



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS  
AND TRANSPORT

ESTIMATES

**(Budget Estimates)**

MONDAY, 26 MAY 2008

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE STANDING COMMITTEE ON  
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

**Monday, 26 May 2008**

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

**Participating members:** Senators Abetz, Adams, Allison, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Hogg, Humphries, Johnston, Joyce, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, Sandy Macdonald, McEwen, McLucas, Marshall, Mason, Milne, Minchin, Moore, Murray, Nettle, Parry, Patterson, Payne, Polley, Ronaldson, Scullion, Stephens, Troeth, Trood, Watson, Webber and Wortley

**Senators in attendance:** Senators Abetz, Adams, Boswell, Cormann, Fielding, Heffernan, Hogg, Hurley, Hutchins, Ian Macdonald, McGauran, Milne, Nash, O'Brien, Parry, Scullion and Sterle

**Committee met at 9.02 am**

**AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO**

**In Attendance**

Senator Sherry, Minister for Superannuation and Corporate Law

**Department of Agriculture, Fisheries and Forestry**

**Executive**

Dr Conall O'Connell, Secretary  
Mr Daryl Quinlivan, Deputy Secretary  
Mr Stephen Hunter, Deputy Secretary  
Mr Craig Burns, Acting Deputy Secretary

**Management Services**

Mr Bill Pahl, Chief Operating Officer  
Mr John Bridge, General Manager, Corporate Finance  
Mr Steve Maxwell, General Manager, Levies, Contracts and Services  
Mr Peter Moore, Acting General Manager, Budgets  
Mr Greg Haughey, Manager, Budget Management Section

**Corporate Policy**

Ms Elizabeth Bie, General Manager, Parliamentary and Media  
Mr Craig Penney, General Manager, Governance and Planning  
Mr Travis Power, General Manager, Policy Development

**Product Integrity, Animal (including aquatic animal) and Plant Health**

Mr Tom Aldred, Executive Manager

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Ms Lois Ransom, Chief Plant Protection Officer  
Dr Bob Biddle, General Manager, Animal and Plant Health Policy  
Ms Nicola Hinder, General Manager, Animal Welfare  
Mr Bill Magee, General Manager, Product Safety and Integrity  
Dr Graeme Garner, Acting Australian Chief Veterinary Officer

**Australian Pesticides and Veterinary Medicines Authority**

Dr Eva Bennet-Jenkins, Chief Executive Officer

**Australian Wool Innovation**

Dr Chris Abell, Director  
Mr Craig Welsh, Chief Executive Officer  
Mr Les Targ, Deputy Chief Executive Officer

**Australian Quarantine and Inspection Service**

Mr Greg Read, Executive Manager, Exports Division  
Dr Mark Schipp, General Manager, Animal Products Market Access  
Mr Colin Hunter, National Manager, Food Exports  
Dr Narelle Clegg, National Manager, Animal and Plant Exports and Imported Food Safety  
Ms Jenni Gordon, Executive Manager, Quarantine  
Mr Peter Liehne, National Manager, Animal and Plant Quarantine  
Mr Tim Chapman, National Manager, Cargo Management and Shipping  
Dr Chris Parker, National Manager, Border  
Ms Jenet Connell, Executive Manager, Business Strategy and Corporate Services  
Mr Tim Carlton, General Manager, Strategic Directions Team  
Mr Steve Prothero, General Manager, Information Services  
Mr Wayne Terpstra, National Manager, Compliance and Investigations  
Mr Peter Moore, Chief Financial Officer  
Ms Cathy Cox, General Manager, Business Strategy

**Biosecurity Australia**

Mr John Cahill, Chief Executive  
Dr Ann McDonald, General Manager, Biosecurity Development and Communications  
Ms Louise van Meurs, General Manager, Plant Biosecurity  
Dr Bill Roberts, Principal Scientist, Plant Biosecurity  
Dr Robyn Martin, General Manager, Animal Biosecurity  
Dr Mike Nunn, Principal Scientist, Animal Biosecurity

**International Division**

Mr Bruce Bowen, Acting Executive Manager  
Mr Paul Morris, Executive Manager, Technical Market Access  
Ms Sara Cowan, General Manager, Multilateral Trade  
Mr Paul Ross, General Manager, Bilateral Trade (Americas, South East Asia, Subcontinent, NZ and the Pacific)  
Ms Vanessa Findlay, General Manager, Bilateral Trade (North Asia, Europe and Middle East)

**Food and Agriculture**

Mr David Mortimer, Executive Manager  
Mr Richard Souness, General Manager, Food Policy and Safety

Mr Simon Murnane, General Manager, Meat, Wool and Dairy  
Mr Russell Phillips, General Manager, Wheat, Sugar  
Mr John Power, Acting General Manager, Field Crops, Wine and Horticulture  
Mr Mike Ryan, Acting General Manager, Wine Policy  
Mr Andrew McDonald, Acting General Manager, Field Crops, Wine and Horticulture

**Export Wheat Commission**

Mr John Watson, Chair  
Mr Peter Woods, Acting Chief Executive Officer

**Grains Research and Development Corporation**

Mr Keith Perrett, Chair  
Mr Peter Reading, Managing Director

**Meat and Livestock Australia**

Mr David Palmer, Managing Director  
Mr Scott Hansen, General Manager, Corporate Communications  
Mr David Thomason, General Manager, Marketing

**Australian Bureau of Agriculture and Resource Economics**

Mr Phillip Glyde, Executive Director  
Ms Karen Schneider, Deputy Executive Director  
Mr Don Gunasekera, Chief Economist

**Bureau of Rural Sciences**

Dr Colin Grant, Executive Director  
Dr Kim Ritman, General Manager, Social, Biosecurity and Information Sciences  
Dr James Findlay, General Manager, Fisheries, Land and Forestry Sciences  
Mr Peter Ottesen, General Manager, Climate and Rural Water Sciences  
Mr Mark McGovern, Manager, Business Strategy and Operations

**Rural Policy and Innovation**

Mr Ian Thompson, Executive Manager  
Mr Matthew Dadswell, General Manager, Drought Policy Review  
Dr Melanie O'Flynn, General Manager, Innovation and Rural Policy  
Ms Jenny Cupit, General Manager, Drought and Climate Change Adjustment  
Ms Glenda Kidman, Acting General Manager, Climate Change Training and Policy

**Natural Resource Management**

Mr Rod Shaw, Acting Executive Manager  
Mr Mark Gibbs, General Manager, Climate Change  
Mr Gerry Smith, General Manager, Australian Government NRM Team  
Mr John Talbot, General Manager, Australian Government NRM Team  
Mr Martin Walsh, Acting General Manager, Landcare and Sustainable Production

**Land and Water Australia**

Dr Michael Robinson, Executive Director

**Fisheries and Forestry**

Mr Allen Grant, Executive Manager  
Dr John Kalish, General Manager, International Fisheries and Aquaculture  
Mr Tony Bartlett, General Manager, Forest Industries  
Mr Robert Murphy, General Manager, Fisheries and Marine Environment

**Australian Fisheries Management Authority**

Mr Glenn Hurry, Managing Director

Mr Paul Murphy, General Manager, Fisheries Operations

Dr Nick Rayns, Executive Manager, Fisheries

Mr Peter Venslovas, Senior Manager, Northern Compliance

Mr David Perrott, Chief Financial Officer

**CHAIR (Senator Sterle)**—Good morning, everyone. I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. On Tuesday, 13 May 2008 the Senate referred to the committee for examination the particulars of proposed expenditure for 2008-09 and certain other documents for the Agriculture, Fisheries and Forestry portfolio. The committee will now further examine the particulars of proposed expenditure through these budget estimates hearings. The committee may also examine the annual reports of the departments and agencies appearing before it. As agreed, I propose to call on the estimates according to the format adopted in the printed program. The committee is due to report to the Senate on 24 June 2008 and has fixed Friday, 18 July 2008 as the date for the return of answers to questions taken on notice.

Under standing order 26, the committee must take all evidence in public session. The Senate by resolution in 1999 endorsed the following test of relevance for questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds are relevant questions for the purpose of estimates hearings. The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given a reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

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

I welcome Senator the Hon. Nick Sherry, Minister for Superannuation and Corporate Law, representing the Minister for Agriculture, Fisheries and Forestry, and Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry and officers of the department. Minister, do you or Dr O'Connell wish to make an opening statement?

**Senator Sherry**—I do not.

**Dr O'Connell**—No.

**CHAIR**—We will go straight to questions.



**Senator SCULLION**—I have a question that is a general inquiry to the secretary. I would like to commend your officers for their complete and fulsome responses to questions on notice in a number of areas. I have to say it is, however, in stark contrast to the most unhelpful lines I have seen—certainly in my time in parliament—in some other areas. You may recall we broke the committee to have a private meeting to ascertain whether or not people should make an effort to provide information here and now, because we thought it was information that would be readily available. We thought it was simply a matter of picking up the phone or jumping in a car. I understood that was in regard to the Regional Partnerships program—there was quite a to-do about that—and I understood that there would be some forthcoming information on that matter. Not only did we not receive it on the day, as I understand, but if you look at the area that was covered by the questions on notice you would understand our frustration in being provided with what we would consider as little or no useful information in that regard. I am looking for a general response, Mr Secretary.

**Dr O’Connell**—You are talking about the Regional Partnerships program?

**Senator SCULLION**—I am alluding to one particular area, but there are other areas as well.

**Dr O’Connell**—That is not this portfolio.

**Senator SCULLION**—No, indeed. As I said, I am looking for an answer in a general sense. I have used the Regional Partnerships program as an example. I know you were present during that particular issue.

**CHAIR**—Senator Scullion, can I just come in there. I think you are referring to a different department under different portfolios at the last estimates hearings. I think Dr O’Connell and his department were very helpful last time.

**Senator SCULLION**—I am just making the point that there were a number of areas where I thought the answers to the questions on notice were excellent and some officers had obviously gone to a lot of trouble to ensure that we received those answers and were provided with all the information. I just thought it is useful at the beginning of estimates to make the comment and, as I have said, we have decided not to say, ‘It is you, or you, or whatever.’ Right at the beginning of the estimates process we would put on notice the fact that we were very disappointed with a number of the answers to questions on notice. Certainly some of them, as I said, were very good but there does appear to be a lack of assistance in some areas. From your perspective I wonder if you could run through the process of taking a question on notice. Do you just allocate that to the particular officer, he provides the information and then that information is sent to the committee? Is it something similar to that?

