access fee dropped and a significant proportion of the cost was transferred to the per kilo rate for catch. Is that a reasonable assessment of the change to the system that was made this year?

Dr Findlay: Yes, in broad terms that is a reasonable assessment. Outruns takes costs and recovery in accordance with the Fisheries Management Act, Administration Act and various cost-recovery guidelines from Treasury, Finance and Deregulation, and as approved by the minister. At the heart of those principles is a user-pays principle and, as we have explained at various estimates on this issue, we are very keen to make sure that we are being as equitable as we can to make sure that those recurring costs are paying their fair share.

Senator COLBECK: We had a significant dust-up last year about the up-front licence fees. The opposition moved a disallowance motion. You have obviously gone back and had a look at that. I suppose my concern out of the whole process would be that something like 60-odd people decided to relinquish their licences based on that expensive up-front cost. I am not trying to verbal you. It is between 50 and 60—

Dr Findlay: We have probably got the numbers here. Dr Rayns has probably got it.

Senator COLBECK: That quantum is important but the exact number is not so much important. It is in that 50 to 60 range, from recollection. Now, this season, we see a significant reduction in the up-front cost, perhaps to a fairer system at the end of the day, because you pay based on what you catch and not just access to the fishery. These people have then relinquished forever their statutory fishing right as part of that process. Was that a consideration as part of the new process, or not?

Dr Findlay: Dr Rayns might want to comment, but in going through the process we certainly looked at the need to deal with that issue about rate of change.

Senator COLBECK: The timing of change versus the fact that it happened—that is perhaps my issue rather than anything else.

Dr Findlay: We said we were going to do this. We have gone through an extensive consultation with stakeholders. They knew, prior to your commentary on the disallowance motion, that we were planning to go through those steps. It would be fair to say that probably even at this stage that we have not gone as far as we might otherwise have wanted to go because of the rate of change issue. But we have made significant changes to reflect the user-pays principle. Some people prior to those changes did make business decisions to surrender rights, looking at the costs of maintaining that right versus what they would receive from it, and made a decision to hand those in. Those are business decisions that people make. We have shifted cost structures, as you say, to probably a fair system. You have heard about the part where their costs have gone down and they might now regret that decision. You probably have not heard about the part where their costs have gone up—or maybe you have.

Senator COLBECK: I can assure you that I have.

Dr Findlay: I have had a lot of people call me up, who maybe felt that they were disadvantaged by the change, but maybe not a lot of the winners—

Senator COLBECK: The shark fisher, I think, is probably a prime example of that—would that be right?

Dr Findlay: There have been changes in the shark fishery. Those state changes have been made and we think it is a fair system. We gave people as much advance notice of those changes as we possibly could.

Senator COLBECK: But would they have been aware when they made the decision to relinquish their licence last year that you were making such a quantum change in the method of charging?

Dr Findlay: No, Senator.

Senator COLBECK: So their business decision would have been made based on their perception that there would continue to be a fairly significant upfront fee and then what has transpired to be a lower rate on the per kilo side of the cost-recovery process versus an understanding of what might have been the new decision. So their business decision was based on their understanding of where the structure stood prior to the consultation on the new process?

Dr Findlay: I cannot talk on their behalf, but that is supported by the evidence, yes.

Senator COLBECK: So the number was about—

Dr Rayns: Just a reminder, Senator, we had 54 concessions surrendered last year and in addition to that there was one batch of a hundred squid SFRs. Of those 54, 20 were scalefish hook boat SFRs—and there was a lot of discussion last year around that. It actually spanned a whole lot of different fisheries, but 20 of the 54 came from scalefish hook, which was the focus.

Senator COLBECK: But the structure is a whole lot different now than it was at this time last year.

Dr Rayns: I think that it has to be borne in mind—and you have made the point, I think, quite well yourself—that we have moved costs because they better reflect who should pay the costs in the fishery, from the boat SFRs to quota SFRs. In doing that, it means that if you own a boat SFR, yes, you may be paying less especially if you are in the scalefish hook sector, but if you then want to lease or buy quota, that could cost you more. What has happened of course is that those costs have shifted to the quota SFRs. The AFMA levy on those has increased and anybody who owns them will of course attempt to recover those costs if they lease them to another person. So while on the surface of it it may look like there is an extremely large change, if you are on boat SFRs and you look at the business of fishing, the change is probably a lot less.

Senator COLBECK: So there is still a relatively significant upfront cost transferring from the boat to the quota SRF.

Dr Rayns: I will give you an example, Senator. The scalefish hook boat SFR owners often fish blue-eye trevalla and ling, as you may know. The levy on blue-eye trevalla has risen from just over 13c a unit to 50c. That is a large increase. So again, it is about reflecting the costs where they lie, but as a business you need both a boat and you need quota to fish.

Dr Findlay: Senator, one of the concerns you raised previously was about those fishers who were not fishing very much, or those fishing small amounts of quota who were paying a large upfront fee. That was one of your key drivers at the last estimates and the estimates before. They are a lot better off under this new system.

Senator COLBECK: This moves it more to the people who are at the larger scale—

Dr Findlay: Those are the people who are incurring the costs. We think it is a fairer system that they are now paying a larger share of the actual cost that they have incurred on AFMA.

Senator COLBECK: I want to go to the process for transferring the eastern tuna and billfish quota from the previous management regime to the current management regime where it is now managed under the new management plan, and the process that occurred there around the 2002 snapshot. Can I get the rationale for the 2002 snapshot, please.

Dr Findlay: In introducing new management arrangements, at some point we need to announce that we are doing that and give people fair warning within the businesses that we have just been talking about, about what those likely changes are going to mean for them. It is part of the allocation of rights under a management plan. We need to take a certain census, if you like, of who now has rights in the fishery and who will have rights in the future underneath a new set of management arrangements under the statutory process. In 2002 AFMA took a snapshot of holders of permits in the Eastern Tuna and Billfish Fishery across a range of gears. For various reasons, including resistance from the industry and challenges to the actual allocation, it took AFMA until 2009 to actually bring the new management plan into place and undertake the final grant of rights. Inevitably, between 2002 and 2009, some people only took transfers of rights—either bought rights in or sold rights off. We were at pains to ensure that everyone who did that was very aware of the fact that future management arrangements would need to take account of those changes and that they would need to be aware of that snapshot date in—

Senator COLBECK: Can I stop you there, because that is going somewhere I am not looking to actually ask about at the moment. I am looking for the rationale for the snapshot. You told me that you took a snapshot of holders of permits on a range of gears?

Dr Findlay: We did.

Senator COLBECK: Right. That is a process. You acknowledge that there is a trading process there and that that occurs. You have also said that you were at pains to ensure that people who transferred during that period understood the process around that. I am fine with that.

The purpose of the snapshot, though—and I would have thought this goes back to allocation of quota and those sorts of things under the new regime—is to get a snapshot of the fishery, that is, (a) who is in it; and (b) what they are actually catching?

Dr Findlay: To put it in relativity terms, put a line in the sand.

Senator COLBECK: I understand that.

Dr Findlay: We had a rapid increase in effort from 1998 to 2002 in that fishery. Underneath the previous management plan, that would have continued to rise. We were not able to control that effort and so, rather than have people continue to invest heavily in the fishery, resulting in overcapitalisation risks, we put a line in the sand and said to people, 'When that new management plan comes into place your relative shares as they stand in 2002 will be your relative share. So invest in the fishery, in buying boats, infrastructure on land and other decisions, knowing that your right will have certain entitlements attached to it based on whatever it held in 2002.' That is essentially putting a line in the sand and saying, 'That's it.' Otherwise, people continue to compete with each other and overinvest. It is about developing and growing your percentage of catch as part of the overall fishery to improve your chances when the changeover has occurred—

Senator COLBECK: It is not an unusual concept.

Dr Findlay: No. It was about identification and also allocation of share of the new quota system when it came into place.

Senator COLBECK: That will do me. With respect to the application from Seafish in relation to the utilisation of its vessel as a freezer/storage trans-shipment vessel, can you tell me where that is at?

Dr Findlay: In early January AFMA received an application for trans-shipment or transfer of fish at sea—from a small pelagic fishery. I note that subsequently Seafish have confirmed that they have lodged that application with AFMA. Following receipt of the application, AFMA commenced a consultation process seeking advice from the relevant Management Advisory Committee and Resource Assessment Group. We also sought expert advice from key stakeholders who had previously raised issues—the previous activities of the large boat—and, as part of that, we have undertaken both a public consultation exercise and we have also written directly to key commercial and recreational fishing groups and conservation NGOs seeking their input. We are still in the process of considering those various submissions and the matter will be going to the AFMA commission at the end of this month.

Senator COLBECK: To the AFMA commission at the end of the month?

Dr Findlay: At the moment the request is for a permit under section 32 of the act. The decision on section 32 permits is currently held by me as the CEO or the AFMA commission as a delegation. There is safety in numbers.

Senator COLBECK: Is it usual to go out to that level of consultation for a management decision within fisheries?

Dr Findlay: It is very usual for us to go to management advisory committees and the resource assessment groups on a question like this. It is also not unusual or us to approach key stakeholder groups. The unusual step here is the public consultation phase. That is a new phase for AFMA, and really reflects the fact that we saw a large reaction around the activities of this boat previously and it would be silly for us not to seek those comments upfront.

Senator COLBECK: My understanding is that there were about 7,000 submissions made to the public consultation which closed late January.

Dr Findlay: I think it closed on 28 January. As to the number of 7,000-odd, I do not have the exact number, sorry.

Senator COLBECK: How many of those are form letters or electronically generated and how many of them are what you would call perhaps substantive? I am not trying denigrate anybody; I am just saying form letters versus a substantial submission.

Dr Findlay: I am not sure we have those figures available now. We are still going through that analysis. It is quite a large volume. I do not have that material available. I am happy to take it on notice, but I certainly do not have it available today.

Senator COLBECK: I would be interested to know how many of them might have been submissions that were generated as part of an electronic campaigning process. If you could provide a breakdown or some form of summary, that would be good. After it goes to the AFMA commissioner does it come back to minister?

Dr Findlay: No. The decision under the section 32 permit under the Fisheries Management Act is a decision of AFMA. At the moment the commissioner holds that power and the only delegation is to me.

Senator COLBECK: What role or interaction have you had with SEWPaC as part of the current process?

Dr Findlay: We brought the fact that we have received an application to their attention, and I do not think there has been too much else. We have written to them seeking their formal views. I do not know if we have had a reply yet.

Dr Rayns: We have had no formal reply to our request.

Senator COLBECK: So you have corresponded with them but have had no response back at this stage?

Dr Rayns: No.

Senator COLBECK: Obviously we are aware of public comments by Minister Burke that he is considering the matter and what powers and/or actions he might take—and I think in consultation with his department. Have you been asked by SEWPaC for any input into the consultations or the advice that he sought from them?

Dr Findlay: We have certainly been requested to provide factual information about fishing activities in the small pelagic fishery and elsewhere in the Australian fisheries. To date, I think the requests are probably limited to that.

Dr Rayns: That is right. We have not been asked specifically about anything to do with advising the environment minister on this matter.

Senator COLBECK: So it is more factual specific fishery based information?

Dr Rayns: Things about the fishery—the history of the fishery and catches and arrangements that AFMA has in place already for that fishery.

Senator COLBECK: So that information has not been sought from you before?

Dr Rayns: It has. From time to time SEWPaC ask for clarification. They might ask us about a particular vessel that has previously fished in the fishery and some more detail around that. So we do get those clarifying questions from time to time from the department.

Senator COLBECK: But that information was not sought from you during the previous process that surrounded the vessel?

Dr Rayns: Yes, there was information sought on the previous process about vessels that had fished in the fishery, catches, our arrangements in terms of sea bird mitigation, dolphin and seal mitigation and those sorts of things. But, as I have said, sometimes the department comes back and asks some more specific questions about specific issues. For example, they might ask us about what large vessels have fished in the fishery previously and they might then ask us for the exact sizes of some of those vessels and perhaps the gear they use. So we get into a lot more detail.

Senator COLBECK: Minister, have you had any communication from the Tasmanian Premier on this particular proposal?

Senator Ludwig: Not that I recall, not. I will check the record just to be on the safe side.

Senator COLBECK: Are you aware of the Tasmanian Premier's view on the current proposal?

Senator Ludwig: If you tell me what it is, I might know whether I am or not.

Senator COLBECK: That is a very dangerous request.

Senator Ludwig: Not that I may accept it, but—

Senator COLBECK: I am happy to table the document and I will preface it by saying that I am reading from a newspaper report where she is reported as having this particular view. I think that is a fair qualification.

Senator Ludwig: Yes, we won't criticise you for that.

Senator COLBECK: This is in the *Advocate* of 30 January 2012:

Ms Giddings supports new plans for the controversial super trawler to act as a floating freezer for other vessels.

That is her position, but you have not had any conversations with her around that?

Senator Ludwig: No. I can confirm that there have been none into our office. I cannot speak for the department independently as to whether or not any correspondence has been forwarded, but they can check their records accordingly.

Mr Tucker: We can check, but there has been nothing to the recollection of officers here. We do not know if they made a submission through the submission process, but we have not seen anything. We can check that.

Senator COLBECK: Minister, have you had any conversations with Minister Burke around this particular application?

Senator Ludwig: I think we have talked broadly about this issue quite a lot, but we have not come to any concluded view. At least, Minister Burke—

Senator COLBECK: You do not have a view at this point in time in relation to the current application?

Senator Ludwig: I think it is currently with AFMA, so my view is that it is currently with AFMA, they are the independent statutory authority that are charged with looking at it and I do not need to come to a separate view at this point in time until they determine their role. I could add—and I was really looking for more information from AFMA about this, so I was going to explore it a bit further—that I was a little concerned over the short period of consultation, given the nature of the issue, and at face value I would have thought that a longer consultation may have been more appropriate. But I still need to hear more from AFMA about the nature of the information, the types of submissions that were received and whether or not they also consider the consultation period was sufficient to ensure that all parties were heard. If that is a circuitous way of explaining it, I still have not come to a view. I can say though, in answer to the earlier question, that Minister Burke is aware of the application too.

Senator COLBECK: Okay. This is more to AFMA, I think, than to you, Minister: are you aware of SEWPaC's assessment of the likely negative environmental impacts of the vessel, signed on 3 September 2012, that it is unlikely that dolphins, seals or seabirds would be negatively affected and also that it is unlikely that the vessel would cause localised depletions or disrupt the feeding patterns of dependant predatory species? Have you sighted the advice to Minister Burke that that is the view of the department?

Dr Findlay: I would have to check.

Dr Rayns: I do recall something of that nature on the SEWPaC website but, as Dr Findlay says, we would need to check that.

Senator COLBECK: Can I take you to question on notice No. 211. Would I be correct in concluding from that response that neither the size of the vessel nor the ability to process and store catch on board affects the likelihood of a negative environmental impact? The two sections that I would look at there would be 1 and 3.

Dr Findlay: We provided this response on notice and there is nothing to add.

Senator COLBECK: If that is the case, what other issues will you be considering when you are evaluating the current application?

Dr Findlay: The current application raises two issues for us. All that has changed under the current application as it relates to the fishery is the fact that the transshipment, the transfer of fish, would occur at sea instead of in ports. There are two particular issues that raises for AFMA. One is that this is a quota-managed fishery and we need to ensure the integrity of the quota management arrangements, which means we have a robust way of measuring the amount of fish that have been caught and by which vessel. That is how we attribute its quota. This may make that process more difficult but we also have ways to get around that. The other question for us is whether the actual process of transferring fish involves greater risk or otherwise to non-target species.

Senator COLBECK: So that is how they make the transfer?

Dr Findlay: That is how the physical transfer occurs.

Senator COLBECK: Whether it is hold-to-hold or net-to-hold.

Dr Findlay: That is right.

Senator COLBECK: And also, within the vessel, whether there is capacity for separation of the particular catches against which particular—

Dr Findlay: Those or similar mechanisms by which AFMA can reassure itself that we can adequately account for the quota system against the catching vessel.

Senator COLBECK: Were you consulted in the appointment of the expert panel that was announced last week?

Dr Findlay: No.

Senator COLBECK: Do you know whether any of the panel has been involved in the debate so far, or expressed a view on the vessel?

Dr Findlay: My recollection is that none of those on the panel has expressed a view during the public debate.

Senator COLBECK: This might not be something that you can respond directly to but, Minister, you might have some information around it. Can the expert panel report sooner than the stated reporting date, which is 22 October?

Senator Ludwig: I think you would have to check with SEWPAC, to be honest.

Senator COLBECK: I was anticipating that you might say that but I wondered what your understanding of it might be. Did AFMA have any input at all into the terms of reference for the panel?

Dr Findlay: No.

Senator COLBECK: Were they consulted at all with respect to the terms of reference?

Dr Findlay: No.

Senator COLBECK: Will AFMA be providing any data or input directly to the expert panel as part of the process? Have you been advised of whether that might be the case?

Dr Findlay: My understanding of the terms of reference allows for that, but we have not had any contact with the panel to date so we will be awaiting the outcomes of their first meeting, and any subsequent decisions about what contact they would like with AFMA, before responding.

Senator COLBECK: Minister, have you had any further conversations with Minister Burke about the likelihood of him making a further order under the legislation that was passed late last year to deal with this matter?

Senator Ludwig: That is for Minister Burke to determine, not I. It is under his legislation.

Senator COLBECK: My recollection is that both of you have to sign the order, so surely there would be some consultation through that process.

Senator Ludwig: He will keep me up to date with the process, or inform me of his advice, and that is within his prerogative. The decision, ultimately, is his to make first. I assume that he is seeking to make that decision, and when he decides I have no doubt he will contact me accordingly.

Senator COLBECK: What process do you go through to satisfy yourself as fisheries minister as to whether or not to sign off on that? Or do you just sign off on it because he has?

Senator Ludwig: No. As happened the last time, I sought departmental advice to provide me with the department's view with respect to Minister Burke's decision. In that instance not only did I agree with Minister Burke but so did the department in their advice.

Senator COLBECK: Do you wait until he—

Senator Ludwig: I have to.

Senator COLBECK: acts before you can then seek advice from your department? Or are you seeking advice—

Senator Ludwig: I guess it is always a matter of chicken and egg.

Senator COLBECK: Yes, it is a bit.

Senator Ludwig: I would not want to put the department to running around looking for advice that may or may not be needed.

Senator COLBECK: That is why I was asking questions about the interaction between the two agencies as part of the current process.

Senator Ludwig: I am sure the departments talk but, ultimately, it is Minister Burke's decision. If he makes a decision then it would be a requirement for me, because I am a co-signature, to seek advice, and then I can act on that advice depending on what that advice is. It would seem unwise to seek advice before he has made a decision because then the department would be put to the task of trying to second-guess whether he was going to say yes or no, or providing two briefs.

Senator COLBECK: So what would be the trigger for him making an order—the AFMA board meeting at the end of the month? Or can he do something before that? I am just trying to get a sense of what we might expect.

Mr Tucker: I can perhaps add to that. The minister is correct. The power for Minister Burke to make the decision is under the Environment Protection and Biodiversity Conservation Act. That is his particular piece of legislation; he is the responsible minister for that legislation. I do not think there is any trigger in that legislation or in his decision-making process; it is up to the minister to make his decision at the appropriate time. As you correctly point out, it requires him to consult the fisheries minister and to seek the fisheries minister's agreement, which is what happened in the previous case. We obviously provide advice to the minister in those circumstances. In providing that advice we talk closely with AFMA in terms of understanding the situation and their perspective. We also work closely with our SOPAC colleagues so we make sure we give a full picture in our advice to the minister. Clearly in the lead-up to that time, when there are fisheries proposals around, as a policy advice department we provide general policy advice to the minister at the time. But certainly when a proposal comes through for Minister Burke we will provide detailed advice to the minister to assist him in responding to Minister Burke's request.