**Dr O’Connell**—It would, perhaps, be useful just to be very clear at the start that the Regional Partnerships program is not within this portfolio—it is in the infrastructure portfolio—so, if the issues have arisen largely in Regional Partnerships, it is really a question to put to that portfolio. I am grateful that you think that most of our questions were usefully answered. Yes, we go through a process of putting the questions to the particular responsible area in the department to draft a response.

**Senator SCULLION**—So what happens to that response? What is the process? It goes to an officer who is responsible for providing collation of the answer. What happens to the answer then?

**Dr O'Connell**—The draft answers are cleared through the department and then are sent to the minister for approval.

**Senator SCULLION**—Perhaps, then, I could ask the minister, or perhaps you, Dr O'Connell, if you would like to put it back to me or forward it to the appropriate minister, just so I have an understanding of what actually happens to that question on notice. When it arrives in the ministerial office as a draft response, what are the options for the minister? Are they just in terms of whether you can reject it? What is the convention, and what has been the process thus far?

**Dr O'Connell**—Can I just clarify something. You are looking to understand the specific process within the minister's office?

**Senator SCULLION**—No, I am asking just to understand the process. I understand the process now—a draft answer is provided; it then goes to the minister's office. I was just seeking some clarification about exactly what happens then. What are the options?

**Senator Sherry**—I can only give, by way of example, what happens in my office and, presumably, what would have happened in your office when you were a minister. It is the decision of the minister as to what form the draft from the department is released to the committee in.

**Senator SCULLION**—Up to and including writing the minister's own answer? Would that be reasonable?

**Senator Sherry**—It is the minister's call. You may find it useful, as I used to sitting where you are not that long ago, in terms of timing and delays to responses if that occurred—and I am pleased to note that you consider that it has not occurred with this particular department and this particular committee—if the date on which the questions or draft answers to the questions go to the minister's office can be ascertained compared to the date the minister's office releases the answers to the particular individual or the committee.

**Senator SCULLION**—Thank you for that, Minister. As I said, we are just trying to get a better understanding of, perhaps, who is responsible for the content of some of the answers, because there is no point beating the department up for being less than cooperative about that.

**Senator Sherry**—Ultimately it is the minister. He or she is the responsible member of the executive.

**Senator SCULLION**—Thank you. I will just go to some general questions.

**Senator HEFFERNAN**—I will just interject for a second, Minister. There is a growing practice—I do not know whether it is because people are worn out and tired or whether it is just a change of the culture. Do you think it would be an insult to an estimates committee to continually answer the question with, 'Look it up on the net'?

**Senator Sherry**—Sorry?

**Senator HEFFERNAN**—‘The answer is on the net; look it up.’ I think it is a bloody insult, because you have the answer available and the answer to a committee should not be, ‘Look it up on the net.’ You should provide the answer.

**Senator Sherry**—You may want to give me some particular examples. I am not aware of any personally under this government. I am aware of a couple when I was sitting where you are.

**Senator HEFFERNAN**—I do not give a rat’s arse who is in government. I just think it is an insult.

**Senator Sherry**—I do not have any knowledge of any cross-referencing to the net. There may be some cross-referencing; I do not know.

**Senator SCULLION**—Perhaps, Dr O’Connell, you would not see it as reasonable practice, for example, to refer a Senate committee to a website in a draft response. Would you see that as appropriate or apt?

**Dr O’Connell**—It would depend on the nature of the question.

**Senator SCULLION**—For any question, is it good enough to simply say to a Senate committee, ‘I know where the information is and you can go and get it from there,’ rather than providing the information from that site?

**Dr O’Connell**—Certainly not. But I do not think that is the practice that we follow.

**Senator O’BRIEN**—There have been a number of occasions when matters have been drawn to the attention of senators about which certain information is available on the department’s web site and has been for some time. In opposition, I was happy to be directed to areas where I could satisfy my inquiry.

**Senator SCULLION**—I have some general questions about your department’s approaches to some determinations from government. Did your department seek an exemption from the application of the two per cent efficiency dividend?

**Dr O’Connell**—No.

**Senator SCULLION**—You did not? Could you give me the rationale behind that decision? Did you feel that there was sufficient latitude within the programs to be able to make those cuts to accommodate the efficiency dividend?

**Dr O’Connell**—It was clearly government policy to have the efficiency dividend run as widely as possible across departments. I consider that we need to be able to be responsive to government policy in that area, and so looked to manage that efficiency dividend, which I think that we can do.

**Senator SCULLION**—How will your agency manage that funding cut?

**Dr O’Connell**—I will pass that over to Bill Pahl, our chief finance officer.

**Mr Pahl**—Each year we have an efficiency dividend, and have done so for many years. In 2008-09, that will be 3.25 per cent. We will address that in a number of ways. To give you a practical example, we have already reviewed our travel area and set up some new arrangements there. By moving to a completely electronic system, we would expect to harvest

somewhere in the order of \$1 million in savings. When we last met, you also asked some questions about the efficiency dividend. At that time, I said to you that we were in the process of automating time sheets for many of our regional workers, particularly people who work shiftwork. We have continued along that line. We would expect to make to some further savings there. Those are the sorts of ways in which we look to reduce the cost of doing business while not reducing the service that we provide to regional and rural Australians.

**Senator SCULLION**—You gave me an example of the savings measures. Where do all these savings measures come from? Are they suggested by the minister or by Finance or do you have full latitude?

**Mr Pahl**—We have full latitude. As we have said previously, we, like the private sector, are striving to increase our productivity over time and—as I said a moment ago—to reduce the cost of doing business without reducing the level of service that we provide to our stakeholders and clients.

**Senator SCULLION**—Thank you. Have you made any request for a regulation 10 authority from the finance minister in the last six months?

**Mr Pahl**—I am sure that we have.

**Senator SCULLION**—Why did you seek that authority?

**Mr Bridge**—Yes, I believe that there were a couple. Do you mean requests to Finance or not?

**Senator SCULLION**—You would make a request for a regulation 10 authority to the finance minister.

**Mr Bridge**—Yes. That delegation goes from the minister to finance minister to delegates within the department. There are a number of provisions within regulation 10. We operate within the department. When they cross the thresholds outlined in the directions relating to regulation 10 then we need to seek our minister's approval to exercise that. If they go beyond another threshold, they need the finance minister to sign off on that. I can provide those details to you.

**Senator SCULLION**—If you could. You understand that there can be significant activity in that area that may not necessarily be revealed in the budget papers. They just give us a better overall view. Will you be able to provide those today?

**Mr Bridge**—Could I clarify exactly which ones you are after, please?

**Senator SCULLION**—Any applications or requests for a regulation 10 authority from the finance minister from your department in the last six months.

**Mr Bridge**—To the finance minister?

**Senator SCULLION**—Indeed.

**Mr Bridge**—Because, in effect, that would mean, from my recollection of the rules, that it is for a period of longer than 15 years—

**Senator SCULLION**—Indeed.

**Mr Bridge**—and it is for contingencies which are major et cetera—

**Senator SCULLION**—Yes, that is exactly the question I would like answered.

**Mr Bridge**—Okay. We will ascertain that for you today.

**Senator SCULLION**—Thank you very much. Have there been some changes in regard to the answers that you provided about your staffing levels? And thank you for the comprehensive answers on notice about your staffing. In your answer, you said:

The Department of Agriculture, Fisheries and Forestry (DAFF) currently employs 4061 full time staff, 902 part time staff and 113 casual staff. Of these 211 would be considered to be ‘contract’ or ‘non-going’ along with the 113 casual employees. These numbers include staff on long term leave.

Are there any changes to that answer?

**Mr Pahl**—I do not think there are any major changes. If you have a look at the PBS, you will see the ASL for the department is set out on page 29. That is a different measure; it is an average staffing level. What we have given you in that answer that you just read out is a much more detailed breakdown of positions or people, rather than an average staffing level. Now, as for the average staffing level for the department, we estimate that it would increase by about 70 in the course of 2008-09.

**Senator SCULLION**—So it is going to increase by about 70?

**Mr Pahl**—About 70—well, not ‘about 70’; the estimate is 70.

**Senator McGAURAN**—Who are they?

**Mr Pahl**—The majority of them will be coming on board to do a redevelopment of the major software system in the Australian Quarantine and Inspection Service—in fact, almost 70 to the number. And then there are some ons and offs that trade each other out behind that, where there are a few additional people coming on board for something but something else is wound up and there are a few people going off. We also, in making that estimate, had to have regard to other major issues or events that might occur in the course of the year, and we expect that the Callinan inquiry and also the Beale inquiry will have an impact on our local staffing numbers. Having regard to all of that, we arrived at that number of an additional average staffing level of 70.

**Senator McGAURAN**—The 70 you are speaking about who are coming on to work on the new software for AQIS—are they full time?

**Mr Pahl**—Yes.

**Senator McGAURAN**—It is not a short-term project?

**Mr Pahl**—It is a medium-term project.

**Senator McGAURAN**—How medium term?

**Dr O’Connell**—Just to clarify, Senator, the 70 there for AQIS includes the component looking at that software, but also some additional revenue will be coming from a cost recovery component of the program. I think Stephen Hunter can explain that in due course, when AQIS comes on, but there is about a five per cent increase in the cost recovery component of the AQIS programs which adds to the staffing level there as well—obviously, to do that work.

**Senator McGAURAN**—What is the medium term?

**Mr Pahl**—Our AQIS colleagues will be able to tell you exactly how long that project is running. In fact, Mr Hunter is here, so I might let him take the question.

**Mr S Hunter**—The IT project which we are referring to is expected to have a development period of about three years.

**Senator McGAURAN**—Was consideration given to outsourcing that IT project?

**Mr S Hunter**—There are two components to the project. One element of the project involves the build of the IT application itself, and that we envisage going to market for tender. The other part, which is associated with the staffing numbers that we were discussing just now, is associated with translation of existing information from the current IT system into the new one and requires that that be done in-house because it requires a specialist understanding of the matters which are the content of that IT system.

**Senator McGAURAN**—What arrangements are the new 70 on, given that they know their time is within a medium term of employment? Are they on individual contracts?

**Mr S Hunter**—We anticipate that to a large degree—although perhaps not exclusively—we will use existing officers of the department. The content of the IT system requires people who have a good working understanding of the import conditions which are contained within ICON, the information technology system, so we will therefore use—

**Senator McGAURAN**—So these are not a new 70? You say that you are using officers within the department so they are not 70 new employees?