Senator COLBECK: Are you aware of any proposals to actually do additional research in the fishery? If what is there is the research and the information that is there now, one of the discussion points around the whole debate was the age of the research and what information might be available, particularly around the assessment of stocks. My understanding is that the proponents have said because they cannot go fishing they cannot afford to spend money on more research. Where is this research going to come from if there is going to be some further assessment? Or do we just have a process of continuous uncertainty and effectively close down the fishery?

Dr Findlay: I am not aware of any new primary on-water research that is going to be undertaken prior to the AFMA commission being asked to take decisions on total allowable catches for the coming season of 2013-14. AFMA has paid for a Dr Nancy Lowe to undertake a review of existing material that was fed into the assessment process last time. I think we have had a draft of that advice but it certainly has not been finalised yet. I also understand the CSIRO might be looking at a desktop review of the harbour strategy, the new biological information that was collected a number of years ago, and giving advice on whether changes are required. The resource assessment group will be collating all of the most recent catch and effort information from the fishery, of which there is not very much. All of that information will go into the resource assessment group when they provide their advice to the AFMA commission.

Senator COLBECK: So all of that is to be done prior to the end of this month, when the AFMA board meets?

Dr Findlay: No. There are two separate issues here. The transshipment issue is separate from the setting of the total allowable catch in the fishery. The total allowable catch needs to be set by 1 May.

Senator COLBECK: That is the annual cycle?

Dr Findlay: Yes.

Senator WHISH-WILSON: Dr Findlay, I was pleased to hear your quip there about the new face of AFMA and I obviously applaud you for your public consultation process this time round. I have a couple of questions. Was there any correspondence with Seafish prior to the second application being lodged in January?

Dr Findlay: In some part of December there was an indication from Seafish that they wanted to find out from us how they go about that, what the mechanics of that process are. That is a normal request from any company; we do that for hundreds of companies the year. So we gave that advice on. I think on Boxing Day we received a partial application.

Dr Rayns: We received a partially completed application on Boxing Day and a fully completed one in the new year—I think it was on 2 or 3 January.

Dr Findlay: On 2 January we pointed out that the application was not complete and I think on the same day they came back with the rest of the application. My recollection is that that is the only correspondence that has been entered into with on Boxing Day in that time.

Senator WHISH-WILSON: So it was just about the mechanics and the logistics of it—it was not advice about the new Fisheries Act or anything specific?

Dr Findlay: No, it was not.

Senator WHISH-WILSON: My apologies if you have already gone over this with Senator Colbeck, but do you have a rough timetable on when the commission will make a decision on this given the processes involved?

Dr Findlay: I cannot talk on behalf of the commission. I am just one of nine commissioners. As I said, the matter will go to the AFMA commission at that meeting in Canberra at the end of this month. At this stage I cannot prejudge whether they will say yes, no or further information required.

Senator WHISH-WILSON: The process you are going through is obviously going to be very similar to the first process with the first application with the resource assessment group et cetera. Are Seafish going to be part of that like they were in the first assessment process?

Dr Findlay: The resource assessment group met in January. I can assure you there was a very thorough process dealing with conflict of interest, and any management advisory committee meetings will follow that process as well.

Senator WHISH-WILSON: In terms of their application, was there any information provided by Seafish or any proposal to do research in the fishery should they be granted the ability to take a supertrawler out as a factory ship with transshipment? Is there any proposal in place for a funding model involving Seafish?

Dr Findlay: I am a little bit uncomfortable talking about the details of particular applications. AFMA does not normally make those available publicly unless their proponent is happy too. In this case the proponent has announced publicly that they have lodged that application. It is not normal for us to release the details. They are commercially valuable and we do not normally make those available. On this occasion, I am not planning on releasing them here.

Senator WHISH-WILSON: But there was public discussion about this in the first application that they made.

Dr Findlay: Seafish made it very clear as part of their process to operate the *Abel Tasman* in the small pelagic fishery that they saw it as an opportunity to both fund and otherwise participate in additional research to collect additional information about the process. Seafish made those statements, not us.

Senator WHISH-WILSON: I can see how that would be an attractive proposition given the lack of funding that we have in fisheries. But can you understand how outsiders who perhaps do not understand fisheries management would think that should be done prior to a boat operating in this fishery?

Dr Findlay: I am not sure about the intimation of your question. If it is that AFMA would look more favourably on a proposal where there is going to be additional data collected, that is possible but it is certainly not a fundamental consideration of AFMA. We look at the fundamentals, as I mentioned earlier, about whether we can ensure quota management and sustainability in the fishery and issues around research. Industry funded research is just one part, and actually quite a small part, of the total funding base. So no, I would not see it as a major consideration.

Senator WHISH-WILSON: In terms of the small pelagic fishery declaration 2012, has AFMA or the minister sought legal advice on whether there is legal scope or validity for the boat to operate under this current application? For example, the Greens have sought our own legal advice on what is declared as 'fishing' under the recent legislation. Is it defined as a commercial fishing activity? Is it in the small pelagic fishery? Is it using a specified vessel? Does it use a mid-water trawl method. Our advice is that it does not use a mid-water trawl method and therefore it can go ahead and fish. Have you received any legal advice on this yourself?

Dr Findlay: I think the first point is that the declaration under 390 of the EPBC Act is Minister Burke's declaration. So questions around the mechanics of that declaration and what it means are more properly directed to the minister or his department.

Senator WHISH-WILSON: It was worth a try. We will be asking him this evening.

Mr Tucker: The appropriate process right throughout government in this is that it is the department of the minister who is responsible for the legislation that has the right to ask for legal advice on the law. It is not usual practice for another department to ask it.

Senator WHISH-WILSON: Let me reframe the question. Have you had any correspondence with their department about these figures? I am looking at whether it was in the spirit of what was put in place in terms of having the Borthwick review. Have you had any correspondence with them about legal issues?

Mr Thompson: I am not aware of any correspondence between the two departments on that issue. All I can go to is public statements made by Minister Burke that he wants to look at the issue. That is why I think it would be best to pursue those questions with our colleagues.

Senator WHISH-WILSON: We will. The issue is obviously that you are going through this process that you do for an application and you are tying up resources and your time. If it was deemed illegal in the first place, you would not need to do that. So surely there must have been some correspondence between the departments as to whether it was even worth accepting the application.

Dr Findlay: DAFF was charged with undertaking activities under the Fisheries Management Act and the Fisheries Administration Act. That is what we are doing and what we will continue to do. Minister Burke or other procedures are quite separate to that. As I said, those questions would be better directed to his department.

Senator WHISH-WILSON: Minister, did you seek legal advice on this separately?

Senator Ludwig: I would not do it separately from the department. So the department answer is the correct answer in that it would be unusual—in fact I have seen it before—where another department would seek legal advice on someone else's legislation. In this instance it would be Minister Burke. You should direct those questions to SEWPaC.

Senator SIEWERT: Where is the Borthwick review up to—on behalf of the whole committee?

Senator Ludwig: It is under active consideration.

Senator SIEWERT: Does that mean that Mr Borthwick has reported to you and you are now considering that report?

Senator Ludwig: Yes, I am.

Senator SIEWERT: What is your time line?

Senator Ludwig: You always ask me this one.

Senator SIEWERT: I know I do. You would be disappointed if I did not.

CHAIR: As long as the answer is still the same.

Senator Ludwig: It is a matter for the government to decide. It will be released in due course. It will be public.

Senator SIEWERT: Are we talking one, two, June?

Senator Ludwig: It will be soon. I did not expect it to extend out to that time frame but I do need to consider it in detail. I do need to have a view and we do need to make that public. I do take all of that very seriously. It does need to be dealt with expeditiously, and I accept that. It certainly will not be a long time frame.

Senator SIEWERT: Do I take from your comment just then that when you release it you will be releasing your response at the same time?

Senator Ludwig: I have not considered all of that yet. It is still under active consideration. There would be an expectation that I would.

Senator SIEWERT: When you said you had to consider it carefully, I presumed that would be the case.

Senator Ludwig: I have not made a final decision on that but it is something I would want to do.

Senator SIEWERT: If you release your response, would you see it as your final response or would you be seeking further input from the community?

Senator Ludwig: It would depend on what the response says.

Senator WHISH-WILSON: I have a question on the Borthwick review. On the DAFF website it says that once the advice comes in after three months, the passage of the Fisheries Management Amendment Act 2012 occurs. Is there any dissenting comment on how long that might take? It is probably a how long is a piece of string argument. I have a copy here if you want to have a look at it. It says:

This review starts immediately and will be completed within the next three months. Once completed, and once passage of the Fisheries Management (Amendment) Act 2012 occurs, changes to the Environment Protection and Biodiversity Conservation Amendment that provide environmental discretionary powers to the Minister will be revoked ...

It then it goes on to talk about the new set of legislation. I want to query that.

Mr Thompson: The language is there but the first bit of that says the Borthwick review will report within three months. As the minister said, it has reported and is now under active consideration. The second bit goes to some processes, by the sound of it, that relate to the lifetime of the amendments to the EPBC Act made by Minister Burke and that process.

Senator WHISH-WILSON: I will table it.

Senator COLBECK: I read that and thought it was going to be brought in post Borthwick and I thought perhaps the date of 2013 might be more pertinent than 2012. That was all.

Mr Thompson: If it says 2012 and it mentions legislation, I think there must be a typo because nothing was going to happen in 2012.

Senator WHISH-WILSON: That is what I thought. I thought maybe I was missing something. That is all I wanted to check.

Senator SIEWERT: The second review was the internal review you undertook. I think the timeline for that was you would get that done as soon as possible. Has that review been completed.

Senator Ludwig: It has. That was the secretary's investigation. If you recall, I asked the secretary to investigate the conduct of those matters, the implementation of AFMA's statutory responsibilities. The secretary has reported that investigation. I was not going to make that public as it is an internal matter. I think it is fair to add that the investigation found no evidence to indicate that there are any systemic issues or weaknesses in relation to the performance of the statutory obligations by AFMA or the commission. That is the conclusion of the matter.

Senator SIEWERT: Do I take it that no further action has been taken?

Senator Ludwig: A range of small matters came to light that we will be able to manage, but no systemic issues were identified and nothing urgent needs to be done.

Senator SIEWERT: The internal investigation found small matters in the implementation of the act were not followed, is that correct?

Senator Ludwig: They were not material. You will always find small things, but there was no substantial or systemic issue that would require attention.

Senator SIEWERT: Why did you decide not to release that report?

Senator Ludwig: These are internal matters and I asked the secretary to undertake that work. They are generally not of a nature to be released publicly. I am happy to share the finding which are that there was no evidence of systemic issues. That puts the matter to bed.

Senator SIEWERT: When you say you are happy to share them, can you table the findings?

Senator Ludwig: No, I have just advised you of them.

Senator SIEWERT: That is the degree of sharing we will get?

Senator Ludwig: For internal departmental matters, I think that is appropriate.

Senator IAN MACDONALD: Join with us in the Senate and you will get some answers.

Senator SIEWERT: I do not think I will get any further with that and there are other ways to pursue it if we need to. I turn to gillnetting. I am following up issues in South Australia. Have there been any more sea lion or dolphin deaths following the restrictions that have been put in place?

Dr Rayns: I can give you an update on dolphin interactions and mortalities for the past three years, from 2010 to 2012. In 2010, we had seven interactions and seven mortalities in the gillnet hook and trap fishery. In 2011, we had 58 interactions and 52 mortalities which triggered the large closure we put in place at that point. In 2012, we had 20 interactions and 17 mortalities throughout the fishery. For Australian sea lions I have the same information. In 2010, we had no interactions and no mortalities. In 2011, we had two interactions and two mortalities. In 2012, we had eight interactions and six mortalities.

Senator SIEWERT: In response to the mortalities, has any further action been taken since then?

Dr Rayns: The mortalities in 2012 all occurred early in the year.

Senator SIEWERT: Was that prior to the new arrangement?

Dr Rayns: It was during changing the arrangements, so we brought in the tidal arrangements which took effect from January 2012. There were several mortalities and those six that occurred after that—I would have to check if they triggered the closures of the areas. We have three areas now closed to gillnet fishing for ASL protection.

Senator SIEWERT: Okay, so those mortalities were prior to the closures being put in place?

Dr Rayns: I would have to check. I think they occurred mainly during the first quarter of 2012, and the new arrangements came in in January. Some of them would have occurred post that, but all before May, from my recollection.

Senator SIEWERT: Where did they occur?

Dr Rayns: We have got three areas currently closed. We have got zone A closed; it had a trigger of one. It is closed until May this year. We had zone B closed; it had a trigger of two and it is closed until August this year. Also we had zone D closed with a trigger of one until August this year.

Dr Findlay: Since those closures have been introduced there have been no further mortalities observed or reported in the fishery.

Senator SIEWERT: That is where I was trying to get to, which is—

Dr Findlay: AFMA issued a press release on Friday. Dr Rayns may not have quite caught up with that. Since those closures were introduced as a result of those deaths, as Dr Rayns has reported, there have been no further mortalities of sea lions observed or reported.

Senator SIEWERT: That is what I was trying to get to.

Dr Rayns: My apologies, Senator.

Senator SIEWERT: That is all right. So you have just given us those dates when they are closed to. What is the process from then?

Dr Rayns: The trigger returns, if you like; so those one or two numbers return. Of course, in the meantime we have been working with the industry on looking at a number of alternative fishing methods, which we are still working with them on at the moment, including hook fishing. Also we are in the process of proposing some ways of enabling them to use hooks, but of course there are issues around that too, so we have a number of permits currently able to be used in the fishery for hook fishing—testing those methods both on a commercial scale and also as a scientific trial.

Senator SIEWERT: Those trials are currently being undertaken?

Dr Rayns: They are still in progress. We do not expect those to be finished until probably the middle of the year. For the commercial trial we have given it quite a long extension, because there are a number of issues around fishes adapting to that method from gill netting.

Senator SIEWERT: So zone A opens before those trials are completed?

Dr Rayns: Potentially yes. But of course, I think it has to be remembered that that zone has a trigger of one. The industry is much more careful about how it is fishing now. As James has said, we have had no mortalities for quite a long period of time—at least eight or nine months now—so that is a good sign that the industry is learning, if you like, how to avoid sea lions in general as well.

Senator SIEWERT: I take the point you are trying to get at, and I will follow it up in May. We may not be down the track very far by May estimates, mind you.

Dr Rayns: Certainly.

Senator SIEWERT: If I recall rightly, we had a discussion last time about displaced effort from the South Australian fishery to the West Australian fishery. Have you any further information on that—whether you are aware that there has been any displacement?

Dr Rayns: I am not aware of any, no. I do know that several vessels have moved from the South Australian fishery across to the Victorian and Tasmanian area of the Commonwealth fishery, but not to Western Australia.

Senator SIEWERT: In theory, do you have any way of finding that out, given that that fishery is managed by Western Australia?

Dr Rayns: We can always ask WA the question, yes, as to whether they have got any additional active vessels.

Senator SIEWERT: I have heard anecdotal evidence that there has been some shift. That is why I am seeing if it is correct. I understand you have no further involvement now with the conditions that were put on the Western Australia fishery?

Dr Rayns: That is correct. They were negotiated between SEWPaC and WA directly.

Senator SIEWERT: Thank you.

Senator WHISH-WILSON: I have a question that is very similar to one of Senator Colbeck's questions. With the public submissions you have received, was there any process for ranking them at all, or sorting them?

Dr Findlay: Yes, there is. We are still going through that.

Senator WHISH-WILSON: That was the only question I had.

Senator Ludwig: Chair, just on this question by Senator Whish-Wilson: it looks like it got overtaken by events, but we will take it on notice just to make sure that we give you an answer. The last paragraph of the review starts by saying that it will be completed, so that was done. It looks like events overtook that. That would be from recollection. But to make sure, we will take it on notice and provide you with the answer I have just given or a correction of that answer.

Senator COLBECK: Going back to some comments that were made by Mr Jon Bryan, from the Tasmanian Conservation Trust, I think, that AFMA had developed the proposal for transshipping—and you put out quite a

strong statement, Dr Findlay, in relation to that—have you received a retraction of the assertion made by Mr Bryan in relation to the transshipment proposal?

Dr Findlay: No.

Senator COLBECK: Have you sought one? The purpose of your statement was basically to correct the record?

Dr Findlay: What we did was write to the Tasmanian Conservation Trust after they were part of a press release, amongst other groups. We believe that the activity that AFMA have taken has been misrepresented. Following a phone call with Mr Jon Bryan it was pointed out that I thought there might have been some mistake in terms of the interpretation of what AFMA are doing. I felt it was necessary to go on the record and approach the head of the Tasmanian Conservation Trust to seek a retraction of that statement.

Senator COLBECK: So you have sought a retraction from the head of the Tasmanian Conservation Trust but at this stage you have not received anything?

Dr Findlay: That is right. I wrote to Mr Peter McGlone on the day the press release came out.

Senator COLBECK: That was on 23 January?

Dr Findlay: I think that is right.

Senator COLBECK: That letter is on your website.

Dr Findlay: It is. I am just looking at the date. I cannot find the date; I think that is right, though.

Senator COLBECK: The Conservation Trust is one of the players that hold a position on the MAC and the RAGs—is that correct?

Dr Findlay: They do not have a role on the MAC. They used to have a role on the MAC when the small fishery had a MAC of its own, but, now, on the South-East Management Advisory Committee, they do not currently have a position. They have had a long involvement through Mr Jon Bryan on the Resource Assessment Group. He is there appointed as an expert, not on behalf of the Tasmanian Conservation Trust per se. Membership there is based on expertise, not on affiliation.

Senator COLBECK: Would he have access to any information that might lead into that view, that as part of his membership of the RAG AFMA had developed something?

Dr Findlay: I understand that the Resource Assessment Group met on the same day. I have checked with the AFMA member who was part of that group and he assures me that there were no conversations that would have led him to that conclusion.

Senator COLBECK: So you have no understanding of the rationale or where the concept might have come from that you might have—

Dr Findlay: No, we do not. It is just not true. As I said, Mr Bryan has been involved with AFMA and AFMA fisheries for a very long time and understands quite well how these processes occur.

CHAIR: I thank the officers from AFMA.

Proceedings suspended from 18:43 to 19:46

CHAIR: I welcome officers from Sustainable Resource Management.

Senator HEFFERNAN: Just to clarify, Minister, Environmental Stewardship Program funding has nothing to do with you people, but you have an advisory capacity in which you give advice to the department that does?

Senator Ludwig: No, I didn't think I even did that.

CHAIR: I am sorry, Senator Heffernan, but Senator Siewert has got to be out of the room and go to another meeting. Can she be kicked off and then we will come back to you?

Senator HEFFERNAN: Yes.

Senator SIEWERT: I want an update on where we are up to with Caring for our Country. I am aware of the prospectus going out. A reading of that is that your new side of Caring for our Country is not included in that prospectus.

Mr Thompson: That is correct. The prospectus that has been released is for the Sustainable Environment stream of Caring for our Country.

Senator SIEWERT: Are you putting out something similar? If not, what is your alternative approach?

Mr Thompson: We have announced the Landcare action grants. People are doing applications for those now.

Senator SIEWERT: Yes, I understand that.

Mr Thompson: We are still finalising the arrangements for the other parts of Caring for our Country and we expect to be making announcements soon.

Senator SIEWERT: Thank you. So that is a similar sort of approach. Will you be putting out a prospectus?

Mr Thompson: That has not been finalised. We may not put out a prospectus. We will put out information for people sufficient so they can make applications and understand what the program is about where the priorities are—the normal sort of guidelines.

Senator SIEWERT: Okay. So there are two things. There are the sorts of programs you are going to be funding and then the guidelines. I am going to do a round robin of committees tonight and go next door and ask them where they are up to with their guidelines, because the prospectus is not the guidelines, is it?

Mr Thompson: No.

Senator SIEWERT: What is next?

Mr Thompson: As I said, it has not been settled as yet.

Senator SIEWERT: I am not going to waste time trying to go to and fro, trying to pump information out of you, because you are not going to tell me. I understand that there is something coming—

Mr Thompson: Yes.

Senator SIEWERT: Is it going to be both: what you are funding plus opening up for grant applications—the guidelines for grant applications—or is it going to be a two-step process?

Mr Thompson: I do not have an answer to whether it is one-step or two-step process. Certainly would like to be able to tell people a bit more information about the broad architecture of the program, but then, given the timing, as soon as we have settled things we would move to detailed guidelines.

Mr Tucker: The steps are a matter for the minister, but there will definitely be guidelines around grant components. There must be guidelines.

Senator SIEWERT: I was not doing you the disservice of assuming that there would not be; I was assuming that there would be. What I am trying to ascertain is whether there is going to be a broader paper similar to the environment one first?

Mr Tucker: That will be up to the minister.

Senator Ludwig: Do you have a view?

Senator SIEWERT: I think some people out there would like to know what you are funding and—

Senator Ludwig: No. Do you have a view about whether you like the way they have done their prospectus?

Senator SIEWERT: The environment one?

Senator Ludwig: Yes.

Senator SIEWERT: Yes, it is useful in giving people an idea of what the priority areas are so they can start thinking about what they want to fund now. The problem is they have that side of things; they do not have your side of things.

Senator Ludwig: Yes. I understand the question.

Senator SIEWERT: Maybe I should ask you, Minister. What is your view?

Senator Ludwig: I have not made up my mind. I was just wondering whether it actually adds anything. Is it an extra wheel? Does it add value to the consultative process? There have to be guidelines. My broad view is wouldn't you consult on the guidelines? If the industry prefers the idea of a prospectus, I will give that serious consideration.

Senator SIEWERT: Do I take it from your comment then when you spoke about consultation that you are suggesting that you could produce some guidelines that would go out for consultation rather than being a fait accompli?

Senator Ludwig: I have not made up my mind. That is another course you could take, you see. It is.

Senator SIEWERT: I feel like I have fallen down the rabbit hole! I am presuming applications will not go out until after the budget. We had this conversation last time about when you would be making announcements on funding levels.

Senator Ludwig: I think that would be difficult.

Senator SIEWERT: In regard to support for regional groups, I notice that in the environment one it says that there will be support for regional based organisations. Is the intent that all of their funding will come out of the environment one—and I will call them the environment bucket and your bucket?

Mr Thompson: No. The contribution to what we call the regional based funding—that is their more certain funding, non-competitive funding—are contributions by the environment stream and the agriculture stream.

Senator SIEWERT: Will they be matched? Say, I am South Coast NRM. Do I make two applications or one application and you will split it 50-50, and there will be joint assessment?

Mr Thompson: To make life easy for regional bodies, we envisage that they would make one application, but the funding is not split exactly 50-50. I think in that material we released, the money is in proportion to the amount of money that is in each stream. The environment money is somewhat larger than the agriculture money.

Senator SIEWERT: It will be proportional?

Mr Thompson: It could be proportional, yes. But we envisage only one application at this stage.

Senator SIEWERT: Do you mean the overall proportion of the funding that goes to the environment side and the funding that goes to the sustainable agriculture?

Mr Thompson: The overall funding for the total Caring for our Country has a proportion for agriculture and a proportion for the environment. It is likely that the funding that would go to regions, given that it is regional money as such, would reflect that to some extent. We are trying to make life easy for regional bodies and we would not expect them to make two applications or have to put in two monitoring reports. We would try to do all that through one stream of application, reporting and then between ourselves and SEWPaC we would handle the administrative side of it.

Senator SIEWERT: If I am a regional group and I have my base level of funding but now I am applying for program funds, if I have funding under environment and funding under agriculture, will I be reporting separately?

Mr Thompson: We envisage the outcomes of the project that might relate to a sustainable agriculture activity or an environment activity that they would be talking to people from either department. Insofar as a regional body is meeting acquittals and the like, we would try to make that administration as simple as possible for the regions.

Senator SIEWERT: That is for my base funding?

Mr Thompson: For your base funding it would be one process. For the competitive funding we would also try to make that as simple as possible as well.

Senator SIEWERT: There is no possibility that I will be filling in two reports, one to you and one to them?

Mr Thompson: There would be separate reporting because the contracts would be done separately, but we would be trying to align the reporting time lines and the reporting arrangements, all that sort of thing, to make it as simple as possible because we are operating under the one overall monitoring and evaluation strategy.

Mr Tucker: Senator, I think you are asking whether if they were successful in getting money for an environment project—

Senator SIEWERT: Because I understand you can do that for one project.

Mr Tucker: then they would have to report to SEWPaC on that project. If they were successful in getting money for an agriculture project then they would need to report to DAFF on that project.

Mr Tucker: I think you are asking whether, if they were successful in getting money for an environment project—

Senator SIEWERT: Because I understand you can do that for one project.

Mr Tucker: then they would have to report to SEWPaC on that project. If they were successful in getting money for an agriculture project then they would need to report to DAFF on that project.

Senator SIEWERT: What happens if I have an integrated program—because I am still back in the bad old days when that was a good idea? As I understood the prospectus you can get funding from both departments for one project depending on the elements of the program.

Mr Tucker: Yes.

Senator SIEWERT: So do I put in one application or do I still have to put in two, even though it is an integrated project?

Mr Thompson: For an integrated project they would have to either make their mind up to put it all into one department or all into the other or put in two project applications that would reflect the two parts of the project, so to speak, but perhaps they might like to identify that it is integrated and achieving a broad range of outcomes.

They would submit an environment project to environment, an agriculture project to agriculture and, as part of selling the project, they would say, 'This is achieving broad outcomes and therefore it is important that it be funded,' or something of that ilk. So it would be converted into two projects for administrative purposes.

Senator SIEWERT: I am going back a step to when you are developing your program. Are you just talking about one program now or are you going to have small grants and big grants? The Caring for Our Country environment funding has smaller programs with smaller grants than the bigger programs. Are you going to be doing that as well, or does the Landcare component deal with that?

Mr Thompson: The details of how that will be done are still being sorted out. In the material that we canvassed with the community last year we said there would be small grants, and they have been announced as the action grants. We canvassed the idea that for other activities we have larger grants, and they might be done through select tenders, expressions of interest or partnership types of projects developed following an expression of interest. The ideas being canvassed there were for both small and large projects but perhaps done through different processes. They have not been finalised.

Senator SIEWERT: You said 'select tender—I presume that is competitive tender?

Mr Thompson: Yes, competitive tender, but in some cases there might be only six people or six organisations that do this sort of thing: we would go to those six. Otherwise, in a two-tender process, where they had put in expressions of interest, a shortlist would be made for the more detailed application. Something of that order.

Senator SIEWERT: Are you going to have priority areas in the same way as environment has priority areas?

Mr Thompson: Some of that detail is still being worked through. One of the differences between agriculture and the environment is that for agriculture, in our work to date, we have been talking about changing farming systems in a broad number of areas, whereas in environment we try to protect identified priority assets. There are differences between the two streams that we will have to take into account.

Senator SIEWERT: I understand that, but to wear my parochial hat for a minute, south-west WA is an identified area in environment. Would it be an identified area for agriculture seeing as it is our primary farming area?

Mr Thompson: Again, that detail is being sorted through but, for example, south-west Western Australia would not be identified by DAFF because it is an important area of biodiversity but we might look at things like the value of agricultural production or the potential for improving production. Half the wheat crop coming from Western Australia might mean, if we are doing something with the grains industry, there could be a focus on Western Australia, for example.

Senator SIEWERT: The area that is going to have one of the most rapid impacts of climate change and agriculture is south-west WA, for example.

Mr Thompson: For example, yes. We have not finalised that material yet.

Senator SIEWERT: Are you also going to be reflecting the landscape-scale approach that environment is reflecting?

Mr Thompson: In the material we have always talked about a landscape-scale approach, about farming systems and about changing management arrangements. So while community groups operate at a local level they are often changing farming systems as well. There is an analogous type of thing when we talk about farming systems or whole agricultural systems across particular geographic landscapes. So there are analogous types of ideas, yes.

Senator HEFFERNAN: This won't take long. In answer to a question that I asked in estimates about this environmental stewardship funding of \$893,000, which the department had a part to play in, the answer I got back from you was:

This project is funded under the Environmental Stewardship Program. The program is administered by the Department of Sustainability, Environment, Water, Population and Communities.

This project was assessed by an evaluation panel on 12 March 2010. The General Manager of the Business Systems and Grants Branch within the Department of Agriculture, Fisheries and Forestry was a member of the evaluation panel.

To get this into context—there is a property between Bathurst and Mudgee—a person who works for Government Property New South Wales, which is a New South Wales government agency that looks at buying, selling and acquiring et cetera property for the government from all sorts of sources, also had a business called the Empire Property and Investment Group Pty Ltd, which says it is a 'company for investment and property acquisition'. So there is what I would have thought was a conflict. The person who owns that company, a woman called Kylie Ridge, who works for the department, got permission from the owner in the spring of 2009 to have the property

assessed by a Mr Clayton, who is the on-ground assessor for the Catchment Management Authority of Bathurst, a New South Wales agency. That assessment occurred on 2 December and, subsequent to that, the property was purchased by said woman. Having had the property assessed for this application for a grant, she signed the contract on 23 February, and then she got a letter on 13 May from the department of the environment advising she had been a successful tenderer—

CHAIR: This is 2010?

Senator HEFFERNAN: In 2010. She got a grant for \$893,000. Given that you had a person who was on the advisory panel and given that there was an assessment made on 2 December, could we see the assessment?

Mr Thompson: It is correct that a representative of DAFF was on the assessment panel for that process, and they look at the quality of the vegetation versus the amount of money available and then rank the project. Because it is a program run by the Department of Sustainability, Environment, Water, Population and Communities, all the assessment documentation material would be held by them. Our person on the panel would not hold material.

Senator HEFFERNAN: Could you name the person on the panel? I have asked you to and you have not.

Mr Thompson: Yes. It was Paul McNamara.

Mr Tucker: We know from our SEWPaC colleagues that they are investigating this matter. Part of the investigation is, obviously: what was the material before the panel when they made their decision? So it is quite a complex issue.

Senator HEFFERNAN: I have spoken to the Catchment Management Authority person who actually assessed the property. The property is about 2,800 acres and, according to the valuation that was done on it, it was valued at probably zero, because remediating the blackberries on it was going to cost between \$400,000 and \$600,000. The woman concerned paid \$230,000 for the property and within weeks of acquiring the property was approved a grant of \$893,000 to look after 300 hectares perhaps of woody-gum grassy country. He tells me it was completely surrounded by blackberries and all the weeds you could think of. I am just dying to know how a set-up like that could get a grant for this sort of thing without some sort of insider trading knowledge. I am also curious to know, if she can get away with this, what else are people getting away with when honest hardworking farmers cannot get this money? You say, even though you have a part to play in it, you have no responsibility?

Mr Tucker: No. What I am saying is we do not know because we do not have before us the records. As Mr Thompson has pointed out, those records are held by another department. I am not challenging or doubting what you have been told but we do not have before us what was actually in the application from this individual, so there may be—

Senator HEFFERNAN: But, if you have a person on the—with my apologies—if you have a responsibility by having a person on the advisory panel, don't you have a responsibility to make sure the person who is on the panel makes responsible decisions? And doesn't the buck come back to the boss?

Mr Tucker: Certainly, but they can only make decisions on the material before them. We do not know what that material is. There is certainly information that you have, but we do not have the records to know what was in that material—

Senator HEFFERNAN: The information I have here says this is shonky.

Mr Tucker: There is an investigation, as we understand it, underway by the relevant department.

Senator HEFFERNAN: So, if there is an investigation of this matter, would it be possible for you to audit—or would it be SEWPaC that would audit—like applications? This particular money is similar to the money the \$9 million that RM Williams got out in the centre. I think it is very dubious money. In that case out there, sustainability—if you have a million acres of a 2½ million acre property burnt with a spot-fire, which often happens, and you get a thunderstorm down the other end of the property—just for the bureaucratic thinking of these sorts of grants, which in the case of RM Williams was \$9 million—and they are eligible for some several millions of dollars more, which is more than the value of the property, if they can establish carbon credit workings on the property as well as the environmental sustainability—

Mr Tucker: The point about programs—

Senator HEFFERNAN: I rest my case.

Mr Tucker: This particular program is obviously a matter for the department concerned, but a general comment I can make is that it is quite common and proper that departments will have through their own audit committees audits of their programs and obviously it is also something that—

Senator HEFFERNAN: But it should not take someone like me to highlight this. The catchment management bloke went out there—and, sure, he is nothing to do with us; it is a state body—and he gives advice to a panel at SEWPaC on which you have an adviser. And \$893,000 is granted to a property worth \$230,000, purchase price, with an obligation under the weeds control provisions to spend between \$400,000 and \$600,000 in the first five years to try and do something with the weeds. It is bizarre. Thank you very much, Mr Chairman.

CHAIR: Thank you. Senator Edwards.

Senator EDWARDS: I would like to talk about the camel cull. Excuse me, Mr Metcalfe, we are revisiting this; it is a thing we do here. I spoke to you about a plan to—

Mr Metcalfe: I am learning a lot today.

Senator EDWARDS: I spoke about the plans to build an abattoir near Port Pirie in South Australia back in February 2012. I do not know, but that project is reported to be faltering. I am not sure if you are relying on sending too many camels south to the project at Port Pirie anyway. Were you involved in assisting that abattoir in any way, or was the department involved in assisting that person, to try and promote an economically sustainable industry, which also would help your problem with the feral camel population?

Mr Thompson: We have had no direct involvement with funding or support or planning or design of that abattoir. As we have said before, the proponents of this project do encourage a commercial operation where it is possible by providing opportunities to access camels, but we have not provided any financial assistance to that abattoir.

Senator EDWARDS: No, that is right, but any help in kind? I just wonder what is going wrong with this. He obviously just can't make it work. The other two—Peterborough and Caboolture—are the only other two that have commercial camels. Are you involved with them about trying to expand their operations?

Mr Thompson: Again, we are not directly involved with either of those—the commercial side of camel marketing is left to commercial interests.

Senator EDWARDS: How many have we got now? You had a big crack at it just recently and plundered the middle of Australia and got rid of a stack of them, didn't you?

Ms Lauder: That is true. We have removed 116,000 to date.

Senator EDWARDS: Which is up from 110,000. That is 6,000 in four months.

Ms Lauder: There are periods of the year—

Senator EDWARDS: when it rains—

Ms Lauder: They are unable to get in, that is true.

Senator EDWARDS: Is the department aware of comments made by Mike Eathorne—who runs the Caboolture abattoir and has been exporting camel meat for 12 years—saying there is a huge unmet export demand for camel meat? He states that Australia could be exporting 50,000 camels a year—in boxed form, I assume—and that there is an unmet export demand for camel meat. He says that there is a shortfall of around 23,000 to 29,000 camels per year. We have been running this program through Ninti One for how many years? Four years?

Ms Lauder: That is correct.

Senator EDWARDS: And we have killed 116. We can probably export 100,000 on our ear. Is the issue just that you cannot get to them and cannot run them up in commercial manner?

Mr Thompson: There are two issues there, and one of them you may need to explore with our trade people. We are aware of those statements by various people in the industry about a large export demand. My understanding is that there are some issues associated with access to some markets as well that would need to be sorted through, but that is not to say it is not possible; it is just that we do not have arrangements for exporting camel meat to every country in the world—including to some of those that might like it. The camels are widely dispersed and a long way from abattoirs and it is a very expensive business to bring them in to commercially, cost-effectively slaughter them and box them for export.

Senator EDWARDS: On the cost of culling: has that dropped dramatically since you have been able to revisit it—since it has stopped raining and they are now coming onto these conservation sites that we are looking to protect? It was, per head, a lot of dollars. I think it was in excess of \$220—I think you reported back some time ago. It is somewhere around there, anyway. It looked more like in excess of \$400, from where I looked, but I will work on your figures. In any event, when you have got 1.2 million of them, which should not be there, if you multiply that by \$200, it is still going to take a long time. Given the recruitment rate, are we fighting a losing

battle, and the funding for this runs out in 12 months? There are a lot of questions in there. We are like a little boy with his finger in the dyke, aren't we?

Mr Thompson: One of the issues was the cost-effectiveness of keeping in front of the camel populations. Even estimating the number of camels in Australia can be quite difficult, and there have been some revised estimates of that and the numbers are a little lower than they were at the drought, over 10 years—

Senator EDWARDS: But Mr Thompson it is in excess of a million though, isn't it?

Mr Thompson: The other factor is: the program was not just designed to cull camels. It was to cull camels in those particular areas where they were causing the most damage, around water holes and human habitation. The monitoring reports—

Senator EDWARDS: But the damage is still occurring though, isn't it? It is the same as what it was at the start of the program.

Mr Thompson: My understanding is there is reduced damage to some of the water holes and the biodiversity around those water holes, and to the ones that cattle depend on.

Senator EDWARDS: I just want to fix the problem. The minister is not concerned. The government is not coming down on this one; we have just got a problem with feral camels. With \$19 million, I am still hearing radio reports about feral camels being feral all over the top end of South Australia and running rampant as recently as Saturday morning. That is on radio reports. You can pick up the transcript.

Mr Thompson: There are still problems with feral camels, yes, Senator.

Senator EDWARDS: Yes, but given the recruitment we have not even—

Mr Tucker: I think we are all in furious agreement here. The investment required—

Senator EDWARDS: Have we blown out to \$19 million, though?

Mr Tucker: No, the \$19 million, as Mr Thompson said, has been targeted at special areas—special areas in terms of water supply and special areas in terms of their conservation values. The camels are spread right across Australia and it would take an extremely large investment if it was ever possible to essentially control those down to very small numbers or to eliminate them. The investment has been quite targeted. Part of the investment—and I think what you are saying is that some of the successes have been mixed; it is true. We are also getting reports that in some areas it has been very successful in removing the camel populations from those particular areas.

I think the next challenge then for the program and for us in providing advice to the government is: what might be a future investment or a future program now that we have got to this point? We have had a cash investment to this point. We are giving you evaluation reports, and we will be going back to advice and giving advice to the government. Then we will consider the future action they wish to take.

Senator EDWARDS: But Mr Thompson, we have got more camels out there than we started with four years ago.

Mr Tucker: We have an estimate of camels. Some people say that, but I think that the real issue is—

Senator EDWARDS: We have spent \$19 million and we have still got more camels out there than we know what to do with.

Mr Tucker: Part of the reason is that the weather conditions improved substantially and they were able to spread right across the landscape, as we have said before. Now that it is warming and drying again, they will come back into those locations and they will be easier to manage.

Ms Lauder: One of the other things we have done with this project is build the capacity and skills of other land managers in the areas where there are camels. We never expected with \$19 million that we would eradicate camels from Australia. As you say, the problem is too large. So we were targeting specific biological communities that we were trying to protect and, as Mr Tucker said, we have got reports that the vegetation is recovering extremely well. But what we have done is build the skills in the Indigenous communities and in some of the government agencies to continue culling operations into the future beyond the life of this—

Senator EDWARDS: What is the recruitment rate of camels?

Mr Thompson: We would have to take that on notice.

Ms Lauder: I know that there are 750,000 at the moment. That was the current estimate in the last survey they did.

Senator EDWARDS: That may be cows—

Ms Lauder: My understanding is that the population doubles every seven years, but I will correct it if I am wrong.

Senator EDWARDS: That is in excess of 10 per cent.

Mr Tucker: That would be about right.

Senator EDWARDS: And in four years we have shot 116,000. We are not keeping up, are we? In talking to the locals up there—and they all tapped into me and, trust me, they all find me—ever since I started to talk about it, they just say that we are just kicking a can down the road with this whole thing. I have representations from them and they just say that you are 'proverbially' in the wind of this thing. I do not know how we are going to fix it but it is an issue for you and I am not going to leave it alone. We are going to be here again in May and I am sure that we will have another round of people who will want to talk about it.