**Mr S Hunter**—We envisage, for example, that we would have to second officers from different areas of AQIS within national office, but also within our regional operations. They would then need to be backfilled while the secondment—

**Senator McGAURAN**—That is not a straight answer. You have told us that you are putting on 70 new people for this new IT project. You are not; you are employing them within house. You are backfilling their positions. That is a completely different answer.

**Dr O'Connell**—To meet the requirements of a new project it would be quite normal practice to move people—

**Senator McGAURAN**—It is not a normal answer. As the answer was given, it was 70 new people to come in to work on this IT project.

**Dr O'Connell**—No, it is 70—

**Senator McGAURAN**—That is an example of what we were looking for in the next four days of straight answers—

**Dr O'Connell**—Seventy staff numbers is the increase for AQIS, which includes the numbers required to put in place the new hardware and software work. It also includes other aspects. As I said, there is an increase in revenue from the cost recovery components, as I understand it, and Mr Hunter could explain that more fully.

**Senator McGAURAN**—What is the expected cost of this project?

**Dr O'Connell**—I do not have that figure to hand, Senator, but I would be happy to take it on notice.

**Senator McGAURAN**—But you have it, don't you?

**Dr O'Connell**—Yes, we do have an estimate.

**Senator McGAURAN**—These IT projects have a habit of blowing out.

**Mr S Hunter**—We have an estimate which we could provide you.

**Senator HEFFERNAN**—With great respect, Mr Hunter, you have costed the program?

**Mr S Hunter**—Yes.

**Senator HEFFERNAN**—You have not got the answer in your pocket but with one simple telephone call—and I am sure that they are watching down in the department—they could ring you and we could have the answer before 10 o'clock.

**Mr S Hunter**—I am sure we could have the answer—

**Senator HEFFERNAN**—Rather than put it on notice, let us have the answer.

**Mr S Hunter**—Certainly.

**Senator Sherry**—We will do our best to have the answer by morning tea. I think that that is reasonable.

**Senator McGAURAN**—Can we have more detail about this IT program?

**Senator Sherry**—Well, ask your questions. If you put your questions to the officer, he can outline the detail of the program.

**Senator McGAURAN**—Could you outline the detail of the program—in detail?

**Mr S Hunter**—Because there are officers who have detailed knowledge of this particular program within AQIS, may I ask that we discuss that issue when we get to the AQIS section of the agenda?

**CHAIR**—I think that is fair enough, Mr Hunter and Senator McGauran.

**Senator McGAURAN**—That is fair enough. Before I throw back to Nigel, the 70 new employees, in net terms, mean that the department has increased its staffing?

**Mr Pahl**—In net terms, over the period of 2008-09 we would expect to have an average staffing level of 70 additional staff.

**Senator McGAURAN**—Just returning to the shadow minister's questions about the efficiency dividend, what is the dollar figure of the 3.25 per cent?

**Mr Pahl**—\$7.557 million.

**Senator McGAURAN**—Where has that been found? You mentioned the new travel arrangements. Could you give me better detail than you did?

**Mr Pahl**—We are in the process now of doing our internal budgets for 2008-09. As part of that process, we will have to find the entire sum of \$7.5 million—

**Senator McGAURAN**—Within the travel arrangements?

**Mr Pahl**—No, not just with the travel.

**Senator McGAURAN**—How much have you allotted for that?

**Mr Pahl**—The travel was an example of the sort of things that we do. I was trying to give a practical example of the sort of things we do to accommodate reductions, but it obviously will not be the only area.

**Senator McGAURAN**—Can you explain what that is in detail? What is that?

**Mr Pahl**—In detail, the travel?

**Senator McGAURAN**—What do you mean? Less travel?

**Mr Pahl**—Probably a little less. We will go to the detail. For example, every electronic booking that is made with our travel provider saves us \$16. So, by moving to a completely electronic booking regime, you multiply \$16 by the number of bookings and that produces quite a favourable saving.

**Senator McGAURAN**—What does it produce?

**Mr Pahl**—I have not got that level of detail in my head.

**Senator McGAURAN**—Can you take that on notice?

**Mr Pahl**—I will see if I can get it for you.

**Senator McGAURAN**—You will see?

**Mr Pahl**—Senator, I am trying to be helpful.

**CHAIR**—Senator McGauran, you are asking Mr Pahl a number of questions. Can you just let him have the opportunity to answer them and then follow on with other questions.

**Mr Pahl**—I may be able to get that detail for you today. If I cannot get it for you today, I will certainly do it for you on notice. In addition to that, we have also looked at ‘best fare of the day’ arrangements for all travel. With the help of our travel provider we have been able to make some savings there as well, bearing in mind that you have got to balance that off against doing our business in a sound fashion and that you can have false economy if, indeed, you are taking fares that are not flexible and then having to rebook them and pay for them a second time. But, in aggregate, we would expect a sum of the order of \$1 million to be saved through that range of initiatives.

**Senator McGAURAN**—I would be interested to see how you come to that approximate figure.

**Senator ADAMS**—Mr Pahl, on frequent flyer points, members and senators of course have to use their frequent flyer points if they can. Are you actually using that as well with your staff? Do they accrue frequent flyer points and can use those for official travel?

**Mr Pahl**—We certainly accrue frequent flyer points and we certainly encourage their use where they can be used. The points in fact belong to the department, and we would like to see that they are utilised for travel wherever possible.

**Senator ADAMS**—Do you have to report on the use of your frequent flyer points?



**Mr Pahl**—No, I do not think there is any particular requirement to do that, but we do keep a bit of an eye on it internally to see if we cannot utilise the points effectively.

**Senator ADAMS**—The frequent flyer points go to the individual. You do not direct your staff to utilise the frequent flyer points for department business?

**Mr Pahl**—The frequent flyer points are quite an interesting area, but the policy we have in place is that any points that accrue to you as part of your official travel can only be utilised for other official travel and cannot be utilised for any personal travel. So, effectively, the points are available to us as a department to offset against travel costs.

**Senator ADAMS**—So there is no mechanism such as we have within our management report which we, as senators, put in every month. We have to actually detail the number of frequent flyer points used. You do not have any reporting mechanism like that?

**Mr Pahl**—Not that I am aware of, no.

**Senator McGAURAN**—You mentioned that shiftwork was another area where you were going to save. What is the estimated saving, and can you explain what you mean by that?

**Mr Pahl**—Senator McGauran, when we last met I was talking about the automation of timesheets for shiftworkers. There was a product called Timekeeper, which we are progressively rolling out across the full range of our shift workforce. This will replace a paper based system that requires people to fill in their sheets and fax them in and so on. We expect that by automating this arrangement we will make fairly significant savings. I do not have the number off the top of my head, but again I would be more than happy to see if we cannot get that number for you in the course of the morning. But we do see better use of automation as a way forward in terms of making the appropriate savings to meet the efficiency dividend costs.

**Senator McGAURAN**—I would say you would be lucky to save a million there. So that brings it back to \$5.75 million. What else?

**Mr Pahl**—Like I said to you earlier, in our internal budgeting process we will have to find and reduce our expenses by the entire \$7.5 million across the board to ensure that we live within the budget that we now have.

**Senator McGAURAN**—What have you planned for that?

**Mr Pahl**—We are in the process at the moment—

**Senator McGAURAN**—You were in the process at the last estimates when I asked you that.

**Mr Pahl**—Yes, well—

**Senator McGAURAN**—I can quote you from the *Hansard*. You said to me that you were awaiting the budget, and rightly so, so you could get a perspective on it all.

**Mr Pahl**—And that happened.

**Senator McGAURAN**—Now, what is your perspective?

**Mr Pahl**—We still have not finalised our budgets for 2008-09. We expect to do so by 30 June of this year, which is normal practice—to have budgets in place so that the various

elements of the department can go forward from 1 July with full knowledge of what their budget will be for 2008-09.

**Senator McGAURAN**—Minister, is that normal practice?

**Senator Sherry**—Yes, as I understand it. The budget has been handed down and the department now knows its allocation for the next financial year, which begins on 1 July—not budget night; 1 July. It is going through its various priorities, expenditures and programs to identify the budget for the financial year. I think you will find, Senator, as we found, details of the delivery of the efficiency dividend will be readily available at the next estimates. You will know where the changes will occur at that estimates session.

**Mr Pahl**—Senator, you asked a moment ago about the travel savings. One of my colleagues has been able to produce those for me. The online booking tool results in a saving—and these are annual amounts—of \$96,354. The best fare of the day arrangements that we have adopted are estimated to save \$853,473. We have also entered into a hotel program where, basically, by booking through our provider we get additional discounts that would not otherwise be available. That is estimated to provide \$140,000 in savings. And Virgin have extended their discount to the department, which is another \$34,000 in savings. The total is \$1.124 million.

**Senator McGAURAN**—Does the department solely fly Virgin?

**Mr Pahl**—No, the department does not solely fly Virgin.

**Senator McGAURAN**—So it is not a saving yet, is it?

**Mr Pahl**—No, it will be a saving based on the—

**Senator McGAURAN**—Usage.

**Mr Pahl**—usage that we estimate, split between Virgin and other providers.

**Senator McGAURAN**—Okay. Perhaps I could ask the minister, with regard to the efficiency dividends, would they also include ministerial travel being trimmed?

**Senator Sherry**—No.

**Senator McGAURAN**—Does that come into a calculation?

**Senator Sherry**—I do not know. One of the officers may know.

**Mr Pahl**—No is the answer. My understanding is that ministerial travel is actually paid for by the Department of Finance and Deregulation.

**Senator McGAURAN**—Just quickly going back to the IT program, it sounds like a major program if you have to employ up to 70 people. When was this proposed?

**Mr S Hunter**—I do not have the answer to that question with me. As I suggested before, perhaps when we have the relevant officers available when AQIS comes before you we will be able to answer questions of detail on that project.

**Senator McGAURAN**—But wouldn't this be more in your area? These sorts of major IT projects come more under this banner than under AQIS's banner. They do not make those direct decisions, do they?