I will move on to the feral pig control program.

Senator NASH: Senator Edwards, just on that subject, and I apologise if I missed this earlier—I remember asking questions on this quite some time ago: can you refresh my memory as to when the project began? You may have indicated that before—

Senator EDWARDS: 2009.

Mr Thompson: 2009-2010.

Ms Lauder: We started the funding in 2009-2010.

Senator EDWARDS: I get it, but I just cannot get why we keep throwing money at it. They are beating you. Obviously they are very promiscuous! As to feral pig control, I know the chairman is going to pull me up—he is cross with me today. I refer to South Australia Murray-Darling Basin Natural Resources Management, *Working with landholders to reduce feral pig numbers in the Riverland, South Australia*, and the completion of an accredited feral pig training program—another one of these, as you said, on-the-ground outcome issues. What outcomes have been achieved? How many feral pigs have we got and is it going to be another feral camel thing where we have got all these wonderfully educated people going round and round while the pigs are still outbreeding them?

Mr Thompson: I think pigs are in a somewhat different situation from camels. Feral pigs are widespread throughout Australia in all parts, tropical through to temperate. They have been substantially the responsibility of landholders, local government and the states to manage and the programs we have adopted have not been about trying to cull feral pigs across the country. They are being able to train landholders to manage feral pigs on their property to keep them away from breeding animals and to stop them damaging cropland and good pastureland or fences. In addition to that, where there is valuable biodiversity, there have been culling operations or fencing operations to keep them away from turtle breeding sites—

Senator EDWARDS: Doesn't that involve killing them though?

Mr Thompson: It sometimes involved killing them. Sometimes it involves fencing them out. There is a lot of poisoning that goes on of feral pigs as well.

Senator EDWARDS: That is killing them.

Mr Thompson: That is killing them. It is really about protecting the asset, whether it be biodiversity, breeding livestock, agricultural land. It is not trying to remove feral pigs across Australia. They are just so widespread I think most people would say we can't remove them, plus in some places there is a continual supply of new ones.

Senator EDWARDS: So there are no numbers that we are looking to target. We are not falling into that trap, we are just looking to manage it. When they come onto your property, you manage.

Mr Thompson: Or we would assist people where there is a group of landholders who are being hit by feral pigs. There might be assistance given by a regional body to take coordinated action to clean them out of an area so that they keep them at bay for an extended period of time.

Senator EDWARDS: With this particular program, how much does that cost?

Mr Thompson: I would have to take that on notice. That money is coming through what we call our base funding to regional bodies in the main.

Senator EDWARDS: Is there a program for carcasses, for dead pigs, or do they just rot out in the bush?

Mr Thompson: I do not know what they do with the carcasses. There would be a range of things.

Senator EDWARDS: They feed the other ones, I suppose.

Mr Thompson: Sometimes they might use them for dog food or for all sorts of things.

Senator EDWARDS: I will just move on to weeds and RIRDC. I will give you some context: \$12 million given to the Rural Industries Research and Development Corporation—national weeds program, \$12.4 million to support more than 50 research projects including 11 projects that dealt with herbicide resistance issues. Has the funding supported improved knowledge of herbicide management and the alternative management strategies and have we got any measurement, if so and how?

Mr Thompson: We do not have any management of how effective the research has been in terms of application. We provided that money for the Rural Industries R&D Corporation to support a range of research. They have completed that research now and pulled the findings together into fact sheets and material that are available for all people to use. That material gets fed into action on weeds undertaken by land care groups, local government, state governments and national standards bodies.

Senator EDWARDS: They are all beneficiaries of this.

Mr Thompson: They are the beneficiaries of this. The research has to be taken up by those bodies and then applied.

Senator EDWARDS: Do they come back and say, 'A cracking job we have done with that \$2 million you sent over, thanks very much, guys--this is what we have done,'?

Mr Thompson: With the money we gave to RIRDC, they reported back to us on what research was undertaken and where they spent it. As with any research, it is widely disseminated into the community as to how it is to be applied. Periodically we do fund projects which we then go and look at to see what action people are taking on weeds, where the weeds are occurring and what information they used to do it. The anecdotal feedback we have had from that work is that many of the projects have been widely appreciated by the people who are involved in weed control.

Senator EDWARDS: Will you give a national oversight? Will this come up at COAG or something like that where you will try and harmonise the work once you have all the research in? Where is this going?

Mr Thompson: Under the ministerial council framework we have a standing committee of Commonwealth and state officials that look at this. There is the Australian weeds committee and all the material about weed control across Australia comes through into that committee. They try to harmonise priorities in weed management or priorities in processes or to share information about the methodologies and the tools available. CSIRO has a national flagship associated with bio security which provides the opportunity for many of the players, given CSIRO's strengths in bio controls to provide input to CSIRO to coordinate their activities as well. So it is collaborative effort, but if there is a peak body in weeds it is probably the Australian Weeds Committee.

Senator EDWARDS: So farmers will get a benefit later, they are not benefiting from this work now.

Mr Thompson: Those farmers who are members of weed control groups involved in weeds of national significance or land care groups attacking weeds or they have some group that is trying to attack a particular weed problem in an area like Mimosa or rubber plant or those sorts of things in Queensland. There are large networks of farmers who would be probably taking up that research now via facilitators and coordinators.

Senator EDWARDS: That is only if they are a member, though?

Mr Thompson: If it is happening in their region. For example, anybody who has got rubber vine or mesquite on their property—

Senator EDWARDS: We walked away from broom raking in South Australia. We have given up on that one. I will not go any further than that. I will just leave that one. Well, thank you for that.

Senator COLBECK: I want to go initially to the proposed system for counting SBT that is being considered at the moment. I refer to a quote from the policy position agreed by DAFF: policy A—AFMA, ABARES and industry—in the 2011 report of the stereo video working group. It says:

Stereo video provides estimates of the weight of fish transferred retrospectively. This could potentially lead to overstocking or understocking farm cages. Overstocking farm pontoons exposes industry to breaches of South Australian aquaculture legislation on stocking rates and environmental impact. Further, overstocking causes major fish health concerns, reduces growth rates, and increases mortalities. Understocking results in the need to use more farm pontoons than would otherwise be necessary, causing substantial additional costs to the industry. Not knowing the weight of fish at the time of transfer creates a substantial uncertainty in the management of individual quota holdings for farm companies, which is exacerbated by the lack of over and under catch provisions in the SBT Fishery. Creating these provisions may require CCSBT approval and potentially amendments to the *Fisheries Management Act 1991 and Southern Bluefin Tuna Management Plan 1995*. The overall costs associated with implementing and operating stereo video technology are greater than for the mono video (including 40 fish sample) with an average transfer costing slightly more than twice as much as the current method.

I think the current method is about \$400,000 a year and the proposed stereo one is about \$900,000 a year. Why are we proceeding to the new process without addressing the issues first?

Mr Thompson: In the past we had a 40 fish sample as fish moved into the pontoons. That has been subject to some criticism as to lacking precision. We now have a commitment to the CCSBT, and it is also a condition of our Wildlife Trade Operation under the EPBC Act, that we move to stereo video as a more precise measure for the fish being moved into the grow-out cages. There is still some work post that time on how to implement stereo video. It was put to tender and, as I think some of the information says, it is not expensive though it is more precise; it is practical. There are some issues about its management which were being worked through by AFMA. At the present time we are operating a 100 fish sample, which is more precise than the 40 fish sample, but there is still a commitment to move to stereo video.

Senator COLBECK: You intimated that there are some concerns about the management of the existing system and its accuracy.

Mr Thompson: The precision.

Senator COLBECK: Precision, accuracy—I think we are on the same wavelength—but has there been any data to support the concerns about precision?

Mr Thompson: There is data to support that stereo video is more precise than a 40 fish sample.

Senator COLBECK: Yes, but we are using a 100 fish sample, not a 40 fish sample.

Mr Thompson: Yes, we have moved to 100 now and that is more precise, but my understanding is that stereo video is a more precise measurement. As you are aware, the size, weight and number—particularly the size and weight of the fish moving into the ponds—is an issue of some concern to the Japanese buyers of our fish.

Senator COLBECK: Yes, but have they provided the data to support their concerns?

Mr Neil: The Japanese have done various projections and have presented arguments. We have not fully accepted, or indeed accepted in any form, the arguments they have put to us. However, SEWPaC has in its WTO imposed a requirement for stereo video. So, for its own reasons, SEWPaC believes there is a need for us to move a more precise system of measurement. There is a strong view from other countries that participate in the CCSBT—the commission for managing conservation of southern bluefin tuna—that Australia needs to move to a more accurate measurement system. Similarly, domestically SEWPaC has required us to move to such a system.

Senator COLBECK: So what are these other countries using in their systems?

Mr Neil: They do not farm them. We are the only major farmer of SBT within the commission. The rest are all longliners.

Senator COLBECK: So nobody else farms?

Mr Neil: The Japanese farm, but not SBT; they farm Atlantic bluefin tuna.

Mr Thompson: They farm North Pacific tuna.

Mr Neil: Yes, sorry—northern Pacific. It is hardly the Atlantic.

Senator COLBECK: What systems do they use to count theirs?

Mr Neil: They are moving to stereo video as well. They invited us recently to a conference in Tokyo to discuss it. They are pushing along exactly the same line.

Senator COLBECK: Under the same time frame?

Mr Neil: Our time frame is constrained by requirements under the EPBC Act and WTO approval. We have also made commitments internationally to the Commission for the Conservation of Southern Bluefin Tuna.

Senator COLBECK: Yes, but that was our decision to make the commitment, obviously. From what I can understand, what we are looking for is having the technology automated so that it improves the counting process and does not give rise to the concerns about over- or understocking cages and counting in hindsight rather than as the process works. So there are still some deficiencies in the system at the moment that have not been sorted out, yet we have made the commitment to move to a process that no-one else is using yet.

Mr Neil: Nobody else has the same circumstances as we do.

Senator COLBECK: So do we have any information around the automation of the technology?

Mr Neil: We know that it is part of the contract and that, with the company that is providing it, part of the undertaking is to move to an automated system as quickly as possible.

Senator COLBECK: With the involvement of SEWPaC in this process, what brings them in and on what basis do they overlay the work that is being done?

Mr Thompson: It is a requirement of the EPBC Act that trade in Australian wildlife requires an approval under the EPBC Act. As the population of southern bluefin tuna is at quite a low level and is conservation dependent, they are looking at measures to encourage its recovery and its sustainable management. So it is in terms of it being conservation-dependent Australian wildlife that is being traded internationally, and that brings in the conditions of the EPBC Act.

Senator COLBECK: I understand that, and to be honest I do not have an issue with it. I would have thought that everybody's interest was in managing the fisheries sustainably, and I thought that was part of the objectives of what we were doing.

Mr Thompson: It is.

Senator COLBECK: That is as I thought. So why aren't we going down a process of improvement with the technology? I do not have an issue even with moving to the technology, but when it is actually working properly. Why can't we do it in the scale of that?

Mr Thompson: There are a whole lot of things that are discussed at meetings of these things—timings about quotas and the like.

Mr Thompson: There are a whole lot of things to discuss at meetings about these things—timings about quotas and the like. We have no commitment to move to stereo video, and the Japanese keep holding us to that commitment. The AFMA commission makes the actual decision about whether to apply stereo video or not and whether the capacity to do it is there. I think, as you said, the AFMA commission did make the decision to move to stereo video; they did actually call a tender but they did not actually let it at this point in time. That is why as an interim step we are doing the 100-fish sample while some of those technical details and cost details, in particular of stereo video, are still sorted through.

Senator COLBECK: So it has not let a contract yet?

Mr Neil: I understand they have let the contract. They have a company identified and a contract was let recently. But I would like to confirm that; it is an AFMA contract.

Senator COLBECK: I would like to confirm it too. How can we move to something where the technology is not there yet?

Mr Neil: Part of the delay in implementation is to give time for the automation to occur. That is part of the reason for the delay, but it was a whole-of-government decision to commit to stereo video. Indeed it was a requirement upon us from another department, so we made that commitment and now we are trying to honour it.

Senator COLBECK: But aren't we working on a cooperative basis with the other agencies in relation to this? I have not seen any evidence through anything that I have interacted with in relation to this fishery that it has not been done in a conservative manner and in a manner that looks at conserving and responsibly managing the fishery. Even though the surveys over recent years have looked very positive, there has been a conservative outlook towards the setting of quotas, all that sort of stuff—and supported across the board.

Mr Thompson: DAFF, AFMA and SEWPaC do work in consultation on this. The requirement under the wildlife trade operation is to move to stereo video. That was applied nearly two years ago, and SEWPaC have indicated to date that they are quite satisfied with the progress that is being made to move towards stereo video. So there has been cooperation in that regard. The industry has been involved in the trial that we did last year, and the government has funded some of those trials to finetune the technology.

Senator COLBECK: Has any work been done on the sinking of refugee vessels in the waters off Christmas Island, with the alleged spilling of up to 20,000 tonnes of toxic waste into the only known spawning ground of the SBT?

Mr Thompson: I would have to take that on notice. I am not aware of any work on that.

Senator COLBECK: Minister, are you aware of that?

Senator Ludwig: Sorry?

Senator COLBECK: Are you aware of that allegation?

Senator Ludwig: What I am not clear on is: why didn't you ask AFMA when they were here?

Senator COLBECK: Because this is not just about fisheries. Fisheries is part of the portfolio as well. We have just been talking about the management of the southern bluefin tuna fishery—

Senator Ludwig: Just to be clear then, the premise of your question is that there are vessels which are being sunk in the spawning area of southern bluefin tuna?

Senator COLBECK: Correct. With the resultant spilling of—the allegation is 20,000 tonnes of toxic waste.

Senator Ludwig: This is what I am trying to establish. It is an allegation. From where?

Senator IAN MACDONALD: That is where the SBT spawn—

Senator COLBECK: and that is where they sink the vessels.

CHAIR: The minister has said, 'Where has the allegation come from?', and I think that is a fair question.

Senator COLBECK: I have one source of that being an article in the *Geraldton Guardian* dated 1 February this year.

Senator Ludwig: I am sorry if I have not read the *Geraldton Guardian*. I am sure it is an important newspaper.

Senator COLBECK: I am asking the department—

Mr Thompson: We had not heard those allegations. It is news to us.

Senator COLBECK: If that is the area where they are sinking the vessels, it is the spawning ground of SBT—

Senator Ludwig: I was not being facetious. The two parts I was getting to are: is it a fact that they are sinking them in a known location and is that known location a spawning ground for the southern bluefin tuna?

Senator IAN MACDONALD: Fisheries ought to know where spawning is.

Senator Ludwig: They may know the second fact, but they may not know the first fact. The allegation may not be—

Senator COLBECK: Rather than fight over that, I ask you to take that on notice for me please.

Mr Thompson: Yes.

Senator IAN MACDONALD: In answer to a question I asked last time, you said that in the 2013-14 to 2017-18 budget for Caring for our Country there would be more than \$2 billion applied to Reef Rescue. What is the state of funding for Caring for our Country at the present time? Has there been any commitment by the government to the next five years or does that come up in this budget?

Ms Lauder: Yes, there has been an announcement of over \$2 billion for the next five years of Caring for our Country, not for Reef Rescue. The \$2 billion is for the next five years of Caring for our Country.

Senator IAN MACDONALD: But that comes up in this year's budget, does it?

Ms Lauder: It came up in the last budget.

Senator IAN MACDONALD: What part of last year's budget did they say would go towards Reef Rescue?

Ms Lauder: There has not been an announcement about the value for Reef Rescue at this stage. There are still design aspects being worked through.

Senator IAN MACDONALD: When does the current Reef Rescue program conclude?

Ms Lauder: On 30 June.

Senator IAN MACDONALD: This year, in 2013?

Ms Lauder: Yes.

Mr Tucker: We are in the last year of the current program. I think we might have said in previous estimates that, to give certainty for the continuation of the program, its future was announced a year early, so we are still in the current one. The governance has announced there will be a Reef Rescue part to the program, but the design elements and the actual amount are still under discussion.

Senator IAN MACDONALD: You are saying that the Caring for our Country package will be more than \$2 billion?

Ms Lauder: Yes.

Senator IAN MACDONALD: Of the Caring for our Country budget \$488 million was allocated to Reef Rescue in 2012-13.

Ms Lauder: That was for the first five years of Caring for our Country.

Senator IAN MACDONALD: You said 2012-13.

Ms Lauder: Sorry, what was the figure you said?

Senator IAN MACDONALD: This is your answer to question on notice No. 220 that, of the 2012-13 Caring for our Country program budget of \$448 million, \$51 million was allocated to the Reef Rescue program last year.

Ms Lauder: That is correct.

Senator IAN MACDONALD: So over the next four years there will be \$51 million by four years at least.

Mr Tucker: That is the bit that is yet to be determined.

Senator IAN MACDONALD: My other questions I will put on notice.

Senator WILLIAMS: Are you aware that the Australian Council of Prawn Fisheries and the Australian Prawn Farmers Association want the Primary Industries and Energy Research and Development Act amended to allow levies to be collected and expended for marketing and promotion as a matter of urgency—in other words, they want a levy to promote the Australian product? Are you aware of that?

Mr Thompson: Yes, we are. We met with them.

Senator WILLIAMS: Do you share their concerns—the problem with the high Australian dollar in the importing of prawns especially?

Mr Tucker: Yes, and we think their proposal is a very good one, but obviously with changes to legislation we need to get into the priority of the order of legislation and we also have to consider the availability of parliament to consider any legislative changes.

Senator WILLIAMS: It is called the PIERD Act, isn't it?

Mr Tucker: That is correct.

Senator WILLIAMS: How soon do you think this can be amended to give prawn producers and other seafood sectors the ability to raise levies? Do you have no idea how quickly that can be done?

Mr Tucker: As I said: one, it is subject to priorities—

Senator WILLIAMS: It has got to go through parliament.

Mr Tucker: It has got to go through parliament. It has got to be a priority for legislation and the sitting days and the election this year. We had a very good conversation around the practicalities. We are strong supporters of what they are proposing but we obviously had to point out the practicalities of the timing and we will be doing everything we can possibly do to assist the industry.

Senator WILLIAMS: Interestingly, in the Northern Territory they have to have country-of-origin labelling in restaurants as well, but not in other jurisdictions. Are you aware of that?

Mr Tucker: Yes, we are aware of that and we are also aware there is a push from the industry sectors for that in the remainder of Australia.

Senator WILLIAMS: Thanks, Chair. I will put the others on notice.

CHAIR: I thank the officers from Sustainable Resource Management and now call the Australian Egg Corporation. While the officers are making their way to the table, once again, Senator Rhiannon, this is one of those 15 minute ones where we agree that you have half. Should there be no further questions after your seven and a half minutes, then you can carry on; otherwise I will go to colleagues around the table. That will take us to nine o'clock when we will take a short break. Come on, get cracking. You poached that one. This is getting hard.

Australian Egg Corporation Limited

[20:46]

CHAIR: I welcome officers from the Australian Egg Corporation Limited.

Senator RHIANNON: Let me start off with the issue about the withdrawn application for a certification trade mark that included a free-range egg definition of 20,000 birds per hectare. Is the ACL researching the possibility or intending on making another CTM application that includes either ownership of a CTM that includes any reference to the labelling of free-range eggs or to stocking densities of laying hens above 1,500 per hectare of outdoor area?

Mr Kellaway: We are taking stock of the issues raised in the initial assessment published by the ACCC as relates to our CTM application. We want to do justice and show respect to the issues that were raised. They were raised reflecting a portion of the community, in our mind, and we want to review the 171 standards, or at least those standards pertaining to stocking densities, prior to resubmitting. Our intention at this stage is to resubmit, yes.