**Dr O'Connell**—This is being developed as an AQIS program. It would be most useful to talk to the relevant people in AQIS. As Mr Hunter says, they have the information. When we get to AQIS on the schedule—

**Senator McGAURAN**—Where is it located in the budget papers?

**Mr S Hunter**—The funding of this project will be largely through cost recovery mechanisms. The beneficiaries of the ICON project are principally those who import goods into Australia. They pay for their imports on a fee-for-service basis. We anticipate that a large proportion of the redevelopment of ICON will be funded through that mechanism.

**Senator McGAURAN**—But there has to be an initial outlay.

**Mr S Hunter**—That is correct. When the relevant officers are available, I am sure that we will be able to answer these questions for you.

**Senator McGAURAN**—I cannot believe that you do not know—

**CHAIR**—AQIS—

**Senator McGAURAN**—But this is a corporate matter.

**CHAIR**—Mr Hunter has said to you on a number of occasions that AQIS will have those answers for you. They will be appearing early this afternoon. I ask that you move on to other questions. I look forward to hearing your questions of AQIS this afternoon.

**Senator McGAURAN**—Dr O'Connell, this is a major corporate management matter. Given AQIS's form, this has to be a matter you—

**Senator Sherry**—What do you mean by 'form'?

**Senator McGAURAN**—I will ask the questions, Minister.

**Senator Sherry**—I am just seeking to clarify the question. If I can help you in any way, Senator, I will. But when you say 'given AQIS's form'—

**Senator McGAURAN**—In managerial matters.

**Senator Sherry**—Okay. Is that a critique? You are concerned. Is it a criticism when you say 'form'?

**Senator McGAURAN**—We will wait for the EI report.

**Senator Sherry**—Okay.

**Senator McGAURAN**—Dr O'Connell, I cannot believe that this major IT program is being carried out without your hand on the tiller and that AQIS is undertaking all this separate to your department and certainly to your knowledge.

**Dr O'Connell**—That is not correct, in the sense that different program areas continue to develop their operational requirements. AQIS is a major operational component of the department and has been developing its ICON requirements for some time. What we are suggesting is that the people with the relevant information will be available later in the day.

**Senator McGAURAN**—Have you been involved in this major IT program and the establishment of it at all?

**Dr O'Connell**—I have not been involved in the detail of it. That is why I suggest that when AQIS is on later in the day we will be able to give you the information that you want.

**Senator McGAURAN**—I want to talk about process, so perhaps the minister at the table can answer this. Who finally approves such a major outlay? Who has ticked off on it? Is it the minister? Is that not right? In the end, it is the minister.

**Mr S Hunter**—I expect that the final approval for this project would come from the executive director of AQIS.

**Senator McGAURAN**—So it has not been finally approved?

**Mr S Hunter**—There are a number of stages in the project, which I will be very happy to take you through when we get to the AQIS part of the agenda.

**Senator McGAURAN**—Is the minister aware of this project?

**Senator Sherry**—I will take that on notice. But it would be very unusual if the department had not provided a brief to the minister on the project. I will take that on notice and see if a brief was provided.

**Senator McGAURAN**—Thank you.

**Mr Bridge**—Senator Scullion, you asked earlier about regulation 10 and whether we had sought any approvals from the finance minister. The answer is no.

**Senator SCULLION**—I will continue from the answer to your question on notice regarding staffing levels. I am not sure who I should direct that to. Perhaps Mr Pahl?

**Mr Pahl**—Yes.

**Senator SCULLION**—Again, thank you for your comprehensive answer on that matter. As you said, there have been some small numbers of staff changes. I wonder if you would be able to provide those changes to me on notice. In addition to the information provided with regard to the 211 members of staff who are employed on a contract, could you also provide the average length of their employment period? In addition to that, you may want to provide for me information on the base and top-level salaries of APS levels 1 to 6 officers, executive-level officers and senior executive service officers and the equivalent officers employed. I do not want those details at the moment; it is clearly a question on notice, and I would appreciate your getting back to me. I would like it in the same sort of format. In fact, I would like to make it a standard question on notice and then you will know to provide estimates with an appreciation of the staffing in one answer, just for the benefit of time. The fourth question is: how many officers are employed at an executive and SES level? As I said, you can provide those on notice or, if you can, you may even get back to us here—we will be here until Thursday. So if you can get back to this committee before then it would be very useful, but if you cannot I would understand.

**Mr Pahl**—Sure. Some of that I think we can get back to you in good time to facilitate these hearings, but there might be components that I just will not be able to deliver on.

**Senator SCULLION**—I do appreciate that.

**Mr Pahl**—So if you are happy to take a part answer and then the remainder on notice—

**Senator SCULLION**—That would be appreciated.

**Mr Pahl**—Thank you.

**Senator SCULLION**—Again, you may be able to get back on these in a short period of time: I have a number of other questions with regard to staff. How many permanent staff have been recruited since 26 November and what level are those staff? How many temporary positions now exist or have been created since that date—that is, 26 November? Since that date, how many employees have been employed on contract and what is the average length of their employment period? If you can take the same approach as you have in response to the other questions, I know that you will provide what you can whilst we are still in session until Thursday, and I will accept that what you cannot provide by Thursday you will provide to me on notice.

**Mr Pahl**—Can I just clarify something. You used the words ‘temporary positions’. Do you mean people whom we have engaged as non-ongoing employees? I am not trying to be difficult.

**Senator SCULLION**—I said, ‘How many temporary positions exist?’ Some people are taken on as a temporary position. I would explain it, in my own lay way, as those people who are not full time. Does that make it any—

**Senator Sherry**—You could be permanent part time and not be temporary.

**Mr Pahl**—I understand what you mean. You want ongoing staff and non-ongoing staff.

**Senator SCULLION**—That is right. But I want to know specifically how many temporary positions there are, and you are asking me for some sort of definition for ‘temporary’.

**Mr Pahl**—No, I think I have got it.

**Senator SCULLION**—Okay. Thank you. I am not sure if this question would again go to you, Mr Pahl. With regard to media monitoring, do you monitor the media? In the department, is there a particular line item for media monitoring?

**Mr Pahl**—Certainly we do have media monitors, yes.

**Senator SCULLION**—How much have you spent on that to date this year?

**Mr Pahl**—I do not have that with me at the moment, but we could probably—

**Senator SCULLION**—Again, if we can take the same approach as we have—

**Mr Quinlivan**—Senator, I might be able to help you with that. Expenditure in 2007-08 is projected to be somewhere between \$400,000 and \$500,000. We do not have a final number yet, obviously.

**Senator SCULLION**—So that is going to be a projected estimate?

**Mr Quinlivan**—That is right.

**Senator SCULLION**—If that changes, if you can get a tighter estimate, I am happy for you to provide that on notice. But if you are satisfied at some stage that that is the correct answer that will be fine.

**Mr Quinlivan**—We would be able to provide a final number for the year at the next estimates, of course.

**Senator SCULLION**—I accept that. Thank you for providing that information. How many employees are engaged in positions responsible for public affairs, media management, liaison with the media and media monitoring?

**Ms Bie**—The definition of public affairs is quite a broad one and difficult to define so I could not give you a specific number now but can take that on notice.

**Senator SCULLION**—Okay. Do you actually have a section organised so that the people responsible for public relations and media are aggregated? Often you tend to aggregate those people in similar sections in the department. Is that the case with this department?

**Ms Bie**—There is a corporate public relations area but there are a number of public relations areas in different divisions throughout the department.

**Senator SCULLION**—I wonder whether you would be able to provide me with the APS classifications of those positions. That might be able to give us a better breakdown and understanding of exactly what those roles and responsibilities are. Could you give me the APS classifications of those positions? I accept that you would have to take that on notice but—on the same provisions that Mr Pahl and I have a good operating relationship on—could you provide them in the next four days? You might also be able to provide the current operating budget for these media relations sections. If there is another section as well could you provide that same information along with the current operating budget?

**Senator MILNE**—I want to ask some questions in particular about the department's policies in relation to their printers and printer cartridges. Increasingly, this is a huge expense and I just want to know whether the department has got any printer lease arrangements with any of the original equipment manufacturers in relation to being given the printers, or being given them on a small rental, in exchange for having to take their cartridges. Can you tell me what is going on?

**Mr Pahl**—If I understand your question, it is one of leasing a printer and then having a contractual obligation to use a particular cartridge in the printer.

**Senator MILNE**—Yes.

**Mr Pahl**—I do not know off the top of my head. I do not think we do, but I would want to take it on notice. I will check quickly and, in the same way that I have spoken with Senator Scullion, if I can give an answer to that later on in the day I will come to the table and do so. But if it takes longer, we will take it on notice.

**Senator MILNE**—Okay. I will just ask you a series of questions in relation to it and then you will know where I am coming from. I want to know whether the department has a policy about using remanufactured printer products rather than constantly having to buy new cartridges. Is the department aware that several of the printer companies are now putting chips in the cartridges so that they cannot be reused? I want to know about any contractual arrangements particularly with Lexmark or Epson. I would like to know whom the department has contacted their printers with and under what conditions and how much you have been spending on cartridges in the department. Do you use Planet Ark to recycle them? Do you use

USA companies such as Corporate Express when purchasing printer cartridges? I would just like the whole gamut—what the policy is, what you are using, what your arrangements are and what your reuse is.

**Mr Pahl**—Sure.

**Senator MILNE**—Thank you.

**Senator McGAURAN**—I have just a couple of general questions about media monitoring. What is the cost of media monitoring for the department?

**Mr Quinlivan**—I think we have just answered that, Senator.

**Senator McGAURAN**—That was for Nigel, was it—apologies.

**Senator Sherry**—Maybe question monitoring might be—

**Senator McGAURAN**—It is a question that is worth asking twice. I was around when you were last in government, Senator Sherry, and one of the most disgraceful aspects of that previous government was their media monitoring department, not only just because of the expense but the falsehoods and spin that came out of the department. So we are watching it very closely this time around.

**CHAIR**—Senator McGauran, your honesty is overwhelming!

**Senator SCULLION**—Dr O’Connell, I have some general questions on notice, and these are the sorts of questions for which I am going to try to find some useful benchmarks for each estimates hearing. With regard to board appointments, what appointments have been made by the government, through Executive Council or other cabinet ministers, to statutory authorities, executive agencies and advisory boards? Would you have to take that notice?

**Dr O’Connell**—Yes.

**Senator SCULLION**—Certainly—and, again, because we have a longer estimates period, if you could get back to us with that, we would appreciate it.