Senator RHIANNON: When do you plan on resubmitting?

Mr Kellaway: There has been no set date or time to that extent but suffice to say that we are working through a number of the issues raised in the initial assessment including convening the Hen Welfare Forum—and we want to include this group in this process—in April last year with about 30 to 40 people including scientists,

government, certainly animal welfare interest groups and egg producers, as it relates to working through some of these issues that have been raised in the initial assessment.

Senator RHIANNON: So that is the Hen Welfare Forum, is it?

Mr Kellaway: That is correct.

Senator RHIANNON: Is it on your website or can you provide who is on that and their positions?

Mr Kellaway: We can provide who is on that, yes, thank you.

Senator RHIANNON: Thank you. Given the AECL's stated support for 'reliable and consistent labelling to ensure consumers may make informed egg-purchasing decisions' and also the record number of submissions—I think about 1,700—opposing your application, what actions will you undertake to ensure these eggs are in fact labelled to meet consumers' expectations of free-range production systems and that labelling does not mislead or deceive your valued customers?

Mr Kellaway: As a corporation we are passionate about truth in labelling and transparency. It is for that reason that we are reviewing some recommendations that we will put to industry for egg producers to consider as part of their own business—to be more transparent in terms of the key issue that came out of the CTM application process, which is stocking densities in free-range farming systems. From that perspective we are considering that and seeking legal advice.

Senator RHIANNON: How would you sum up what you are saying about being more transparent to the players in the industry? What do you say to them? What is transparency for you?

Mr Kellaway: Addressing the issues that have been raised by the community and/or through the CTM application process in terms of informing consumers and making more information available as it relates to the production system of those eggs.

Senator RHIANNON: On your website you say you represent about 400 commercial egg producers.

Mr Kellaway: Three hundred to 400.

Senator RHIANNON: Okay. How many of those producers run free-range production systems that would meet consumer expectations of 1,500 birds per hectare of outdoor area?

Mr Kellaway: We do not have that number. Suffice to say that in 2010 we did an anonymous survey of egg producers. It was a voluntary survey, and to that extent we got a fairly good understanding of the demographics of industry as it relates to stocking densities. Not all responded to that survey; as I said, it was voluntary and anonymous in nature. It showed that there were egg producers stocking in excess of 20,000 hens per hectare but there were also egg producers stocking at around 200 to 300 hens per hectare. What we took from that—and certainly in terms of the consumer research that we have subsequently undertaken where we polled over 5,000 consumers of our ABS cohorts—is that we are servicing a highly varied marketplace. As an industry in its totality, I think we need to be able to service that highly varied marketplace.

Senator RHIANNON: Considering that you have undertaken this survey and your job is to work with the different levels of the industry, why was it an anonymous survey? Why don't you survey everybody?

Mr Kellaway: We did survey everyone, but not everyone responded.

Senator RHIANNON: Why did you choose for it to be anonymous?

Mr Kellaway: Because we thought that would be the best way to get the biggest survey return from that questionnaire that we sent out?

Senator RHIANNON: How big was the return?

Mr Kellaway: I would have to take that question on notice.

Senator RHIANNON: Thank you. What level of support do you provide for these producers? What are they getting from you?

Mr Kellaway: We undertake marketing and research and development activities and programs on behalf of industry as per an industry agreed strategic plan over a three-to-five-year period. We undertake an annual operating process each year to respond to that strategic plan; so, to that extent, the core business is marketing and promotional activities to build demand but also research and development to increase productivity on farms.

Senator RHIANNON: You just talked about an industry agreed plan. What do you do to ensure the smaller, free-range producers' concerns are represented there?

Mr Kellaway: In that planning process there are many stages, but we firstly start with a questionnaire to all egg producers to see what their priorities are in their business as it relates to research and development and also

marketing and promotion. We then invite all egg producers to a workshop to work through the outcomes of that questionnaire to try to prioritise and allocate what the key issues are that we as a company with our limited budget can actually address over the length of that plan. That is the process we go through. All egg producers are invited to respond to the questionnaire and all egg producers that we know of are allowed to attend the workshop.

CHAIR: As it is halfway, are there any other questions of the egg board?

Senator COLBECK: Can you tell me the scope of your current QA system, Egg Corp Assured?

Mr Kellaway: Egg Corp Assured covers six areas. It looks at hen health, food safety, environmental stewardship, on-farm quarantine and biosecurity, egg labelling and hen welfare.

Senator COLBECK: So what changes are there between Egg Corp Assured and the new Egg Standards Australia?

Mr Kellaway: Egg Standards Australia has been written to ISO Guide 65. We think it is more definitive in terms of the standards and whether you meet them or not rather than there being some more subjective elements as part of Egg Corp Assured. To that extent, we think Egg Standards Australia is a more robust program with over 170 standards as part of it covering those six scopes.

Senator COLBECK: What is the basis for your selecting 20,000 birds per hectare as an optimum-density stocking rate for free range?

Mr Kellaway: We do not call it an optimum-stocking rate; we call it a maximum. It is based on a balance of what we consider to be the community expectations, the science that is available on stocking densities and also the commercial reality, to make sure we do not disenfranchise what is a highly varied marketplace. We considered that 20,000 was an appropriate cap to put in place. It included those stocking at 1,500, at 700 or at any number less than 20,000 hens per hectare. We know that there are consumers out there who want eggs from a 1,500 hens per hectare farm, but we also know that there are consumers out there who do not mind if their eggs are sourced from a free-range farming system stocking up to 20,000 hens per hectare. Our research said that 6.8 per cent of the market that was happy with 20,000 plus hens per hectare.

Senator COLBECK: How does a consumer differentiate, in that context, if all those ranges are taken into account as part of that standard?

Mr Kellaway: We are now looking at putting on cartons the stocking density of those eggs. We would like to think that will provide the additional transparency which I spoke about earlier by providing as much information as possible to consumers. We think that is appropriate, given the process that we have now been through with the CTM and the feedback that we have sought from a number of sources, including the 1,700 submissions that have been put forward to the ACCC.

Senator COLBECK: The current model code of practice for free-range specifies 1,500 birds per hectare unless there is rotation. What does 'rotation' mean?

Mr Kellaway: On farm that is audited by our trained auditors; our appointed auditors being SGS and NCS International. They are appointed by us to do the audits of the program on our behalf. What it suggests is that, if an egg producer is stocking over 1,500 hens per hectare, they must show evidence to the auditor that they are complying with that note at NA or NB as it relates to what is contained in the model code.

Senator COLBECK: So 'rotation' means specifically rotation of birds or rotation of ground?

Mr Kellaway: Rotation of birds on the ground that is available to those birds. They need to rest the land area to provide some continuing fodder cover. What we have found is that even at 1,500 hens per hectare, or even less, it is somewhat difficult at certain times—such as drought and in particular parts of Australia—to keep a continuing fodder cover. A lot of egg producers use hay or straw to help provide that fodder on the ground.

Senator COLBECK: How do the different production methods rank against each other in terms of conversion rates and efficiency of production in meeting the market and the segments of the market?

Mr Kellaway: I am no egg producer, but I am aware that, with the new caged systems that are available and the technology that has been incorporated into those systems, the productivity has been quite high. Over the last five to eight years we have seen that that type of productivity increase also being translated to the new free-range type systems. So, to the extent of the type of shedding or housing for those free-range birds, we do see similar productivity increases being attained in those types of farming systems as well.

Senator COLBECK: Given this broad range of production methods and stocking rates, again I come back to the question I asked a minute ago about how consumers know what they are getting versus what they think they might be getting. There is a fair bit of variation in respect of the different types, the different stocking rates and

the different standards. I understand even some of the supermarkets are proposing numbers for stocking rates within the boundaries of what we have talked about tonight.

Mr Kellaway: The industry to date has defaulted to the model code of practice and the definitions contained in that model code. Under 2.1.1 the definition of 'free-range systems' is, 'Birds in free-range systems are housed in sheds and have access to an outdoor range'. We think that is too brief and we think there need to be greater standards wrapped around that in order to provide further information and transparency to the market. We are not happy with that definition because we think it is too broad. We want to provide further guidance in terms of the type of farming systems free-range eggs are sourced from.

CHAIR: Thank you, gentlemen. It is 9 pm, so we have run out of time. I do thank our 'eggsecutives'. I know, I know; it is late!

Proceedings suspended from 21:00 to 21:15

CHAIR: We welcome officers from Agricultural Productivity. While I have witnesses in the room, there is a certain senator from South Australia who is not here, so when he comes in and yells at me can you say that I was looking for him to kick off?

Senator NASH: Absolutely.

CHAIR: You'll all protect me?

Senator NASH: Absolutely.

CHAIR: I need the protection.

Senator NASH: Senator Edwards! We were just talking about you.

CHAIR: Senator Edwards, you had the call. Now we will start with questions from Senator Ruston. You asked if you could go first, Senator, and I have said yes.

Senator RUSTON: At the last estimates hearing I asked about the composition of the IAC for citrus. The subsequent response was in relation to the change in composition to supposedly not have a predominance of Citrus Australia directors on the IAC. I have a list here of the IAC members. It appears that there really is only one person on there that does not have a direct interest in Citrus Australia, and that is the gentleman from the Australian Apple and Pear Growers Association. So are you satisfied that the IAC is truly independent and is making sensible and independent decisions about the applications that are being put before it?

Mr Koval: We are satisfied that the IAC, with six out of nine independents, is independent. When we look at how you classify an independent person, it is not necessarily a member of the organisation itself, it is someone who is actually in an office-bearing role within that organisation. If you take the New South Wales Farmers Association as a broader example, just because you are a member of the farming association does not necessarily mean that you are in an office-bearing role. It is the same with Citrus Australia Ltd: we will take the view that those members, while members of Citrus Australia Ltd, are not actually directors or office-bearers in the organisation.

Senator RUSTON: Bearing in mind that only 13 per cent of the growers in Australia are members of Citrus Australia, when I look down my list of people I see that if they are not members of the Citrus Australia board they are members of Citrus Australia. In the process of determining who goes onto the IAC, is there some way that we have ended up with this situation where everybody apart from Mr Lawrenson has some direct association with Citrus Australia and yet they only represent 13 per cent of the industry? I take your point that they do not have to be on the board, but it just seems really anomalous that 13 per cent of growers are members of Citrus Australia and yet all but one person on this board has got some connection with Citrus Australia. Richie Roberts, for example, is not a director of Citrus Australia; however, he is a person on the selection panel for the directors of Citrus Australia. So can you explain that?

Mr Koval: In terms of Richie Roberts being a director of Citrus Australia, that is—

Senator RUSTON: You are counting him as an independent director, yet he is actually somebody who chooses the people. That is what my question is about.

Mr Koval: If we can go back a step, the process for establishing the IAC is under Horticulture Australia Ltd. They go through an independent selection process, as far as I am aware, and they call for nominations. You have to have an understanding to a certain extent of the industry and, naturally, citrus growers have that knowledge. In terms of being on a selection committee, you can be an independent on the selection committee for an organisation and still be independent. Quite often we use the same independent for a number of the selection panels that are around.

Senator RUSTON: Is AgriExchange a member of Citrus Australia?

Mr Koval: I am not aware. I can take that on notice and find out.

Senator RUSTON: It might be worth checking, given that Richie Roberts is the chief executive of one of AgriExchange's operations. To the best of your knowledge, do all the applications that go forward for funding to the IAC have to be reviewed by the IAC, or can applications that are put forward for funding be approved without actually having to go to the full IAC, according to your deed of agreement?

Mr Koval: Applications for citrus particularly?

Senator RUSTON: For any, for that matter. If somebody puts up a submission for funding, does it require the full IAC to determine that or can it be determined by some smaller section of it?

Mr Koval: The IAC makes a recommendation to the Horticulture Australia Ltd board, and the board itself makes the decisions on the actual applications for funding. So it is a recommendation from the IAC.

Senator RUSTON: To HAL?

Mr Koval: To the Horticulture Australia Ltd board. HAL itself has cross-collaboration programs that go across industry groups. They may be of benefit to more than one. It might be two, three, four or five industry groups and they are considered by the board itself.

Senator RUSTON: I will put some questions on notice in relation to this. Was Ms Pat Barkley asked to be a member of the new IAC?

Mr Koval: I understand that she was but that she has actually resigned.

Senator RUSTON: Okay. Could you put on record for me when the new IAC was appointed and can we also have the date of Ms Barkley's resignation? I believe you will find that they are totally in conflict to the answer that you gave me to a question on notice.

Senator BACK: Mr Koval, I am interested with regard to broadacre cropping, particularly wheat production. Have you been following at all the debate about the possible implementation of multiperil crop insurance in the Australian wheat industry or cereal grains industry?

Mr Koval: I am aware of discussions that have occurred over probably the last eight or 10 years around this.

Senator BACK: Are you aware of the current thrust commencing in Western Australia with a Swiss major insurance company which is now looking to join Australia with Canada, Europe and the United States in terms of, particularly, insurance against drought, which is not a feature that has been available to Australian grain producers?

Mr Koval: I am not aware that there is a particular Swiss company. Normally those risk management tools are done in our climate change division, in the drought program. I am just aware from previous history on some of these things that we have looked at multiperil crop insurance a number of times, and we always find difficulty in implementing these systems. It is of interest that a big Swiss reinsurance company has come into Australia to have a look. That is of interest.

Senator BACK: On a broader perspective, has your agricultural productivity group been looking at recent trends in grain production, particularly factors affecting grain production and also factors affecting viability of farming properties in the broadacre sector? Is that something that your group would cover?

Mr Koval: Certainly we are very much interested in some of those questions. Productivity growth in Australia, and not just in Australia but in many agricultural countries around the world, is declining, so we are growing at a slower rate. ABARES has done a lot of work in productivity and trying to identify what the causes are for a slowing of productivity growth. We are very keen to try to understand what those are and what the drivers are for productivity growth and how we can perhaps influence those drivers in a positive way.

Senator BACK: Finally, and not getting into the specifics of research and development, obviously there is a concern in Australia about the ageing of the R&D scientists in the agriculture space. Again, is this something that your group has looked at, is concerned about or has any recommendations to government in terms of how we might try to attract a younger cohort of scientists back into R&D in the agriculture space?

Mr Koval: Certainly. When you start looking at lifting the productivity gain in agriculture, we need to look at how we can make sure that we actually have young scientists coming through the system. We have the R&D policy statement, and part of that is looking to the research community and how we can actually encourage younger scientists to come in. It is not only agricultural scientists but scientists who work in general science who get interested in agriculture. We also try to make science attractive to young science people through programs like PICSI and others like that to try to make sure that people understand that agriculture is a great place for a career

as a scientist coming through the system. Many of the RDCs are looking at ways to fund portfolios of interests so that scientists actually have a longer guarantee around project funding. So it is not just one, two or three years; there is a portfolio of research, which might last for eight or 10 years, to encourage these people to come into agriculture.

Mr Tucker: I want to come back to your question on the multiperil crop insurance. It is very interesting to hear that development in terms of the Swiss company. You may be aware of this, but the minister in October last year released a review of agriculture insurance products by the National Rural Advisory Council. They canvassed all the schemes, including those overseas, and their potential application to Australia. It is something we have been interested in for some time, so it is very interesting to hear of this development.

Senator BACK: Yes, it was certainly interesting that last year, in the worst growing season across the Midwest USA since 1950, all the farmers actually sat back smiling because they got their cheques. The difference in their schemes to the one being proposed is that theirs is based on lost profit, whereas the Australian scheme, as proposed, is based on cost of production, not on profit.

Mr Tucker: Yes, and that NRAC report canvassed exactly all of those potential options and looked at their potential application in the Australian situation.

Senator BACK: And for the first time I think in a long time, if ever, the banks are on board now in terms of where they see the benefits. I think they will become drivers.

Senator EDWARDS: I spoke to the officers of the department earlier today. We had a discussion about snail control in light of funding from the GRDC and what we are doing in South Australia with the Yorke Peninsula Alkaline Soils Group and SARDI. Mr Koval, we did have the advantage of having a discussion before. Are you able to give me some commentary on where we are at with that? To give it some context for the others who are not in the loop, South Australia is under siege again from snails and it is looming large as a serious problem in 2013 for all cereal growers. I believe it is the same for Senator Back; in Western Australia they have issues there.

Senator JOYCE: What type of snails?

Senator EDWARDS: Conical and what is the other—

Mr Koval: There are four types of snails.

Senator EDWARDS: What is the other name?

Mr Koval: There is the conical snail and the white snail—

Senator EDWARDS: And the white snail.

Mr Koval: The two main ones.

Senator EDWARDS: They were plague proportion in 2003. The drought came, they disappeared, but now they are back. They are a significant detriment to production; they are ruinous. In the context of that and those funding mechanisms, what is the focus of the department on snails?

Mr Koval: I can probably do better than provide a commentary, I can provide a written brief on all the questions we talked about, and table that.

Senator EDWARDS: You have done that already?

Mr Koval: We certainly have.

Senator EDWARDS: That is very efficient.

Mr Koval: We are here to help. Certainly snails are in the southern region of Australia and are an emerging issue for the western region in Western Australia. They do have an impact, and we are aware of that. GRDC is doing a lot of work on that, including this year. We are just about to commence a survey over the course of this year to get a better idea of the breadth of infestation, with the idea of a report next year, and so we get a better understanding of where the snails are.

Senator EDWARDS: Okay. We have had a conversation about camels and feral pigs and things like that. Are we going to be able to stem the tide on these little suckers—literally?

Mr Koval: I think the research is starting to look quite promising, but we will have to wait and see with some of the outcomes of those research projects over the next couple of years.

Senator EDWARDS: Up until recently it has been either bait them, which is very expensive, or squash them on a hot day—above 35 degrees—with a roller, which has its own problems. Is that right?

Mr Koval: Baiting has been one of the main forms, and as you quite rightly point out one of the restrictions to having widespread snail programs is around the cost of the baits. Alternatively, there are peak times of year when

it is hot where you can go through with cables and rollers and knock the snails off and let them dehydrate in the hot sun. The GRDC is doing work on juvenile snails to work out a better way to tackle the younger snails before they build up populations, as well as nematodes to try to look for some more environmentally friendly solution.

Senator EDWARDS: I presume that you have tabled that.

Mr Koval: It is all in the brief.

Senator EDWARDS: I will not waste any more time, because that will obviously go around to the other committee members. Can we turn to locusts and the concerns expressed by the Australian Plague Locust Commission about Western Australia and the high infestations from the usual suspects, which we always seems to have. Throughout my childhood—which was a while ago, I admit—we always had high infestations in South Australia around the areas of Jamestown and Burra and then they would sweep down through all that cereal country there. Those numbers are again expected to increase and we are now seeing evidence of that, which is very costly. Are we on top of this? Does the federal government have an overarching control of these pests?

Mr Koval: We are the Australian Plague Locust Commission. It is not part of my division, but we certainly have the Australian Plague Locust Commission, which monitors locust numbers, provides warnings out there, gives control techniques to growers—

Senator EDWARDS: Do they do that in South Australia as well?

Mr Koval: They do it across the country.

Senator EDWARDS: Sorry, I did not mean to cut you off.

Mr Koval: No, that is okay.

Senator EDWARDS: Are they now providing advice to landowners? Who is responsible for delivering that message to them, to get off their backsides?

Mr Koval: The commission, and they do it in conjunction with jurisdictions.

Senator EDWARDS: Is there any other revolutionary way that would allow us to manage this problem? It just keeps recurring.

Mr Koval: Plague locusts?

Senator EDWARDS: Yes.

Mr Koval: I am not aware of any revolutionary method of control.

Senator EDWARDS: Just aerial spraying?

Mr Tucker: The commission is part of the portfolio, so you can put questions to us and we will put them to the appropriate bodies and come back to you with detailed responses.

Senator EDWARDS: No worries. I will do that. I will move on to wheat. I brought it up earlier this morning and got referred to here. My questions relate to the white grain research funding that is supported by GRDC and the South Australian Grain Industry Trust. Do you know what area of South Australia is affected by white grain and is it now endemic in other areas as well around Australia?

Mr Koval: I am not quite sure that endemic is the right word, but certainly in South Australia—

Senator EDWARDS: What is the word?

Mr Koval: It is an emerging disease. It is a disease, as I understand it, that was not well known or seen much until about two or three years ago.

Senator EDWARDS: Where did it come from?

Mr Koval: I understand that it is a necrotrophic fungus. It is a fungus that lives in the soil. They are doing research to see how it is transferred. Is it transferred through rain or wind spores or those types of things. The wheat crops in parts of South Australia, including the north-eastern Eyre Peninsula in the upper north, are particularly affected at the moment. Places like Victoria and southern New South Wales and the western side of the Eyre Peninsula are radically free of the disease.

Senator EDWARDS: Do we know how many tonnes have actually been affected at all?

Mr Koval: I am not aware of that.

Senator EDWARDS: Or how many hectares? We have got no grasp of it?

Mr Koval: I am not aware of it. I can certainly ask and see what we can find on notice for you, Senator.

Senator EDWARDS: If you would not mind. I have had a lot of representations about it and people are concerned about it, but I do not know how big the problem is. You probably do not, either, by the sound of it. You may do.

Mr Koval: It is one of those emerging diseases and so we are trying to get a handle on how the fungus operates, how widespread it is and those types of things. GRDC have been asking growers to let them know if they see white grain or a light, discoloured grain in their crop so that we can get a better handle on the spread of it.

Senator EDWARDS: Where did it come from?

Mr Koval: I am not quite sure of the origin of it. It has emerged in the last couple of years.

Senator EDWARDS: Imported seed wheat? We do not import seed wheat, surely.

Mr Koval: No.

Senator EDWARDS: Is it possible to have that one on notice? Could you try and chase that?

Mr Koval: We can try and run it down for you.

Senator EDWARDS: Obviously, it is a couple of years since the rain came and we had that wet harvest. Has anything been achieved there with any research that you have done to try and stop the growth of it?

Mr Koval: I understand from the GRDC—and we can see if we can find more—that they did some trials in 2011 and there was no fungicide treatments that effectively reduced the white grain infection, so they think fungicide control of it may be difficult.

Senator EDWARDS: So it is a problem, isn't it? How prolific does it get? Does it get airborne?

Mr Koval: That is part of what we have to find out.

Senator EDWARDS: So this is a bit of a sleeping giant for all of us. The west coast of South Australia is one of the largest wheat producing and hay producing areas of South Australia, which is the second largest state for wheat production after Western Australia—and I am sure you know all of these things. Have we allocated the resources for the GRDC to actually nail this before it gets out of control? How much has been allocated? Is it enough? Is the minister being kind to you?

Mr Koval: The minister is always kind to us.

Senator EDWARDS: You have to love that handball. I gave that one to you, didn't I?

Mr Koval: You certainly did. Just as well my performance review is coming up!

GRDC had three projects running for 2012-13 and they total in terms of funding \$310,000 for this year, so there is \$100,000 of that for disease management, \$150,000 for innovative disease management in South Australia and also some about understanding the production risk from the white grain or from the necrotrophic fungi. GRDC are aware of the problem. They are working in conjunction with other researchers to try to get a handle on the scale of the problem and what they can do around trials and around fungicides. We are in that investigative stage, if you like, about what we can do. Certainly it is an issue that they are very much aware of. It continues to be a priority for them to work out what it is.

Senator EDWARDS: We sit in this sort of sterile environment and talk about these things, but are you slapping the backside on this and getting a move on? Give me some indication—and Senator Heffernan would say that that is bureaucratic speak, and I do not mean to offend you, because you have done nothing to offend me—that there is a focus and a priority because this is a very big thing for my state.

Mr Koval: I understand 2010 was the first year it started to emerge as a problem. In 2011 they actually ran fungicide trials to see if they could use some of the fungicides available now to control it. In 2012-13 they continue to try to work out a better way of controlling it. So it emerged reasonably quickly and they very quickly went into trials to see what they could do to control it.

Senator EDWARDS: Who is heading up that task force?

Mr Koval: I cannot recall the researcher's name. I can provide it to you on notice.

Senator EDWARDS: I would love to have a chat with them. If I could have a chat with the head of that research, that would be terrific.

Mr Koval: Certainly. Not a problem.

Senator JOYCE: No-one was watching till Senator Edwards talked about slapping the backside and now apparently we are live on SBS! How much water is used by agriculture in Australia? Do you have any figure for how much water agriculture uses and the proportion of the water it uses? I have a rough idea it is around 52 per cent.

Mr Morris: I am sure that number is around, but I do not have it with me here. We will have to take that on notice.

Senator JOYCE: That is all right. Take it on notice. The vast majority of that of course is in the southern systems, predominantly the Murray-Darling system and Tasmania I imagine. Would that be correct?

Mr Morris: Yes, a large proportion is in the Murray-Darling Basin. That is the major irrigation district in Australia.

Senator JOYCE: Do you know how much is allocated to the northern systems?

Mr Morris: Again, we would have that information, but I am not sure I have it at hand here. It will take me a few minutes to find it if it is in one of our publications. Again, we can take that on notice if you want.

Senator JOYCE: There was a CSIRO report that talked about only 10,000 hectares being able to be irrigated in Northern Australia and the expansion of irrigation to only that portion. That was a ridiculous figure and I do not propose that you would stand by it. Do you have any more information on exactly how much water can be used in the northern system, how much you want to increase productivity and by how much we can expand agriculture in our northern areas?

Mr Morris: As you know, CSIRO has done a fair bit of research looking at the potential for agriculture in Northern Australia. But it goes beyond just water availability. It also goes into the soil condition up there, and what they found was that there were specific areas in Northern Australia which might be suitable but there were a lot of areas that were not.

The other thing with water availability is the variability of it during the course of a year as well. You tend to have dry seasons of the year and then seasons when there is a lot of water available, and that can also affect the productivity of agriculture in the north. They did a major study on that for the Department of Regional Australia a few years ago—

Senator HEFFERNAN: But they were excluded from considering damming the water—specifically. Yes, they were.

Mr Morris: I am not sure whether they were or they were not.

CHAIR: I know the report you are alluding to, but we are structuring our program into the evening and Senator Joyce has the call. I will put your name on the list, Senator Heffernan.

Senator HEFFERNAN: The terms for the CSIRO were not to store the water.

Senator JOYCE: Have you had any further investigations into this? Obviously you have got Richmond to Hughenden and downstream from Georgetown over in Ord scheme—these are massive areas. As for the aquifers around Katherine, I acknowledge that you are not going to dam the Katherine Gorge or anything like that, but there is massive capacity for the expansion of agriculture. We have talked about the Asian century and the Asian white paper, but have we actually got down to the prickles and worked out that if we could expand to our maximum potential what that potential would be? Take away all encumbrances, just on the pure basis of soils that can be irrigated and access to irrigation, how much could we do?

Mr Morris: As I said, there has been work done by CSIRO on that—that is their latest work on that.

Senator JOYCE: But since that, nothing else has been done—

Mr Morris: We have not done anything to supplement that work in terms of the potential in that region. I know that there are proposals out there to see if there could be more work done on Northern Australia and there is a lot much interest in expanding that work, but at the moment their latest evaluation, as I understood it, is that work by CSIRO. So maybe they are best to answer your questions in terms of that work they have done.

Senator JOYCE: Do you have any role with the Murray-Darling Basin Authority—with water, productivity, agriculture? What is your interplay with the Murray-Darling Basin Authority?

Mr Morris: ABARES has done a lot of work for them in the context of the Murray-Darling Basin Plan. We did the socioeconomic assessment of the various proposals on the table in terms of sustainable diversion limits that were being put forward. As I said, we were not looking at the scientific aspects of it but the socioeconomic impacts of removing certain amounts of water from the basin. All that work has been published on the MDBA website.

Senator JOYCE: Obviously, there is a great competence in agriculture and you would say that as a department you have been competent. You have got the expertise and the understanding and that understanding is paramount in increasing productivity, and productivity is at its apex when it includes irrigated agriculture. It

would be fair to say that the most productive form of agriculture would have to be irrigated agriculture, wouldn't it, per hectare of land?

Mr Morris: Clearly, yes.

Senator JOYCE: So for an interest in increasing productivity we would be looking to increase our areas under irrigation. Just as a structural question, why is water in the environment department and not in agriculture?

Senator NASH: It is a very good question.

Mr Morris: I do not think that is a question for me.

Mr Tucker: It has been there for some time, Senator, I recall, because I was in the department and it was in there with the previous government.

Senator JOYCE: Wheels were wooden for a fair time too, but we do not go round on them now.

Mr Tucker: It is obviously a decision of the government of the day where they put the machinery of government activities, and that was the decision and it has been maintained ever since.

Senator JOYCE: But environment would suggest that that aspect is paramount, and not so much productivity in agriculture. If you were really worried about productivity in agriculture, you would move water from environment into agriculture.

CHAIR: In all fairness, Senator Joyce, Mr Tucker has answered the question. I suggest we roll on.

Senator Ludwig: Have you read the report that they produced? They did suggest mosaic agriculture. I take it you have been up into the northern area—how long is the growing season in some of those regions?

Senator JOYCE: The question I have asked this time is: why do we not just put water into agriculture rather than having it in environment? Why don't we move water out of environment and into agriculture, because it seems a better fit?

Senator Ludwig: That does rely on the administrative orders. Even more broadly, if you think about that, that does not make sense either. You have huge wetlands; you have areas which are significant for water in the environment and which are not used for agriculture in that sense, so I do not know whether that stacks up if you then look at portfolio responsibility. We share a lot of these resources. Water is a resource, both for the environment and natural beauty of Australia, plus it is a significant input to agriculture. Both of those mean that, as a natural resource, it should be managed. Environment has its share of that responsibility and the department has its share. I do not think you can easily say that water is a resource for agriculture and we should just stick it in agriculture. That misses the whole idea of what water is, where it is in the natural environment. That is a very narrow view. It is unsurprising that it should come from a National, but it is a very narrow view.

Senator JOYCE: It is just as narrow as not having it there, which suggests we have to go cap in hand to the environment department to talk about one of the key aspects of increasing the productivity of agriculture. Why cannot the agriculture department avail itself of the agriculture department for the resources it needs to ascertain environmental aspects? Why does the agriculture department have to avail itself of the environment department to get access to water information.

Senator Ludwig: Is this your opposition policy, the grand plan—stick water in DAFF?

Senator JOYCE: No, this is Senate estimates where we ask you pertinent questions.

Senator Ludwig: I just have not heard one yet.

Senator JOYCE: And you as a competent minister show your competency by giving us a diligent and ardent answer.

Senator Ludwig: Ask a question.

CHAIR: Senator Joyce, with due respect, I do not think we should be talking about competent questions.

Senator Ludwig: That is what estimates is all about. If you want to have a political debate you will get one every time.

Senator JOYCE: Seeing that you are the minister for agriculture, why, since 2006, has the Australian government's science, research and innovation budget in agriculture gone up by only 0.3 of one per cent? Since 2006-07 the budget has gone up by 170.5 per cent for climate change, 127.5 per cent for Foreign Affairs and Trade, 244 per cent for Arts, Sport, Local Government and Regional Australia and overall by 35 per cent. Why is Agriculture, Fisheries and Forestry such a poor cousin in the Australian government's science, research and innovation budget?

Senator HEFFERNAN: That's because food comes from down the aisles of Woolies and Coles! You do not have to do any work.

CHAIR: Senator Joyce, if I can, we will seek an answer to your question. I have you down for 10 minutes and it is now 10 minutes. There is still Senator Williams and Senator Nash to come, and I have no doubt they are happy to flick time to you should you need it, followed by Senator Gallacher and Senator Heffernan.

Senator Ludwig: I am familiar with the figures. If you look at the research and development spend from DAFF, it is significant. If you look at the policies we are delivering in the land sector package of \$1.7 billion, all of that is within DAFF's responsibility, and we are delivering on those. They are there to support agriculture, to support agricultural sequestration of carbon and to support research and development. If you look at one of the most critical things that agriculture requires, it is not water—water is essential—but our spend on research and development. If you want to go back and have a debate about water—

Senator JOYCE: This is agricultural—

Senator Ludwig: You asked the question—

CHAIR: I am sorry, minister. Senator Joyce, everything runs smoothly until we all start talking over each other. You know I detest that in this committee so I would urge you to let the minister finish the answer before I do cut you off and then go to another senator.

Senator JOYCE: Just talk to me about Agriculture, Fisheries and Forestry.

Senator Ludwig: I did not want to highlight the issue that you were talking about, water—but I will now that you have pushed the button. The Howard government took water out of agriculture and put it in environment and I think it was probably Minister Turnbull, at the time, probably for all the reasons that I outline; but it was a Howard government—in other words a coalition—policy. If you want to change that feel free.

Senator JOYCE: And the Department of Agriculture, Fisheries and Forestry only having an increase of 0.3 per cent of the budget? Is that by reason of you lacking in muscle in cabinet?

Senator Ludwig: Again, I would have thought that if you look at the work DAFF has done and the achievements we have achieved in developing a food plan and looking at a drought policy—if you look at the period that the Howard government was in place, it pales to insignificance the work that they did.

CHAIR: Senator Heffernan, I believe you have questions flowing on from Senator Joyce's.

Senator HEFFERNAN: Does the department, in forward planning for productivity, understand that one of the great restrictions on future productivity for agriculture will be the patenting of plant genes?

Mr Tucker: Yes.

Senator HEFFERNAN: So what are you doing to support the cause of doing something about the broad interpretation of patent law which includes the discoverable material as opposed to the inventive work? I have not heard a squeak out of you. Could you tell me where you are up to with presenting the case which is in the courts in the US and Australia now, on absolutely doing away with one of the great restrictions which will absolutely cause a serious monopoly on seed supply across the world if we continue to allow companies like Monsanto and Syngenta and others to patent what is discoverable material? If you do not know anything about it just say so and we will deal with it somewhere else.

Mr Koval: Plant genetic resources, I know, are a topic of much interest but I am not aware of us being engaged in debate—

Senator HEFFERNAN: You have not got your head across it? It does not matter.

Mr Koval: I think IP Australia might be the people but we can take it on notice.

Senator HEFFERNAN: You must understand—you must take an interest in due course because we are talking about productivity. I have lived in a time when Olympic wheat was six feet high and ran 12 bags to the acre and then Ranee wheat came out and it was 18 inches high and went 24 bags to the acre. This, for what Senator Joyce is correctly interpreting as the development of the north, will play a big part in having the right crops for the right seasons. Someone asked the question, 'When is the growing season?' They tried to grow rice, Joe, at Humpty Doo in the wet season when they should have grown it in the dry season. They had all the wrong gear and the wrong varieties. The growing season can be whenever you want it to be but obviously the dry season, if you have irrigated water, and the soil type—and I am really cranky about the CSIRO's reporting on this, because—

CHAIR: Let us get to the questions and if there is more time you can have some more time.

Senator HEFFERNAN: The CSIRO, you will agree, when they were given the terms of reference were told to study the water resources of the north but exclude from their study any capacity to store or dam the water. Is that correct? Of course it is correct or I would not ask the question.

Mr Morris: That is probably a question for the people who funded the study which I believe was the Department of Regional Australia, Regional Development and Local Government.

Senator HEFFERNAN: But are you not aware, Mr Morris, that those were the terms? You should be, because I have been spruiking it for a long time. It is actually the truth.

Mr Morris: I understand that but it is really a question between the funding department and the CSIRO in terms of the details of what they actually did.

Senator HEFFERNAN: It is something I want to get you guys into. Then you talk, as Senator Joyce did, about what land is available. When I first went up to the Ord everyone considers, and maybe Senator Joyce is one of them, that a black, flat floodplain is where you irrigate. That is what they actually thought in the Ord. The Ord stage one is 14,000 hectares—

CHAIR: Senator Joyce—sorry, same farm, different paddock—Senator Heffernan, can I just point you to the questions. It is getting late and if we have more time you can always ask more questions.

Senator HEFFERNAN: When you talk about the availability of land and soil types, what are you talking about? What sort of soil?

Mr Morris: As I said, that was covered through the CSIRO study. What they did was a fairly detailed analysis of which areas might be available for production and which areas might not. In terms of what ABARES have done, we have not actually done our own research into that, we have just relied on what CSIRO has done to date.

Senator HEFFERNAN: Can I tell you that, like the funded report on who owns what in Australia, it is completely flawed. I must do this. The Ord has the capacity to get rid of the lead mine and use the rising soils, which they have not used yet, for about 80,000 hectares. There is a similar amount of soil and soil types around the conjunction of the Fitzroy River and the Margaret River. If you are prepared to do what Carnarvon and places like that have done and use fertigation on the lighter soils—some of my farmland was considered not farmable. You put lime on it and you bring it up to standard. You get the pH back up. It is just a matter of treating the soil. CSIRO was flawed in this, so can you go away and take on notice to find out what soils were considered by CSIRO to be suitable soils and report back to this committee?

Mr Morris: We can certainly ask CSIRO the question and provide any information they can provide to the committee.

Senator HEFFERNAN: Can you also confirm that their terms of reference in the water study were not to store or dam the water.

CHAIR: Senator Heffernan, I read that study too and we know that. That is old hat. We do know that; that report came out in 2009.

Senator HEFFERNAN: In the study of the development of the north—because the Northern Territory government and the Western Australian government had a ban on genetic material, that was also a ban. When that study was made, and I have talked to Eric Ripper about this, the status of GM cropping was the same as growing marijuana—that is, it was illegal. That ban has been lifted. It is the only way you are going to make the north work. With your indulgence, Chair, I will finish now—I would be most grateful Mr Secretary to engage you and Joe and everyone in the department on what is the real potential from a cocky's perspective, one who still has dirt under his fingernails from the weekend.

Mr Metcalfe: Senator, you may recall that I did say in my opening statement this morning that I was keen for the department to get into a long-term strategic policy space. So, as a first step, we are setting up a small but senior group to look at some of the long-term issues facing Australian agriculture over the next 50 years. How do we increase productivity?

Senator HEFFERNAN: All right, count me on board.

Mr Metcalfe: So all of those issues will be canvassed.

Senator HEFFERNAN: Probably the best way to store most of the water up there is by recharging the aquifer. That land out from Roebuck Station—there is about a hundred thousand acres there—you can recharge that aquifer from the Fitzroy. The easiest way by far. Do not get carried away by people who say, 'Take the water to blazes away.' You take the work to the water. There is plenty of working material, land, available where the water is. The big catch, which the CSIRO made a big issue of and which we all knew, is that in a lot of those

catchments the water falls at the bottom of the catchment not at the top of the catchment. There you go, that is my little lecture for the night.

CHAIR: I have missed that, you know. I have been here for about 14 hours and I have actually missed you.

Senator HEFFERNAN: I know. I thought I would come back and make you feel at home.

CHAIR: I cannot believe that. I am sorry, Minister, I cannot control what they are going to say. We know your passion for the north, Senator Heffernan.

Senator Ludwig: I do not think we are actually too far away in terms of our policy. People would want to develop the north, and that is why we are doing work on a northern beef strategy and that is why we are doing work on looking at the availability of those constituent elements that build a profitable business in those areas. You cannot simply produce one element. I think it has to be a multifaceted approach and come across that we want to succeed not fail. So I do not think in a general sense that what Senator Heffernan is outlining is that distant from the direction in which we want to head. I am not sure it is the same as Senator Joyce, though.

CHAIR: I can guarantee that it is not, Minister, and I have spent a considerable amount of time in the north. I agree that we have done some great stuff.

Senator HEFFERNAN: I would like to make a request of the secretary and the minister. When you have done that study, can you come along and test it out on this committee?

Mr Metcalfe: I see it as being a series of long-term projects, but certainly I would be happy to talk about it.