**Dr O’Connell**—We should be able to get back to you.

**Senator SCULLION**—You might also include, appended to that, the respective appointees’ credentials. Perhaps, when you are seeking that information, you might also provide information on how many vacancies remain to be filled by ministerial, including Executive Council, appointments, and also how long those positions have been vacant. You may be able to provide an answer to this question without taking it on notice: what grants have been approved by ministers from within this portfolio?

**Mr Pahl**—I think we probably have to take that one on the same basis as the other—that we may be able to get back to you later this morning—but I do not think we have got that comprehensively in our pack this year.

**Dr O’Connell**—Just to be clear, from what date to what date do you want that information?

**Senator SCULLION**—From 26 November to today’s date.

**Dr O’Connell**—To today’s date. Okay.

**Senator SCULLION**—I am not sure who will provide answers in terms of ministerial travel, but can you indicate if either the parliamentary secretary or the minister has travelled overseas on official business since their appointments?

**Mr Burns**—We do not have a parliamentary secretary, Senator, but our minister has had one overseas visit since he took office, and that was to Korea, Japan and China.

**Senator SCULLION**—Okay. Thank you. What was the duration of that visit?

**Mr Burns**—It was approximately two weeks.

**Senator SCULLION**—What was the total cost of the travel, accommodation and any other expenses? You may be able to give me an overall total now, but if you could break it up that would be useful.

**Mr Burns**—I will take that one on notice, but we can get that to you very quickly.

**Senator SCULLION**—Okay. You can also, when you are providing that—if you do not have the answer at the moment—include how many ministerial staff or family members accompanied the minister on that trip.

**Mr Burns**—There was one member of the minister's staff but no family.

**Senator SCULLION**—You may want to provide the cost of the staff member's travel in the same context of the other three points. Did any officers from the department accompany the minister on that trip?

**Mr Burns**—Yes, two officers from the department.

**Senator SCULLION**—Again, you may want to provide me with the travel, accommodation and any other expenses for them.

**Senator HEFFERNAN**—Who were they?

**Mr Burns**—I was one of the officers.

**Senator HEFFERNAN**—Did you have a good time?

**Mr Burns**—It was gruelling.

**Senator HEFFERNAN**—Well, we won't send you next time! Who was the other one?

**Mr Burns**—Dr Samson.

**Senator SCULLION**—I have some questions on freedom of information again. Has the department received any advice on how to respond to FOI requests?

**Mr Penney**—The advice to the department is to respond to the FOI, to answer it in a transparent manner and to be fulsome.

**Senator SCULLION**—How many requests have you received?

**Mr Penney**—To date this year we have received 36 requests.

**Senator SCULLION**—How many of those have been granted or denied or are currently under consideration?



**Mr Penney**—We have completed 18; 11 have been withdrawn; there are internal reviews of four FOI requests; and three have been transferred to another agency. As for active requests, at the moment there are 15.

**Senator SCULLION**—Just for my edification, what would be the general circumstances in which someone would withdraw?

**Mr Pahl**—I do not know the specifics of the ones that Mr Penney was referring to, but my recollection from working in that sort of area some time ago is that occasionally people will put in a freedom of information request for something that is in the public domain, and we will say to them: ‘It’s there. Do you really want to go on?’ They will say no and that they are happy to access it. That is an example of where occasionally—not always—people will withdraw their request.

**Senator SCULLION**—How many conclusive certificates have been issued, Mr Penney?

**Mr Penney**—None.

**Senator SCULLION**—Dr O’Connell, how many departmental liaison officers have been allocated to the minister?

**Dr O’Connell**—Two.

**Senator SCULLION**—I understand that community cabinets were held recently in Canning Vale, Narangba and Penrith. What was the cost of the ministers’ travel and expenses for those meetings? You can take that on notice.

**Dr O’Connell**—I will take it on notice.

**Senator SCULLION**—If you can get that back to us swiftly, we would appreciate it. Again in a separate section, could we have the expenses of the ministerial staffers and the departmental officers who also travelled to those meetings? Could you give us the total cost of the travel?

Mr Pahl, you were assisting me to understand some of the portfolio budget statements—I think they are pretty confusing to most Australians—and I thank you for your help. I have to say that I am still a little confused about some of the things—I had to go back to the *Hansard* to get to the bottom of some of them. In the 2007-08 budget statement, total resourcing was listed as \$2,581,744,000. The 2007-08 DAFF resourcing estimated actual was \$4,017,392,000. I have taken these figures out of the budget papers. This year’s 2008-09 agency resourcing will be \$2,959,296,000. As I see it—and this is just basic arithmetic—this represents a cut of \$1.06 billion. Is that about right?

**Mr Pahl**—I think that is fairly close to it.

**Senator SCULLION**—My concern is that, if we take out the one-off expenses of \$348.4 million for issues that we know existed, such as equine influenza, we are left with a budget cut for the department that is in the vicinity of \$711.6 million.

**Mr Pahl**—There is also the exceptional circumstances amounts that, in combination, come out at about another four hundred and—

**Senator SCULLION**—\$40.1 million.

**Mr Pahl**—Pardon my mathematics.

**Senator SCULLION**—On checking, I think those are correct. There was another \$7.8 million to support small businesses—the small business component of the EC assistance that was in there as well. So, from the original budget amount of \$2,577 million, we now arrive at \$3,773.3 million. As you say, the bulk of that increase is for drought related funding, which runs out at \$863 million and includes a special appropriation of \$163.8 million. It also includes an appropriation for equine influenza, which runs out at \$256 million. Those two take up pretty much the entire increase.

The consideration I have is that we do not appear to be dealing with this shortfall of some \$700 million. We are talking at the moment about \$7.5 million in terms of trying to make some cuts as part of your efficiency dividend, and I accept that. I would just like to go to the planning you might have had to deal with the effective cut that you are actually going to have in the budget, which is going to be quite considerable. What sort of planning have you done to deal with that?

**Mr Pahl**—It might be helpful if I was to give you some further detail about where some of those reductions come from. If you look at the departmental side of our business, we are expecting a decrease of \$32.5 million there. A lot of that relates to the delivery of assistance measures through Centrelink and some program phase-ins.

**Senator SCULLION**—That was \$35 million?

**Mr Pahl**—No, \$32.5 million.

**Senator SCULLION**—And that was to do with Centrelink, with efficiencies within the delivery of the EC?

**Mr Pahl**—If you are not delivering it you do not have to pay for the delivery costs, basically. So it is a reduction in those amounts. In Appropriation Bill (No.1)—and I will just give you list of these, if that is okay?

**Senator SCULLION**—Certainly, I would appreciate that.

**Mr Pahl**—On the drought assistance for Murray-Darling Basin irrigators, there is a reduction of \$129.6 million there.

**Senator SCULLION**—Could you just explain that—there was just drought assistance in that particular region?

**Mr Pahl**—Yes. Later in the day, others who are more skilled than I am in terms of the programs will be able to give you a much more detailed response—

**Senator SCULLION**—Certainly more than me!

**Mr Pahl**—than I could about some of the drought stuff. The equine influenza in bill 1 was a reduction of \$262.6 million. The Sugar Industry Reform Package is a reduction of \$34.2 million.

**Senator SCULLION**—What programs would be affected by that saving in the Sugar Industry Reform Package? Perhaps I can get somebody who is coming in later on to provide an answer to that question on notice.

**Mr Pahl**—Sure.

**Senator SCULLION**—As a general way of doing things, that would be more efficient than bringing officers forward who are going to be appearing later.

**Mr Pahl**—With each of these questions, we will ask people who are responsible for these areas to elaborate for you when they come to the table. Tasmanian Community Forest Agreement is \$19.8 million—all of these are reductions.

**Senator SCULLION**—Yes.

**Mr Pahl**—Tobacco grower adjustment assistance is \$15.4 million. Torres Strait prawn fisheries is \$20.9 million. The total for appropriation bill 1 is \$454.9 million.

**Senator SCULLION**—What was the Torres Strait one?

**Mr Pahl**—Torres Strait prawn fisheries was \$20.9 million.

**Senator SCULLION**—And we can talk to AFMA about the details of that?

**Mr Quinlivan**—To the Fisheries and Forestry Division, when they appear later.

**Senator SCULLION**—So it would be Fisheries and Forestry within the department, rather than AFMA?

**Mr Quinlivan**—Yes.

**Mr Pahl**—Senator, I am sorry, that does not add up to \$454.9 million either. That is my mistake. The overall reduction in bill 1 was \$357.2 million. My apologies.

**Senator SCULLION**—I noted that. Someone's arithmetic was wrong but the figures in the budget were still—

**Mr Pahl**—Probably mine. In Appropriation Bill (No.2), there is the National Action Plan for Salinity and Water Quality and that is \$91.7 million. Exceptional circumstances is \$259.6 million and the EADRA component of equine influenza is \$97.2 million. In the special appropriations area, as you noted earlier, there are exceptional circumstances relief payments of \$193.5 million and there is an addition, rather than a reduction, for the grains R&D corporation of \$13.2 million.

**Senator SCULLION**—Sorry, just before the grains R&D, the EC—

**Mr Pahl**—Relief payments had a reduction of 193.5 million.

**Senator SCULLION**—Thank you, Mr Pahl. I am assuming, and you can give me guidance, that rather than asking you to provide some of the modelling of the future forecasting of climate change that gives you these savings, I would be better off putting some of those questions to the department at some other stage? Would that be a more sensible way to approach that? It is just that the number of savings are prior to exceptional circumstances and to drought relief. There seems to be a view that because you are cutting drought relief you are following some sort of a forecast on the circumstances of the drought. So rather than going into the details of providing some of those answers now, is there a better time to do that? Or is this the time to approach them?

**Mr Pahl**—The rural policy and innovation division would be much better placed than I to give you some detail on those sorts of issues.

**Senator SCULLION**—We have had a number of people talk to you about the efficiency dividend. I understand you have provided Senator McGauran with some answers. It is a difficult way to say ‘question on notice’, because I understand that for some of the remaining 7.5 million you are not in a position to say, ‘Look, these are where we are going to find our efficiencies, Senator,’ and I appreciate that. Rather than waiting until the next set of estimates to ask the question ‘How did you go with your 7.5 million efficiency dividend,’ would you be able to provide that to the committee? It may be an innovative way to supply the Senate with information, but when you have that information—hopefully it will be between now and the next set of estimates—would you be able to provide that to the committee?

**Dr O’Connell**—It is probably worth explaining: in a sense we do not differentiate the requirement there to look at the efficiency dividend from all of the rest of the planning for our budget. Essentially, what we have now is our budget allocation for 2008-09. We know where we have got to live, if you like, and we will go through a process which will plan to do that. We intend to do that so that we start the financial year flying. But there will not be a particular element there where we will say, ‘Ah, this is how we have managed the efficiency dividend.’ Rather we will say, ‘We’ve got our budget and now we’ll live within our budget.’ We can certainly explain when we have our budget planned how we have done that, but if you are looking for—

**Senator SCULLION**—When would you reasonably expect to be in that position? I am trying to be fair dinkum with you. There is no point asking a question if you are not able to provide an answer for it. I will put the question on notice. \$7.5 million in terms of efficiency dividends: are you able to provide those issues that you have done at the moment? If you can be more fulsome by providing that information as you make a decision, for instance, when you say, ‘There are some other ones,’ would you be able to provide that to the committee? I think that would be a very useful process. Perhaps Dr O’Connell will be able to provide me with some information on the differential between your approaches.

In terms of the efficiency dividend, it appears you have done what I consider to be the right thing. It has not been coming out of programs; it has been genuinely providing efficiencies within the department. One would expect the remainder of that to reflect those efficiencies. All of the principal cuts that have come across the department—the hundreds of millions of dollars—all appear to be out of programs, not administration. Of all the ones that you have spoken about, as we have gone all the way down the line here, I do not see that there are any cuts at all to administration; they are only program cuts. Is that a policy or a philosophy or is that how you divide it: the efficiency dividends are something that you only do to the administration? Perhaps there is one that I missed, but I certainly thought they were pretty much program cuts.

**Dr O’Connell**—Most of the changes that Mr Pahl has gone through are decisions of government one way or another to make those changes. That is largely in the area of administrative programs—money being spent outside. However, as he did say, there is a decrease in resources for our department of \$32.5 million in that as well. So that is, if you like, a shared load. These are essentially either government decisions or changes in demand for programs.

**Senator SCULLION**—So out of that \$32 million administered within the department, you have got to find the cuts. Is that on top of the \$7.5 million?

**Mr Pahl**—No. That \$32.5 million includes the \$7.5 million. It is in addition to whatever that works out at—\$25 million.

**Senator SCULLION**—So is the approach to the total amount—that \$32.5 million—to ensure that all of those savings come from nonprograms? What is your approach?

**Dr O’Connell**—They are all non-administered funding. Administered funding is essentially the program externally. Departmental funding is what we spend to do the job, essentially.

**Senator SCULLION**—Perhaps I should spin the question the other way: do you anticipate any cuts to programs from the \$32.5 million?

**Dr O’Connell**—I would have to take that notice, but at the moment, no, this is departmental funding and so it is adjustments to our expenditure to do the job.

**Senator SCULLION**—I recognise that any cuts in terms of the department are going to have an impact on programs. I do not think it would be accurate to say that there is \$32.5 million worth of inefficiency in your department. It is going to have a spill-off effect on programs, I acknowledge that.

**Dr O’Connell**—Some of it is connected to the program shifts. For example, if we have a significant reduction in the exceptional circumstances outlays as a result of reduced demand, we have a lowering of our departmental costs to deliver that program.

**Mr Pahl**—That was my comment earlier about the Centrelink delivery costs. Clearly, if we are not delivering something, we do not have to pay Centrelink for that. So it is a reduction, sure, in terms of the totals, but there is a reduction in the job of work that needs to be done as well.

**Senator SCULLION**—In general terms, for anyone listening to the questioning—and I do not want to go to the details of EC and what may happen in the future—how do you plan for contingencies? For example, this is a forward estimates. So you say, ‘We think we’ll need about this much for EC.’ But who can predict those things—and we will go into that later? But should those circumstances change, how do you go about ensuring you are actually able to fund the process, which is effectively through Centrelink?

**Mr Pahl**—If there were a major shift, we would go in the additional estimates process back to government if we needed additional funding. Towards the end of each financial year there is also the Advance to the Minister for Finance, which is also available to meet the unforeseen. Indeed, that is what happened in this current financial year: we had a significant call to meet additional costs that were associated with EC in particular. I cannot recall the exact numbers but if you want them I can certainly get them for you.

The **Senator SCULLION**—No.

**Mr Pahl**—That goes to the whole issue—a lot of these reductions are just to put us back to where we were before we went through that additional estimates process. We had the original 2007-08 estimates in the PBS; we then had the additional estimates process which added to

that; and then we have translated out of there to the current portfolio budget statement, which adjusts back to the bases as they existed. But there is mechanism there, and it has been well used over many years, to take account of the fluctuation and the difficulty, as you rightly say, in making the estimates, given that very large numbers depend on climate basically.

**Senator SCULLION**—Thank you, Mr Pahl. I have finished that line of questioning. Just for clarification, the reason I am asking you to provide answers to some of those questions on notice before the committee finishes is not that I intend to recall officers to talk to them about the information but that it gives me an opportunity to provide some clarification of questions on notice whilst the committee is still sitting—while we are still able to do so. So, thank you.

**Mr Pahl**—Sure.

**Senator McGAURAN**—I wanted to follow up on the efficiency program too. On more than one occasion Senator Scullion mentioned the efficiency savings as being \$7.5 million. You said to me it was \$7.75 million. Which is it?

**Mr Pahl**—No, I said \$7.557 million. I think you will find that was the number. We have rounded that to \$7.5 million just for shorthand purposes, but I think the exact number is \$7.557 million.

**Senator McGAURAN**—Okay. That is all right. Dr O’Connell, what is your involvement in the efficiency dividend?

**Dr O’Connell**—In terms of?

**Senator McGAURAN**—Obtaining the efficiency dividend.

**Dr O’Connell**—As I mentioned just a moment ago, we include the efficiency dividend in the overall planning for the expenditure, now that we have the allocation and all that, in—

**Senator McGAURAN**—What is your hands-on involvement?

**Dr O’Connell**—My hands-on involvement in the end is to approve all that.

**Senator McGAURAN**—Will a final audit be done on that at arm’s length from the department?

**Dr O’Connell**—An audit on?

**Senator McGAURAN**—The efficiencies that you believe will enable you to reach the \$7.5 million—because they are pretty rubbery. That EC one is rubbery.

**Mr Pahl**—Well, Senator, just—

**Senator McGAURAN**—If you include that as an efficiency dividend, nothing equals nothing. That is a saving from a program that has not been met.

**Dr O’Connell**—I do not think we said that we were including that as an efficiency dividend.

**Mr Pahl**—No.

**Senator SCULLION**—If I could just help. I think what the senator is referring to is the part of the \$32.5 million that was to be taken from the department as a saving. I think what the senator was asking was whether, in the delivery of the EC—and the Centrelink aspect of

that was a saving—was that saving included as part of the \$32.5 million, or was it from all other savings that were taken from the programs?

**Dr O’Connell**—If I could just clarify—

**Senator McGAURAN**—I know what Mr Pahl said. He was taking the \$32.5 million as an unmet aspect of EC—

**Dr O’Connell**—No, no—not at all.

**Mr Pahl**—No. I am sorry, Senator—if I have left you with that impression, my apologies. What I was saying was that the \$32.5 million out of departmental expenses includes the \$7.5 million efficiency dividend, and another component of it is in fact the delivery costs of Centrelink which we expect to not have to meet in this coming financial year based around—

**Senator McGAURAN**—As a savings.

**Mr Pahl**—the estimates.

**Senator McGAURAN**—Yes. I understood that. Well, that is rubbery.

**Senator SCULLION**—Dr O’Connell, you can see the senator’s point that this is a saving that has to come from the administration, which is quite legitimate. But should it not rain, that will not be available.

**Mr Pahl**—And what we are saying is that we would need to go back to government in the additional estimates process and seek additional funding. Let us assume that the drought—and others are much more expert in this than I am—gets worse and we are required to go back to government: we will go back to government for the additional funding needed for the program element but also for the delivery element, the Centrelink costs.

**Senator SCULLION**—I understand all of that. What I was asking is: where then will you find your savings, if they are not available through that particular area that you have now?

**Dr O’Connell**—If I can just clarify, the \$7.5 million efficiency dividend will not be found from the exceptional circumstances program. If we are sending a mixed message here, let me say that it will not be found from that. The \$32.5 million is simply the gross of the reductions in departmental savings that we have defined, which consist of the \$7.5 million plus other things.

**Senator McGAURAN**—But you are saying that there is a saving in the fact that that program is not being delivered.

**Dr O’Connell**—Not a saving; it is a reduction in the estimates.

**Senator McGAURAN**—Yes, but there is an efficiency saving within your department—

**Dr O’Connell**—No.

**Senator McGAURAN**—through that program not being delivered. That is what you were trying to say, Mr Pahl.

**Mr Pahl**—No, Senator. I was just saying that if we do not have to deliver then we do not have to meet a payment to Centrelink for the delivery costs.

**Dr O’Connell**—So the estimates are reduced.

**Mr Pahl**—So the estimates are reduced, and part of that \$32.5 million reflects that reduction in anticipated costs.

**Dr O'Connell**—And that is coming from—

**Senator McGAURAN**—Administration costs of delivery?

**Dr O'Connell**—Yes.

**Senator McGAURAN**—I understand exactly what you are saying there. It is as rubbery as rubbery can get. Therefore I come back to my initial question, Dr O'Connell: what audit is placed upon these efficiencies?

**Dr O'Connell**—Can I just reinforce my earlier point—

**Senator McGAURAN**—Because that is a gross saving of administrative efficiency.

**Senator Sherry**—Let the officer complete his answer.

**Dr O'Connell**—The efficiency dividend requirement on us is quite separate from the reduction in estimates for exceptional circumstances. There is no connection between the two of those.

**Senator McGAURAN**—But Mr Pahl was trying to claim that there is an administrative saving: by not delivering a program, you are therefore administratively making a saving.

**Mr Bridge**—When areas are declared in exceptional circumstances there is a process that goes on with the department of finance to agree on the amount of program funds needed and the amount of departmental funding required. That is added on to our figures and, as we explained, comes through in the additional estimates process. When the areas come out of exceptional circumstances—as in the estimates contained within the estimates there before you—we budget on the basis that those come out. I think what is trying to be explained is that it is not a saving as such; it is a reduction in the estimates—\$32.5 million is the total reduction in our base, of which \$7.5 million is a part. That is the amount that I think you are trying to focus on. The other amounts are, in effect, the conclusions of the estimates for the exceptional circumstances coming down. They are not savings as such; it is just a natural termination of that particular program at that point in time.