Senator HEFFERNAN: I can assure you that from the references committee side of this, and I am sure from the chair of the legislation committee, we are in the business of the business on this committee, not the business of politics. Let us get it right for Australia and take advantage of what mother nature has given us.

CHAIR: Now that we are all in love and we are smothered with rose petals. I actually agree.

Senator NASH: I have some questions around the Regional Food Producers Innovation and Productivity Program, which I think we covered a little last time. Thank you very much: you did provide me with some answers to some questions that I had asked on notice. It was around the fact that the program started with \$35 million and the final expenditure rested at \$8.5 million. I noticed in the initial discussion we had around this that your explanation, at least in part, for the redirection of the significant amount of funds out of the program was a lack of interest—I cannot remember the exact phrase. The program found it very hard to get a very large number of applications. What is a large number of applications for a program like this? What would the optimum number have been?

Mr Koval: I suppose the optimum number would have been such that it used up all the funding. I am not quite sure. I will have to go through the initial cost estimates to see what we would have costed it on.

Senator NASH: It is a little 'chicken and the egg', though, isn't it? You are saying the funding got redirected because you did not have enough applicants but you did not actually get to distributing the funding because you did not get enough applicants and the money was gone.

Mr Koval: Certainly, when you put it like that, it is 'chicken and egg' in the sense of what is the optimum number. I will have to go back and look at what we initially costed the program on in terms of what projects we initially thought—

Senator NASH: Okay, if you could do that for me—

Mr Koval: I do not have that off the top of my head.

Senator NASH: If you could do that for me, that would be great, because I am genuinely interested in getting a sense. Obviously we had a number of expressions of interest: in round 1 there were 54 applications and in round 2 50. So I just want to know how far that is off your estimated ballpark of what a good number would be. I will move to the time line and figures that you have provided for me, which are extremely useful; thank you very much. The first round was launched on 18 December. Three million dollars of the \$35 million went to the Promoting Australian Produce (Major Events) program on 5 December, which is almost two weeks before the first round was launched. Why was that? Why was money redirected before you had even launched the first round, given that you said that the redirection was as a result of the low numbers?

Mr Koval: I think that at the time the decision was made there was a lot of interest in other ways of promoting agriculture and agricultural food, and major events are one such proposal. I am not aware of the discussions at the time I was there. I am certainly willing to go back, have a look at the files and see what the conversations were around that.

Senator NASH: Okay. Could you do that for me and take it on notice insofar as you can provide it for the committee, because it seems extraordinary that before you had even started money was being siphoned out of here. We then went through the process. We had 53 applications reviewed. On 24 July 15 grants were approved. That is all fine. I think round 2 was launched on 1 April 2009. There were a significant number of expressions of interest—around 160. Forty-two applications were reviewed by the advisory panel, and obviously 31 grants were approved all up. During that period of time, though—between when the rounds were launched and the final approval of the final 16 grants—there was \$4.3 million shunted off to other things. One was uncommitted funds returned to government before we even got to the approval of any of the grants. Is it usual to have uncommitted funds when you have not even finished the process?

Mr Koval: I think it would have been the case at the time—and again I will have to go and look in a bit more detail at the process—that we would have had a rough idea of what the ask was and what potential money was there, and we would have done a reconciliation of all that.

Senator NASH: I do recognise that you might not necessarily have all this at the top of your mind, so I would appreciate it if you would take it on notice, but that \$3 million of uncommitted funds was before the 160 expressions of interest were even received for the second round, so the second round process really had not even started. It just seems a bit extraordinary that there are uncommitted funds when the second round had not even started.

Mr Tucker: Mr Koval said he will have to go back and look at the records, but there might be a sense of terminology here. For example, even though we talked earlier about the Caring for our Country program for the out years and that amount of money has been announced, technically that is also regarded as uncommitted money even though it is associated with the program. So we will go back and look, but the language we are using might also be confusing it slightly.

Senator NASH: Okay. That would be great. If you could take that on notice and provide some more detail, that would be very useful. Sixteen second round grants were approved in February-March 2010. At the last estimates we had a discussion about the finalisation of the funds being \$8.5 million. Why wasn't there another round, given that that was February-March 2010, which is nearly three years ago, and we have only just come to the end of the funding being distributed? On 13 April 2010 there was around \$800,000 to other administered activities, 30 June 2010 to the end of the financial year over \$1 million of uncommitted funds were returned to the government, in financial year 2010-11 \$4.5 million was for other programs and initiatives and another \$300,000 of uncommitted funds was returned to government and in 2011-12 \$7.9 million was for other initiatives and \$4.481 million of uncommitted funds was returned to government. Throughout that period from 13 April 2010 there was not ever another round launched. Why not?

Mr Koval: It was a decision of the government at the time not to do another round and to redirect the funds to other priorities.

Senator NASH: Why?

Mr Koval: I will have to go back and have a look. As I said, I was not around at the time, so I will have to go back and look at the files.

Senator NASH: Could you take that on notice for me? That is really quite extraordinary. I do not often say that there are worthwhile things coming out of this government but this one—

CHAIR: Senator Nash, do not drop yourself—

Senator NASH: I don't often say it. It doesn't mean it is not true, but I do not often say it.

CHAIR: I expect higher from you.

Senator NASH: I know, but every now and then I slip off the pedestal.

Senator JOYCE: I object—nothing worthwhile comes out of this government.

Senator NASH: Quite seriously, this was a program that did offer funding for what seems to be a very good initiative, yet it seems to have been treated like a cash cow to move funds to other areas. I think it is extraordinary that another round was not launched. Minister, can you shed any light? I can only assume it is a cash cow to have been raided for other stuff, unless you can enlighten me.

Senator Ludwig: The language you are using is out of kilter with the sums. If we were talking about \$50 million or \$60 million then that language might make sense. Some of these decisions were clearly made before I entered the portfolio. I think I entered the portfolio in 2010. Some of the decisions that were made were prior to me.

Senator NASH: No, I am not indicating in any way, shape or form that it was your decision, Minister.

Senator Ludwig: I am happy to have a look at that. It is always the remit of the government that, if it wants to reprioritise funding within programs, it can. If you want to go back and have a look at what the Howard government did about reprioritising funds and shifting funds—

Senator NASH: Minister, please don't be boring. That is very boring, Minister. It would be interesting if you just answered the question. Instead of redirecting it to the Howard government, if you could simply just answer the question—

Senator Ludwig: Well, the premise of your question is that governments—

Senator NASH: You have done this before, Minister. I can tell you—

Senator Ludwig: It makes no difference to me. The difficulty is the premise of the question is—

CHAIR: Order! It must be you, Senator Joyce. Everything was going sweet until you walked in the room and then they are at it again. Seriously, at 10 past 10! Hopefully, all the kids have gone to bed. Senators, just afford me the decency. Let's not scream over each other. If you have asked a question, let the minister answer it. The minister was answering. Senator Nash, in all defence, you did start and there was a little bit coming back. Let's get back into what we are really here for. Senator Nash, do you have questions for the department that you wish to ask?

Senator NASH: I do. Thank you very much, Chair. I would like to thank the department for their extraordinarily good cooperation and their willingness to take on notice for me the questions I have put so far on notice. Perhaps the officers might also take on notice to give me an indication of why, from February-March 2010, there was not another round launched. I could be wrong, Mr Tucker, but I think you suggested that you may be able to go back and find out if there was an explanation for that. It would be very much appreciated if you could do that.

Mr Tucker: We will do that. The circumstances are that none of us here were around at that time on that program, so we will have to check the records.

Senator NASH: As I said last time, Minister, if everybody sitting on that side of the table used that with us we would be here for seven years getting not very much. Could you use your best endeavours to do that for us?

Mr Tucker: We will do our best.

Mr Metcalfe: We will take it on notice.

Senator Ludwig: What I was going to say, and I think it is still a relevant point, is that ultimately all budget decisions are made as part of a whole-of-government decision. If you look at the program it was a program that had a very low uptake and rounds unsubscribed.

Senator NASH: If you didn't launch a third round, of course it had a low uptake.

CHAIR: Senator Nash, let the minister answer.

Senator Ludwig: Again, this is not me interjecting, this is Senator Nash interjecting over the top because she obviously does not want to hear the answer.

Senator Williams interjecting—

CHAIR: Senator Williams, don't you chuck your five bob's worth in. Let's just let the minister finish. I tell you what I am going to do: I am going to go to Senator Gallacher to ask a question and then we will move on, if we cannot have control. If the minister is not afforded the decency to let him at least get an answer out after he has been asked a question we will pack up.

Senator Ludwig: I have seen Senator Williams's rant today: Australian cattle exporters run second again. You have already had your rant, Senator Williams. Don't you even know what you put out nowadays?

Senator WILLIAMS: Yes, I do.

CHAIR: I am sure we will remind Senator Joyce tomorrow at regional development. We will be looking forward to it! Senator Gallacher.

Senator GALLACHER: Is the taxpayers' investment in CSIRO research and development in relation to agriculture measured in terms of agricultural productivity and, if so, what is that figure? I am happy if you want to take that on notice.

Mr Koval: Agricultural productivity in terms of projects they are actually investing in?

Senator GALLACHER: Research and development in agriculture: is it measured in terms of an increase in agricultural productivity?

Mr Koval: I will take that on notice and ask the CSIRO.

Mr Tucker: I can add a couple of things, Senator. The CSIRO certainly has a flagship in terms of agricultural productivity. I cannot recollect the exact details of its aims but they are about trying to lift Australian productivity, because we have had a recent dip in productivity levels. Over time, Australian agricultural productivity has averaged about two per cent a year. I think in recent times it is down to something around 1.2. One of the goals of their flagship is to lift it back up to that two per cent. There is probably a more sophisticated explanation than I have given you, but we can certainly seek more information from the CSIRO.

Senator GALLACHER: Thank you.

Senator NASH: Chair, can I ask one more question?

CHAIR: You are not in the naughty corner. If you can ask a question and then listen to the answer calmly, of course you can. Then we will move on to trade and market access.

Senator NASH: Is more just a clarification. Minister, I do not know that I heard correctly before but I think you said—

Senator Ludwig: And I wonder whose fault that was.

Senator NASH: It is nice to see you have woken up and joined us, Minister.

Senator Ludwig: Again, do you want me to respond? Can you string a sentence together and ask a question for a change?

Senator NASH: Absolutely. I just want you to clarify this for me. Did you say that if it had been a greater quantum then you would have understood that I would be asking questions about the redirection?

Senator Ludwig: No, I did not say that.

Senator NASH: You didn't say that?

Senator Ludwig: No.

Senator NASH: I will check the *Hansard* then. I would hate to think that just because it was not tens of millions of dollars that it was unimportant—

CHAIR: Senator Nash, the minister has given you an answer.

Senator NASH: Certainly the intent of the program is very good and I do not think a quantum of funding—I will stand corrected and check the *Hansard*. Thank you, Minister.

Senator Ludwig: It was the language you were using, is what I said.

Senator JOYCE: If you want to increase the productivity of agriculture, and you stated before that irrigated agriculture has a vastly higher productivity per acre or hectare than dryland agriculture or grazing, then wouldn't it make sense to concentrate your efforts on the expansion of irrigated agriculture where there is that potential, which is in Northern Australia?

Mr Morris: I think we need to look at productivity growth throughout agriculture, whether it be irrigated agriculture in Northern Australia or in the traditional areas. We have been doing a lot of work over time with GRDC in looking at what the drivers of productivity growth in Australia are. They have funded a lot of work by ABARES in that area. We have spoken to a lot of grain growers about what they see the drivers of productivity growth have been and we have done our own research into that as well, so some of that is feeding into future directions of GRDC research. Similarly, we have done a lot of work looking at productivity growth in other parts of agriculture, particularly in the dairy sector and other parts of broadacre agriculture, and some of the drivers of that productivity. Over time, there is quite a lot of published research in that area. As the secretary has said, there is potential to do more work in Northern Australia and agriculture, and that is certainly something that we would be interested in looking into the future.

CHAIR: I thank the officers from agriculture productivity.

[22:15]

CHAIR: I welcome officers from trade and market access to the table.

Senator WILLIAMS: Ms Evans, would you please advise how many memorandums of understanding, MoUs, were under negotiation by your department with trading partners to open markets for the export of livestock and which countries you are negotiating with?

Ms Evans: Since 2004, we have signed nine MoUs with countries in the Middle East and the Africa region, and in addition to that we have signed an MoU on cooperation with Eritrea on agricultural issues. Sometimes when the numbers come up, they get mixed up and see you hear that it is 10, but there are nine that deal with this

issue of unloading animals from the boats when they arrive. The ones that are still currently under active negotiation are with Iran, Iraq, Morocco, Lebanon, and Syria.

Senator WILLIAMS: Which markets are the priority markets and why? You are the protocol committee. Industry has a priority market, doesn't it?

Ms Evans: I am not directly involved with the protocol committee. That is actually run through the live animal exports area. I am aware that from that protocol committee the No. 1 priority market that we have been advised of the industry side is Iran.

Senator WILLIAMS: Just off the cuff, the USA has trade sanctions with Iran—is that correct?

Ms Evans: That is a question that is better placed for the Department of Foreign Affairs and Trade, but that is correct.

Senator WILLIAMS: I am aware that the Iranian government is very keen to conclude an MoU and the health protocol Australia to enable the export of Australian sheep to that market. What is the status of that MoU and health protocol with Iran?

Ms Evans: We have been negotiating on an MoU with Iran since 2005 and we have exchanged a number of drafts with them. But there are still a number of issues that are under review from the Australian government's perspective, so it is still an ongoing negotiation.

Senator WILLIAMS: Is there any time line in concluding this agreement, do you know?

Ms Evans: I cannot give you a specific date, no.

Senator WILLIAMS: Would you be able to take that on notice to see if there has been a time line set where they can actually conclude this MOU with Iran?

Ms Evans: I do not need to take it on notice to let you know that there is no time line set other than that we are continuing to negotiate with Iran as productively as possible to reach a conclusion.

CHAIR: You did make that clear, Ms Evans.

Senator WILLIAMS: I understand the Egyptian veterinary officials from GOVS have communicated with the department on at least one occasion in the past 12 months that they would like to begin negotiating a MOU on a health protocol to enable an export of live Australian sheep to Egypt. Would you please advise us what you are doing to pursue this market opportunity as a matter of urgency?

Mr Glyde: I am not familiar with the real detail of that. I am aware that we have had an approach from Egypt and that they have had a long-running interest in sheep. The exact status of where we are up to and the nature of the exchange is something that would be best answered by our animal biosecurity division who appeared earlier. But I am more than happy to take that on notice.

Senator WILLIAMS: Take it on notice and see where it is up to because obviously they are keen to buy from us. The issue is that the mutton market has dropped significantly as has the lamb market. Since the implementation of ESCAS, how many new markets has your department assisted in opening for the livestock export industry?

Ms Evans: We might have to take that on notice. The livestock export industry includes a number of different types of animals—breeder animals, slaughter animals, as well as cattle, sheep and goats et cetera—so I would like to take it on notice to make sure we give you an accurate answer.

Senator WILLIAMS: Do you know offhand if Vietnam has been one of those countries?

Ms Evans: We have previously had shipments of live animals to Vietnam so I would have to look at the statistics about whether there has been a shift, since ESCAS, in the species or type of animals we have been exporting there.

Senator BACK: I do not think we have had any at all.

Ms Evans: We have had at least one shipment of cattle to Vietnam.

Senator BACK: No—excluding Vietnam. In answer to Senator Williams, I cannot think of any at all since ESCAS was introduced.

Mr Glyde: I think it is safe to say that our focus has been trying to maintain our access to existing markets under the new regulatory regime. It is hard work for exporters to develop ESCAS supply chains. But, to be sure, I would like to double-check what we have done and what the history has been over the last few years.

Senator WILLIAMS: On that point, has the department put on hold negotiating or concluding MOUs while it undertakes a review of MOUs for the livestock-export industry?

Ms Evans: We have not put the negotiations on hold per se, but we are reviewing the MOUs so that we make sure they meet the current context of the live-animal trade. All of the MOUs that we negotiate from here on will reflect that work.

Senator WILLIAMS: Have you been consulting with the industry as well on this whole—hopefully progressive—system?

Mr Glyde: Yes. There is a group called the Industry Government Implementation Group. We meet on a fortnightly basis and discuss a whole range of issues in relation to the live-export trade, and MOUs is one of those constant topics of discussion that comes up from time to time. You would be aware that the base reason and rationale for having the MOUs in the first place is in relation to animal health, and making sure we avoid problems like the *Corma*, and that receiving countries commit to unload animals regardless of the health status of the animals that have been exported from the country. What we are looking at in the review is the efficacy of those arrangements and also whether or not, in light of the ESCAS arrangement, we need to also be including animal-welfare type issues in those MOUs. So, you can understand there are quite a few thorny issues, including policy issues, particularly reflecting our experience and the industry's problems in Bahrain.

Senator WILLIAMS: Are you basically saying in recent months—or year—you have been flat out trying to retain the markets we have had for some time, and hence that has not got you advanced to a situation where further MOUs may have been progressed further with places like Egypt?

Mr Glyde: We have been trying to deal with all of those things. The point I was trying to make before was that we spend a lot of time in developing and rolling out new regulatory framework and, as part of that, that has led us to think again about the nature of MoUs and what we need to do with them. Are they sufficiently broad to cover the experience that we have had over the past 12 to 18 months with refusals to unload in relation to both animal health and animal welfare issues that have come on board because of ESCAS? Our objective is to grow the trade, consistent with government policy, and to try to do that in a way that is up to international animal welfare standards. All of the changes mean that we need to pause and think about how the MoUs work. But, as Ms Evans said, we continue to respond and react to requests for MoUs from other countries.

Senator RHIANNON: It has been reported that Australian sheep are being sold to unaccredited livestock markets in Kuwait's Al Rai livestock market, in the Friday local market. Do you have details of your investigation of this latest breach of the export rules? I am after any information about who did this and how this happened.

Mr Metcalfe: Chair, Senator, this really should have come up under the live animal export discussion we had earlier this afternoon. Mr Glyde is Deputy Secretary. He may be able to assist, but I doubt if we will have any other officers at this stage of the proceedings.

Mr Glyde: The Secretary is right. The people who have the detailed knowledge about the particular investigations were in the live animal export division. What I do know is that we have received two complaints from Animals Australia in relation to animals being in this particular market in Kuwait. I do not recall the exact date that we received the first one, but we also received a second allegation in January this year—I forget the specific date—and we have commenced an investigation into that second incident.

Mr Metcalfe: I think it was addressed to me, and so it was very recent.

Mr Glyde: Yes, it was extremely recently. I probably have it here in the briefing, but it is probably safer for me to give you the precise timing as to when we received both of those allegations on notice, if that is okay.

Senator RHIANNON: I will put the questions in on notice. I am sorry about that; I am still working that out. I want to ask a fairly general question: as you are aware, a number of animal groups have often alerted you to the issues of animal cruelty. Apart from animal groups alerting you, have you been informed by any other groups or individuals not associated with animal welfare groups?

Mr Glyde: We receive information about non-compliances essentially from three resources. The first source is our auditing system of both initial audits and performance audits. They come through as a result of the ESCAS. The second source of information we have is from the exporters themselves. We have had a number of incidents where the exporters have declared noncompliances that they have become aware of. The third source of information is from third parties, and to date the third party information has come from animal welfare groups or from people reporting through the Australian animal welfare groups.

Senator RHIANNON: Do you have a breakdown for those three? What percentage of the reporting comes from those three different groupings?

Mr Glyde: Yes, we can provide that. I do not have the exact information to hand, but we can provide that classified by our hierarchy of critical, major and minor noncompliances by the source from where they have

come. The vast majority of the noncompliances tend to relate to documentation, but we can give you that breakdown. In looking around for that, I have found the dates for those two investigations, if that would help.