When the areas get reviewed again for exceptional circumstances we will go through a process of the department of finance. The process will identify the additional funds required on the administered side. It will also identify the amounts of funds required to run the programs through Centrelink. We will then get them included as additional estimates in the next estimates process. I hope that that clarifies that for you.

**Senator NASH**—On the EC—and I know we will be dealing with this in more detail later—just in terms of the process, you were saying that, if necessary, there could be a request for extra funding through the additional estimates process. If that did indeed become necessary, could you foresee any reason why that extra funding allocation would not be agreed to?

**Mr Pahl**—It is a matter for the government to decide ultimately, but I suppose if you look over our shoulder, in the past governments have met the cost of what is essentially a demand driven program to the level that the demand requires.



**Senator NASH**—Okay. So the principles that applied in the past when extra funding was requested as necessary you would imagine would occur again?

**Mr Pahl**—It is not for me to presume how government will do that.

**Senator NASH**—No, I understand that, but it would make sense that the same set of criteria would remain?

**Mr Pahl**—For demand driven arrangements like that, if people have eligibility, the funding comes behind sitting in additional estimates. But the converse is true. I think that is the point we perhaps have not made as clear as we might: if the demand drops—we have a good season, good rain et cetera, and if people come out of EC—not only are the program funds no longer required but we do not require the delivery costs either. So it is a matter of keeping this in balance. When we need additional funding for the program side, we need some additional funding to deliver it; when the demand drops off, we also drop off the delivery costs in departmental appropriations.

**Senator McGAURAN**—But those people who come off EC are redeployed, are they not?

**Mr Pahl**—Sorry, Senator?

**Senator McGAURAN**—People who come off—sorry, not the farmers. The department's workers on EC programs, as it lessens, are redeployed, are they not?

**Mr Pahl**—In terms of delivery costs, we just do not incur the Centrelink costs. Centrelink is a very large organisation. You would have to ask them how they deal with fluctuations. But in terms of the department, if we reached a point at some point in the future where the drought was over, then clearly our overall effort in that area of the department would be scaled back and we would, as you rightly put it, redeploy those officers into other areas rather than recruiting new people.

**Senator McGAURAN**—I am really going to need clarification about all that, but one last question: therefore, is it the finance department that would audit your efficiency programs or efforts? Who is auditing this?

**Mr Pahl**—The short answer is that the Australian National Audit Office provides external audit services and audits the department on a full range of functions. Secondly, government provides a budget overall through the normal budgetary processes and it is for the CEO, in this case Dr O'Connell, with help from others, to ensure that we live within the budget that has been allocated to us.

#### **Proceedings suspended from 10.30 am to 10.47 am**

**CHAIR**—I welcome everyone back. Senator McGauran, you were asking questions of Mr Pahl.

**Mr Pahl**—Chair, just before Senator McGauran goes on, I just want to clarify one matter. I gave the number of \$7.557 million as the total for the efficiency dividend. It is actually \$7.559 million. I just wanted to be absolutely accurate for the record.

**CHAIR**—So for the purposes of Hansard, that is corrected, Mr Pahl. Thank you very much.

**Senator McGAURAN**—In the final analysis who ticks off on the efficiency dividend having been achieved and that the figures are not rubbery?

**Senator Sherry**—At the end of the financial year the department will determine whether or not the efficiency dividend has been delivered against budget.

**Senator McGAURAN**—The department—so it audits itself?

**Senator Sherry**—No. There are a couple of issues here. There is the ongoing monitoring of the budget and expenditures, which the department will do. Then at the end of the financial year there will be a verification of accounts, which is the audit. The departmental officials can brief you as to who will be monitoring the ongoing expenditures against budget, and the departmental officials can indicate to you as to who will do the audit of the department's accounts as they appear in the annual report. I am sure that in all of that process at various times the minister's office will be given an indication of expenditures in various areas of the department.

**Senator McGAURAN**—Senator Adams raised a really good point about frequent flyer points that you and your departments are notching up unchecked. I know that we parliamentarians are requested to use our frequent flyer points and to notify when we have used them. Why is this not the same for the department? Would you not consider it a fair policy, because it is like a bonus payment?

**Dr O'Connell**—Just to clarify again, as Mr Pahl said, the frequent flier points that are accrued under official travel remain essentially the property of the department, so they do not go to the individuals—they are not useable by the individuals so they cannot be understood to be a bonus payment.

**Senator McGAURAN**—They are the property of the department?

**Dr O'Connell**—The staff are not to use them for their personal use.

**Senator McGAURAN**—But they are the property of the individual.

**Mr Pahl**—We have a travel policy that specifically excludes our staff from using frequent flier points that they accrue through official travel for their private purposes. That is contained in our internal procedures.

**Senator ADAMS**—Because a frequent flier program is for the individual, how do you actually check that that individual has not used those frequent flier points? You would need freedom of information just about to do it.

**Mr Burns**—Perhaps I could just comment there. When we put in an application for travel there is a box that we have to tick and that is a question whether or not we have sought to use frequent flier points. So through the process of applying to travel there is a reminder to use frequent flier points when you can. We cannot in all cases force people, but there is that requirement that asks people to double-check whether or not they have sought to use frequent flier points. So there is a policy there of encouraging people to do it.

**Senator ADAMS**—If it is the same as ours, you just tick the box: did you or did you not use frequent flier points? You either put yes or no. What I would like to come back to on this, and the reason I asked, in talking about your efficiency dividend and your travel, why did you

not look at using frequent flier points? As I have stated, we have had two memos now from your department saying that they wish members and senators and their staff to use their frequent flier points and we have to actually acknowledge on our monthly management report whether we have done it. That was the reason for asking.

**Dr O'Connell**—As Mr Pahl said, certainly the travel area will be one of the areas we will be looking at very closely to manage the sort of efficiency requirements that we have and I am sure that the frequent flier points issue would come up there as something we will examine to see whether or not there are savings we can manage in efficiency terms without any loss of outputs.

**Senator ADAMS**—It seems unfair that we have to do it and department employees do not. That was really the reason why I asked the question. Thank you.

**Senator SCULLION**—We have talked about a number of efficiency dividends within the administration, but we also recognise that in hundreds of millions there are cuts—call them what you like—to the sector in agriculture, fisheries and forestry. Has there been any modelling done to actually establish what the impact on each of these sectors will be? They are obviously quite considerable cuts, needed or not. Have you done some sort of modelling to work out the sorts of changes and the sort of impacts they are actually going to have on these sectors?

**Mr Pahl**—Just to go to the reduction in the estimate for 2008-09—if you look at the equine influenza costs, for example, that came to us as part of the additional estimates process in the last additional estimates round—there is no requirement going forward for those funds in 2008-09, because very fortunately the outbreak has been contained and so on. So the impact of that reduction, picking up your point, on the sector is zero, because we do not have the outbreak to contend with. If you look at some of the drought money as well, you will find there are similar sorts of circumstances and we are estimating that the demand will be quite different. Again, the rural policy and innovation staff will be able to give you a more detailed response. If the estimate is correct, we will not need the funds because we will not have as many people in declared areas. If, on the other hand, our estimate is incorrect and the drought worsens, we would come back in the additional estimates context again, as we did in the current financial year, to seek the additional funds to meet those costs.

**Senator SCULLION**—I acknowledge those aspects of your answer are correct. I was going to a number of issues and you cited some of them, whether they are the community workers in Tasmania, some 19.8; tobacco, 15.4; Torres Strait fisheries, 20.9; national action plan on water—these are all savings cuts. This is money in programs that either is not going to be there or is not going to be spent. We can wobble around it, but basically there is clearly going to be an impact. All I am asking is: have you done any modelling to work out where the real cuts to industry will be and what the consequences of that will be?

**Mr Pahl**—As I said before, I think the best placed people to deal with each of those for you is as we move through the program over the course of the day. We will put people on notice that they should be ready to answer in respect of each of those so you can get a comprehensive response.

**Senator SCULLION**—Thank you. Perhaps to Dr O’Connell just a general question on notice: what modelling has been done to estimate the effect on industry from any cuts that will be provided in programs or as a consequence of administrative cuts? Thank you, Mr Chairman.

**CHAIR**—We will be calling product integrity, including quality animal and plant health, because Senator Boswell does have some questions for Biosecurity Australia. But your officers are not in the building until quarter past so rather than sit here and twiddle our thumbs for 15 minutes, can we go straight to product integrity? We will get 15 minutes of questions out of the way and then, as soon as the officers appear from Biosecurity Australia to talk about bananas, we will go straight to them. Thank you. Does anyone have any questions? I welcome officers from product integrity, animal and plant health.

**Senator MILNE**—I have some questions in relation to product integrity, and honey in particular. They follow from the scandal some years ago of the outcome of the court case, which I will go to with AQIS a bit later. But in terms of product integrity, I want to know whether Australia has any arrangements in place to allow for customers of Australian honey to identify the real product. Do we have any product integrity measures in place to guarantee our customers that what they are getting is genuine Australian product—real honey?

**Mr Aldred**—It is not specifically a question for us, I guess, in the sense that, if it is a labelling and a country of origin type arrangement it is not a product integrity question; it is more an issue for a body such as the ACCC about honesty and integrity in labelling.

**Senator MILNE**—The problem is that all these things cross over. In the last year we have imported a substantial amount of royal jelly from China. That has been mixed with fillers in Australia and then labelled ‘product of Australia’. It is not just a labelling exercise; it is about an integrity of the product exercise. Do we regard all these things as open slather so long as it just has ‘product of Australia’ on it?

**Mr Aldred**—No, but I am not aware of the particular incident that you are referring to. It is not something that we have taken action on. I am not aware of the background.

**Mr S Hunter**—I might be able to help you to a degree. The Therapeutic Goods Administration is responsible for regulating complementary medicines such as royal jelly for therapeutic use within Australia.

**Senator MILNE**—But the problem I have here is that this honey is imported from China, mixed up with all sorts of things and then exported from Australia in a range of goods called ‘product of Australia’. That flows on from the scandal a few years ago when those containers were transhipped from China and out of Australia overseas labelled ‘product of Australia’ with just a change of label. Who guarantees to our customers that what they get is Australian honey?