Senator RHIANNON: Yes.

Mr Glyde: The original complaint in Kuwait was received by us on 30 August, alleging that Australian sourced sheep were being offered for sale and slaughter outside of the approved supply chain in Kuwait. We received a second complaint, as the Secretary said, on 30 January with the same allegation—that is, the animals were being offered for sale and slaughter outside an approved supply chain. But I will also provide the specifics about our sources of information in relation to noncompliances.

Senator RHIANNON: Thank you. Chair, I will put my questions on notice and get them into the right group.

CHAIR: Senator Rhiannon, that is greatly appreciated because we have even more on the list than what we first started with.

Senator FAWCETT: Do you have permanent staff in New Delhi?

Ms Evans: Yes, we do. We have one permanent Australian based staff member in New Delhi. She is one of the members of our network of agricultural counsellors around the world. We also employ some locally engaged staff, but they are technically employed by DFAT.

Senator FAWCETT: As a counsellor does her role include market access?

Ms Evans: That is right. She is there as our sort of arms and legs on the ground. She maintains relationships with the key contacts in the Indian bureaucracy. So, if we have an issue we need to address with them, we have someone who can go in and readily see them face to face.

Senator FAWCETT: Ausveg were reporting last year that India had tariffs of up to 100 per cent on horticultural produce coming out of Australia. Is that correct?

Ms Evans: I do not have with me the specific list of tariffs for the horticultural products but I would not be surprised if that is true. I can confirm it on notice if you like.

Senator FAWCETT: If you could. What specific actions has DAFF, and specifically your staff in New Delhi, taken or recommended to reduce the imbalance between the zero tariffs of Indian produce coming into Australia and the 100 per cent tariffs of our produce going there?

Ms Evans: You might be aware that in the last year or so it was announced that we will start negotiating a free-trade agreement with India. Those negotiations have started, and that is the framework in which the tariff questions will all be addressed.

Senator FAWCETT: Do you participate in whole-of-government initiatives when it comes to trade?

Ms Evans: We do. Our agricultural counsellor on the ground also participates in the meetings here in Canberra about the free-trade agreements. We are also part of the network that is coordinated by the Department of Foreign Affairs and Trade, in the case of the free-trade agreement, to make sure we are part of the whole-of-government decision making and advocacy on that.

Senator FAWCETT: Did you provide any briefs to the Prime Minister before her visit to India in October last year?

Ms Evans: It is not the role of DAFF to provide briefs directly to the Prime Minister, but we certainly inputted information and advice into the briefs that would have been prepared by the Department of Prime Minister and Cabinet.

Senator FAWCETT: In the briefs that you submitted to PM&C, through DFAT, was the fact that India charges 100 per cent tariffs on our horticultural products raised?

Ms Evans: I cannot recall specifically whether that was in there. I can go back and check in terms of the specific things that DAFF put into it, but I am sure that in the whole-of-government briefing the general range of tariffs would have been discussed.

Senator FAWCETT: Are there any meetings between DAFF and other government departments, for example, those that would have been advising DFAT and the Prime Minister about her discussions as to whether we would sell uranium to India, to try to have a coordinated approach to leverage something that they clearly wanted, which was access to our uranium, with something that was clearly to our advantage, which is reducing 100 per cent tariffs on agricultural exports such as horticulture?

Ms Evans: That is a question you would really have to ask the Department of Prime Minister and Cabinet or the Department of Foreign Affairs and Trade.

Senator FAWCETT: I am asking you as the people who are, according to your website, 'seeking to increase and improve market access'. Did you take any action to try to influence the discussions or considerations of PM&C prior to the visit, to take this opportunity to use this as a lever to equal or make more fair the market and trade between Australia and India.

Ms Evans: As I said before we always participate in the whole-of-government discussions around how to approach these kinds of meetings. So we were certainly a participant in those discussions.

Senator FAWCETT: I appreciate you are a participant but what I am asking is did you make any recommendations in terms of using this opportunity to leverage down the tariffs in India?

Ms Evans: We always advocate on behalf of agricultural industries. I am going to go as far as saying we did not specifically link the uranium issue to our advocacy work on reducing tariffs. That is not an issue.

Mr Metcalfe: It is not our role to try to come up with an overall negotiating position. That is clearly a role for Department of Foreign Affairs and Trade or PM&C, in supporting the Prime Minister. But I would have been satisfied that we would have been putting our position very clearly on the issues surrounding agriculture.

Senator FAWCETT: I am happy that it is not your role to decide on the final outcome, but surely it is your role to suggest every possible option to make it a fairer trading relationship for our horticultural industries?

Mr Metcalfe: Having started in PM&C some years ago I can say that PM&C and DFAT would be the departments in possession of the entire range of information from a whole range of portfolios. Sitting where we sit we are looking at a particular issue. For us to make suggestions as to how an overall negotiating strategy should be put together would not be particularly worthwhile. We are here to ensure that we are advocating strongly in relation to market access for agriculture. How it is linked to other aspects of negotiations are ultimately issues for the departments that have the complete relationship as part of their responsibility.

CHAIR: Your five minutes is up, Senator Fawcett. Would you like to put your other questions on notice.

Senator BACK: Going to the arrests in Indonesia this month over beef export licences—you would be aware of them. The Corruption Eradication Commission has made some allegations against individuals within the Indonesian Agriculture Ministry, and others, that would appear to have an impact on possibly the reason why Australian beef consignments sat on the wharf in Jakarta. Can you give us any updated information on what you understand to be that circumstance in Indonesia?

Ms Evans: You have essentially summarised what has been in the public domain. It is consistent with what we understand is happening in Indonesia. It is a matter for the Indonesian government to resolve. I am not able to speculate on where it will lead.

Senator BACK: In terms of that beef I appreciate the role the minister has played in assisting that process, but can you tell me what consignments of Australian beef are still sitting on the wharf in Jakarta?

Ms Evans: I cannot give you the exact numbers. There are still some containers of Australian beef sitting on the wharf. I can take it on notice to see if we can find out, but it may not be possible to give a precise figure. For some of the containers there have not been any applications to re-export them, so we are not quite sure what people want to do with them. I will take it on notice to see if we can find out, but it might not be possible.

Senator BACK: We learnt during January that the United States has launched a World Trade Organization challenge on Indonesian import restrictions, including on beef. Given the fact that Australia has traditionally been the dominant exporter of beef to Indonesia, and the American participation is something as low as two or three per cent, why is it that Australia has not launched a World Trade Organization challenge on Indonesian import restrictions, because they clearly affect Australian producers and exports to a far greater extent than they do the United States?

Ms Evans: Again, the Department of Foreign Affairs and Trade is really the most appropriate department to ask questions of that nature. But perhaps if I can offer a couple of observations. Indonesian is one of our most significant agricultural trading partners. We have a very good relationship with them at a bilateral level, where we work to resolve most of the issues we have, and we work through that bilateral mechanism as much as possible. We have asked to join the US request to have consultations on the horticultural and other regulations that are affecting them. That is fairly standard for Australia. We have been a participant in something like 78 different consultations or disputes over the years as a third party, so it is quite standard for us to be involved in that way. We are not really looking to take sides in the dispute at this stage. It is more to be aware of what the discussions are given the significance of our very close trading relationship with Indonesia.

CHAIR: Could I ask that this be the last question.

Senator BACK: I will make it the last, which is a shame, because I wanted to move into other areas. Australian producers are somewhat bemused at the way in which we believe we have been treated by Indonesia only then to learn that a very minor player in the export of, in this case beef, to Indonesia, being the United States, are in there. They are a very aggressive competitor with Australia, are they not?

Ms Evans: The US is one of our competitors in quite a few of our trading partners for agricultural produce. In our case we have a particularly close relationship with Indonesia and we are very reliant on our bilateral engagement with them to resolve many of the issue that we have.

Senator COLBECK: You might be surprised to get a question of this nature at estimates! In the additional estimates documentation, there is a significant change in the funding to the FAO. We asked about this in May of last year, and the response was that this was around exchange fluctuations, which reduced the Australian membership fee. There was a reduction of \$2.9 million in the figure then. In the additional estimates document—page 27—there is a \$2.5 million reduction from \$12.5 million down to \$10.03 million.

Ms Evans: That is correct. Similar to the explanation last time, there were exchange rate effects that meant it was possible for us to pay the obligatory dues to the Food and Agriculture Organization with a smaller amount of money. Depending on the priorities of the government at the time, the remaining funds are then available for a range of projects. In some years we have spent it with the FAO on other more discretionary projects. In this instance the funding has been reallocated. You can actually find the reallocation on page 20 of the additional estimates document. You can see the reallocation has been moved to ABARES, with the \$2.5 million.

Senator Ludwig: My understanding is that it is paid in US dollars. I think most UN bodies do that.

Senator COLBECK: The \$2.5 million allocation to ABARES was the question I did not get to this morning. So you have solved two problems in one hit. So it is a currency fluctuation. Is the \$10.03 million the annual fee?

Ms Evans: In essence there are also a couple of relatively small voluntary programs included in that figure, but I would have to take it away to break it down for you. Most of it is the obligatory dues. Then, I think we have a couple of small projects in there to do with animal and plant health.

Senator COLBECK: That is the second time in 12 months or so that we have talked about this. Is that something we keep an eye on as part of the cycle as to how we remit that particular obligation so that we can get the advantage of the currency exchange, if it is available?

Ms Evans: Every year we make sure we pay it at the most appropriate time, and if there is funding left over with the exchange rate we then look at the best use for that funding that is consistent with the government's priorities.

Senator COLBECK: We had a discussion this morning around the ABARES research report that looked at vegetables, and one of the points in the document was that around 80 per cent of vegetable growers believe that the development of export markets was too difficult or time-consuming. Inadequate price for export at vegetables, shipping costs and insufficient funding for infrastructure are also commonly stated as impediments to developing exports. Is there any assessment of what demand there might be in some of the emerging markets around those particular products?

Mr Glyde: You are talking specifically about horticulture, vegetables et cetera. Mr Morris might be able to help but I might start off. He said earlier today in his evidence that, as part of the Asian Century white paper process we have been asked to do a study, essentially in relation to what Asia wants, to begin to look at that. I am not quite sure to what extent that study will break down into details around horticulture, vegetables et cetera but that was the primary purpose—to help provide whatever information we might have about what some of the demands might be for products from Australia into Asia. But I am not sure—Mr Morris, can you add any more to that?

Mr Morris: Thank you. I can perhaps kill two birds with one stone here too. Certainly the study we are doing is looking at the breakdown of the likely demand for various products in our Asian markets and so we did some work on that back in Outlook 2012 and we are doing further analysis of that at the moment. In fact, one of the projects under the money that has been reallocated from FAO to ABARES is about what Asia wants in the future. We are doing a further detailed analysis of future Asian food demand in the region. A secondary project is looking at what that might mean in terms of infrastructure needs in Australia so that we can meet those demands in the future. We are doing quite a bit of work into that and as I mentioned this morning one area of growth is certainly in the fruit and vegetables side of things.

The second bird I was going to kill with the same stone was, you asked me this morning about whether we have any further information from the survey on why vegetable growers were saying that they were not able to export and some of the information from that report talked about some of the constraints that they were having at

the moment. A number of responses were that there were no local agents, the prices were not high enough, shipping costs were too high, transport was not available, further infrastructure on farm was needed or quite a number of them said that it was too hard or too time-consuming. A number of those things represent constraints that might be able to be addressed in the future in terms of making it easier for fruit and vegetable growers to be able to access those markets and so certainly as we look at infrastructure needs in the future, they are some of the things that we might be looking at in terms of how farmers can be assisted in actually addressing constraints.

Senator COLBECK: What is the timeframe around that project?

Mr Morris: The money is only available for six months so we have until the end of June. Perhaps at May estimates we can give you a further update but hopefully by the following estimates we will have all of those reports out.

Senator COLBECK: Okay. That is good. That is appreciated. Knowing that I am tight on time here—

CHAIR: You have two minutes.

Senator COLBECK: I am getting the eye from the chair. Can I just go back to a conversation we had this morning and this is perhaps more for you, Mr Metcalfe, so as not to cause a diplomatic incident with our discussion earlier in the day about a horse training facility at the new quarantine facility. I have been advised on good advice that the one horse that has been imported—or the one horse that was referred to as having been imported—is not French. It is in fact Norwegian. He is currently in Eastern Creek and yet to run in Australia. He is a winner in Sweden, Norway, Finland and France and is a bit of a hero in Europe.

CHAIR: A sure thing.

Senator COLBECK: I guess if he gets to train he might be a sure thing over here but he cannot train at Eastern Creek because there is no training track. And I suppose the point behind that is that it was very difficult to attract international horses to the Melbourne Cup until we had a facility where they could train while they were in quarantine, and I suppose that would go for the harness racing sector as well. But just to ensure that there is no diplomatic incidents around where the horse Ridgehead Cahore comes from, it is in fact Norway, not France.

Senator NASH: I have a question about the beef trade to South Korea. South Korea is our biggest export market for beef. Is that correct? Or one of the biggest?

Ms Evans: It is certainly one of the biggest, yes.

Mr Morris: Japan is our biggest market. In the past the US has been the biggest market in volume, but more recently I think Japan is No. 1, and Korea is up there in the top four, I think.

Senator NASH: So it is a significant export market. How do you ensure, as the agriculture department, that you are across foreign affairs issues that may potentially impact trade. What is the link? How do you make sure you do that? I am assuming you do that.

Ms Evans: We do. I am just trying to understand what the nature of your question is.

Senator NASH: Is there a bureaucratic process in place for being across the foreign affairs issues that may affect trade?

Ms Evans: We stay across that through conversations with DFAT but also through using the information channels that the Australian government has for reporting on those kinds of issues. DAFF has direct access to that, so we monitor daily and we keep across the issues so that we can think through that.

Senator NASH: That being the case, are you aware of South Korea's Samsung Techwin self-propelled howitzer program?

Ms Evans: No, I am not aware of that particular one.

Senator NASH: That does surprise me, given that there was some discussion of this in the last estimates with the Department of Foreign Affairs. We have a significant issue, potentially, with South Korea, because they were a preferred tenderer for over two years, and at the last minute the government cancelled the project. That has created some issues, so much so that a subsequent company, Poongsan, has indeed cited sovereign risk and pulled out of a subsequent program. I ask this as a farmer, I guess. I am concerned that any of those issues may potentially affect our trade with South Korea. I know there has been a great deal of angst caused by the government's cancellation of the project. So, given the magnitude of it, I would be interested to know why perhaps your processes might not have picked that up.

Senator Ludwig: As I understand it, Senator Bob Carr comprehensively answered that in question time. I think he rejected the premise of your question, quite frankly. That is my recollection of it, but we can have a look at *Hansard* to see what he said. I am now paraphrasing him from memory, because ultimately it is about

reinforcing the fact that we have a very strong relationship with Korea. They are a significant trading partner with us, and I think the issue you raised does not impact upon our strong trading relationship with Korea; it continues to be very strong. It might be worthwhile mentioning that in terms of continuing our relationship, I think Minister Emerson has continued to indicate that he is keen to start a dialogue with his counterpart in South Korea. One of the difficulties, of course, is that they had an election on 19 December. As I understand it, they are sworn in on 25 February. So whilst that is going on I think it would stop Minister Emerson from in fact knowing which minister he would be talking with. But I do not want to steal Minister Emerson's thunder there; I am sure he will be able to say that in trade.

Senator NASH: Thanks, Minister. I do appreciate that, but one of the reasons I am raising it here is that the minister, Senator Bob Carr, did not actually answer the question properly. Indeed, he was not even aware of that. And that is why I am asking it again. You might have thought he did, but I did not.

Senator Ludwig: Well, we disagree.

Senator NASH: Indeed, he was not aware of the subsequent withdrawal from the project by Poongsan at all. So perhaps I could ask you if you would mind taking on notice, because I know the chair is going to pull me up in a second—

Senator Ludwig: The fact is that I am aware of it.

Senator NASH: If you would not mind taking on notice to provide information on those processes that are in place to pick up this type of issue and with this particular issue provide on notice whether information of that nature will not affect the beef trade. As a farmer—and I do not do beef; I do sheep—I would be very interested in any information the department can provide to the committee.

Senator Ludwig: I think I am giving you that confidence. Minister Bob Carr provided that answer at question time. Therefore, I do not think the officer needs to take it on notice.

Senator NASH: Thanks. As you said earlier, the appropriate thing to do is to ask the questions of the officials.

Senator Ludwig: In terms of the process earlier about the dialogue, I am sure Ms Evans can answer that. She does need to take it on notice, I suspect.

Senator EDWARDS: Are you aware of the Rabobank report which came out late last year which predicted that sales of Australian beef, surprisingly, were going to be somewhat off the mark until the end of next year? The US has had a drought. It has its own supply issues. You do not have to read too far into it to ask why this is the case?

Mr Glyde: It might be handy to get Mr Morris to give ABARES' expectations in relation to prospects for beef and our forecasts in relation to that matter.

Mr Morris: In general terms, as you would be aware, the prices of beef are off at the moment generally, partly because of some weakness in overseas markets. In terms of our forecasts, as we mentioned earlier, Korea is our third largest market and we are forecasting just a slight drop in the market from about 123,000 tonnes in 2011-12 to 120,000 tonnes for this year.

Senator EDWARDS: What is the percentage?

Mr Morris: It is a 2.4 per cent reduction.

Senator EDWARDS: Not much.

Mr Morris: No, but it is quite a bit off the 2010-11 figure, which was 139,000 tonnes.

Senator EDWARDS: The currency was high then. Why are we where we are at?

Mr Morris: Partly, it is increased competition from other suppliers that is impacting on that. We have gradually seen the US getting increased access into those North Asian markets again. Gradually over time there is also the fact that the US has the free trade agreement with Korea and that is going to give them somewhat of an advantage. But there is also of course the lower US dollar against the Australian dollar which is giving them an advantage in that market. Similarly, we are seeing Japan off a bit as well—down from about 326 to 310, which is about a 4.9 per cent reduction.

Senator EDWARDS: Based on currency alone?

Mr Morris: No. That is certainly driven by demand as well. The demand has come off in Japan. There has also been a bit of competition. Of course, the US has also been getting gradually better access into the market over time as it recovers from the loss in the market due to the BSE issue. Of course, we have very good access now into the US off the back of the free trade agreement with the US. The quota is so high now we can virtually

get anything we want at zero tariff. We are expecting quite an increase—about 12 per cent increase in exports to the US. Partly that is also reflected by the supply situation in the US where their own cattle herd has been coming down quite dramatically. So there are some good opportunities for us to get some more beef into the US. That is the general picture at the moment. We are coming out with a new set of forecasts in early March at the Outlook conference.

Senator EDWARDS: Have you heard of the first families of Wyong—12 family companies owned through the generations? They packed themselves up and went on a trade mission to China and Hong Kong. Did you have any involvement in that or provide any assistance, financial or otherwise, to that trade mission?

Mr Glyde: Not to our knowledge, but we can check that for you.

Senator COLBECK: What is the tariff free threshold in tonnes for beef into the US now?

Mr Morris: It used to be 370,000 tonnes when the FTA was negotiated but then there was a gradual increase over time and now it is well over 400,000 tonnes. Compared to our trade, which I think was 230,000 tonnes, we are still well below. It is well over 400,000 at the moment. I do not remember the exact number.

Senator NASH: Could you take on notice to provide an update on the status of the free trade agreement with South Korea? There is obviously some concern that that is not going to go ahead.

Ms Evans: I am happy to take that on notice.

CHAIR: Thank you very much. Minister. Mr Metcalfe, I know you have been thinking what you have been missing all these months.

Mr Metcalfe: It has been riveting.

CHAIR: Officers, thank you very much. On behalf of the committee, we thank Stephen and Kristy and the hardworking, diligent staff of our secretariat. Hansard and Broadcasting, thank you very much. That concludes today's hearing.

Committee adjourned at 23:01