**Mr S Hunter**—I do not know the answer to that in full. I know that from the point of view of the sanitary and phytosanitary status of goods that are exported from Australia AQIS has that responsibility. But that does not go to the question of the origin of the product, as far as I am aware.

**Senator MILNE**—So it seems there is a big loophole here, from what you are saying.

**Mr S Hunter**—I do not have a full picture of the regulatory system so I could not comment as to whether there was a loophole there or not.

**Senator MILNE**—Nobody has a full picture of the regulatory system though—that is the problem. I will certainly get to AQIS, but I understand that quarantine do not check every batch of Chinese honey coming into Australia, nor is there any arrangement for anyone to be able to identify whether it is real honey, and there is no prosecution for transshipment. It seems like Rafferty's rules to me.

**Mr S Hunter**—When we get to AQIS I am sure we will have an officer who will be able to inform you about the inspection of honey as it comes in, if it is proposed to be used for food in Australia.

**Senator MILNE**—Thank you. I will wait for AQIS.

**Senator McGAURAN**—The officer did not answer the question. I do not think AQIS is the right place to ask that question.

**Senator MILNE**—I will have a few of those questions.

**Senator ADAMS**—I would like to ask questions of APVMA. Firstly, how is the review of your organisation, the cost recovery program framework, progressing?

**Dr Bennet-Jenkins**—We have commenced our review of the cost recovery framework and are having meetings with industry to seek their input and input from all stakeholders into the issues that they wish to consider as part of that cost recovery review. Those submissions are due by the end of this month and the plan is to have a workshop with our stakeholders in July to move towards drafting a draft cost recovery impact statement, which would be released for public comment in about September, with the view of finalising, if possible, the review by the end of this year.

**Senator ADAMS**—Could you please summarise the main fees, charges and levies that are charged by APVMA?

**Dr Bennet-Jenkins**—The main fees we have are application fees. When people wish to register new products to market in Australia we have levies on the sales of those products once they are registered. We also have fees for certain types of permit applications—people who wish to use products off label or sell unregistered product for a particular purpose. Those are our main fees.

**Senator ADAMS**—So where do those levies and charges go? Do they go to keeping the organisation going?

**Dr Bennet-Jenkins**—Yes. We are almost fully cost recovered. We have a small appropriation of about \$300,000 from the government.

**Senator ADAMS**—Coming back to my constituent, as I discussed with you at the last estimates, he engaged a consultant to help him with his submission and he was given an extension of time to submit his application. But after the extension had expired he was required to pay a full application fee of \$48,645 for a number of modules. It is really because of the extra cost, the second lot of costings, that he has had to withdraw his application. Could you explain why the application fees are so high? What do they cover?

**Dr Bennet-Jenkins**—Those application fees cover the assessment of the chemical—and that includes the entire package relating to the toxicology of the chemical—and the environmental effects if they are used in a food producing situation. This product was intended to be used in sheep, I understand. It would also require residue trials, metabolism trials, efficacy and target animal safety trials. They also need to put in submissions relating to any concerns regarding overseas trade of treated produce. So it is quite an extensive assessment of that particular chemical.

**Senator ADAMS**—You have done that the first time, when the first application was submitted. He then has had to resubmit because of running out of time. So why is it necessary to charge the full application fee on a resubmitted application when you have done all the work that you have just explained?

**Dr Bennet-Jenkins**—With this particular application, if we are still talking about the same one that you mentioned—

**Senator ADAMS**—We are, yes.

**Dr Bennet-Jenkins**—We have not done an assessment on that application. That has not even passed our screening process. So if he has withdrawn the application it is likely that he would have paid a minor fee for the screening component, but it is unlikely that he has paid the full fee, because that would mean that it has actually gone through the entire assessment process.

**Senator ADAMS**—I will check on that. This is a question about all applications that were received by the department prior to the election. Were they scrapped and people had to then submit new applications?

**Dr Bennet-Jenkins**—No.

**Senator ADAMS**—So those that were lodged before the election have continued?

**Dr Bennet-Jenkins**—Yes, indeed.

**Senator ADAMS**—What process is going to be put in place to ensure that we do not keep losing our inventions and various technologies to people overseas?

**Dr Bennet-Jenkins**—What you are asking is: what process have we in place to ensure that innovation stays in Australia?

**Senator ADAMS**—That is right.

**Dr Bennet-Jenkins**—The registration system recognises that you have different forms of assessment for different risks of application. So if it is a lower risk application, lower fees will apply. We also work together with overseas regulatory agencies to try to work share and joint review new chemistry to ensure that there is access to those chemicals in the Australian market at the same time as overseas markets. So we work with overseas regulators to try and ensure that.

**Senator ADAMS**—What types of reforms are you implementing to build operational effectiveness?

**Dr Bennet-Jenkins**—We have quite an extensive program regarding reforms. One of the major ones has been to implement a fully electronic application methodology. So at the

moment 90 per cent of our applications can actually be lodged over the internet and at the same time applicants can actually monitor the progress of their applications over the internet. So that is one great efficiency gain for us—to have electronic applications. We also have an extensive reform program where we are working with the chemical industry to try and improve what we call the ‘elapsed time’, that is, both the time when we have to seek additional information from industry as well as the time that the application is with us. We have an extensive program of different projects that we are conducting in order to achieve a shorter elapsed time in relation to approving a new chemical.

**Senator ADAMS**—So what time frame would that be? I know what it is at the moment. How much would you reduce it by?

**Dr Bennet-Jenkins**—The time frame for a completely new chemical is 15 months clock-on time and it does take longer than that. The minimum that it can take really is 18 months because inevitably during an application time there will be some time when you can switch the clock off and you have to ask the applicant for some additional information. Our idea really is to make the process for industry as predictable as possible. There are times when we do need the stop-the-clock provisions to explore and gather more information. What we want to try to do is make sure that industry is aware of both what is happening and what we are doing.

**Senator ADAMS**—What types of reforms are you implementing to reduce the regulatory burden, because it seems to be the biggest bone of contention.

**Dr Bennet-Jenkins**—Our projects include reducing regulatory burdens. There are a number of projects that we are working on in relation to label reforms to reduce the regulatory burden. At the moment, applicants have to come in and every time they change their label, even if it is a format or colour change, they require approval from us. To free up some of those burdens, which are administrative type applications but are no particular risk, we would go down several paths in labelling reform and the same in terms of process reform. As I said, there is also the burden of electronic communication. We are trying to free up that to make it easier for applicants to communicate with us.

**Senator ADAMS**—Which recommendations do you still have to implement from the ANAO’s report?

**Dr Bennet-Jenkins**—Several of the activities with regard to the ANAO report are still ongoing. We have regular progress reports on the web with regard to our progress on those, but I can certainly let you have a copy of our progress on those recommendations on notice.

**Senator ADAMS**—I would certainly appreciate that. How will you be responding to the Productivity Commission report into chemical and plastics regulation report?

**Dr Bennet-Jenkins**—We have put in our submission and we are working closely with the Productivity Commission commissioners in the information that they require in order to finalise their report. We have recently submitted our response to their draft report.

**Senator ADAMS**—And how will you be implementing the Productivity Commission’s recommendations?

**Dr Bennet-Jenkins**—We will await the outcomes of the final report. Many of the recommendations do not relate directly to us, but relate to the environment that we work in and apply to other agencies, which will allow us to do our work more efficiently as well.

**Senator ADAMS**—How are you addressing the emerging regulatory implications for your agency?

**Dr Bennet-Jenkins**—At the moment our focus is on nanotechnology. In the operational plan for the next year we are focusing on extra resources to participate in the activities that are ongoing in ensuring that the regulatory framework can address any issues that are associated with nanotechnology. That is our major initiative for emerging issues in terms of regulatory science.

**Senator ADAMS**—Now I come to your resources. Given your total resources for outcome 1 have been reduced from \$24,348,000 in 2007-08 to \$24,306,000 in 2008-09, can you achieve all of the outcomes you have discussed on that budget?

**Dr Bennet-Jenkins**—For our operational plan for next year, we are focusing on consolidating all of our current reform activities. The only new initiative is in relation to nanotechnology, precisely because, due to the drought conditions obviously, the levy collection has been reduced and so our budget is quite modest. There has not been an increase in our budget, so we have to make sure that we consolidate current activities and only focus on major new activities.

**Senator ADAMS**—I note that your staff numbers are predicted to increase by three this financial year, from 147 to 150. How are you going to cope with that with your decreased overall funding? What level will these staff be employed at?

**Dr Bennet-Jenkins**—It is likely that this level will be scientific evaluators. Last year, following the transition to the new government's arrangements under the Uhrig review, we had a restructure of the organisation. We flattened some of the management structure, we freed up some of the senior levels to provide more resources at the evaluator and the scientific area, and that is where these additional resources will go—to scientific assessments.

**Senator ADAMS**—So you can manage with the budget.

**Dr Bennet-Jenkins**—Yes. We have had a restructure of the organisation precisely in order to put more horsepower where we need it in the science area.

**Senator NASH**—When do you expect the review of the fees and charges to be completed?

**Dr Bennet-Jenkins**—We have to have that completed by the end of the year, with a draft cost recovery statement out in about September.

**Senator NASH**—Your total revenue is budgeted to be \$23.9 million, which is an increase of 1.5 per cent. You are talking about that being predominantly due to an increase in your levy income from the Agvet sales. How many different chemicals do you levy, what is the process for levying and what is the levy set at?

**Dr Bennet-Jenkins**—The levy is set in our legislation.

**Senator NASH**—I am sorry; is that how it works?



**Dr Bennet-Jenkins**—Yes. The levy is actually set in our regulations, so that is a precise amount that is applied.

**Senator NASH**—What amount is that?

**Dr Bennet-Jenkins**—I would have to take that on notice. I cannot recall what the exact amount is now in per cent term; I am sorry.

**Senator NASH**—Perhaps you could do that.

**Dr Bennet-Jenkins**—I will do that, yes. The registrants are required to give us total amounts of the sales of the products and, based on that, the levy is calculated and then they pay those to us.

**Senator NASH**—Is the levy the same across all the Agvet chemicals?

**Dr Bennet-Jenkins**—Yes.

**Senator NASH**—So it is exactly the same. This one I do not mind if you take on notice: could we have a list of all the Agvet chemicals that are levied by APVMA?

**Dr Bennet-Jenkins**—Yes.

**Senator NASH**—On that, you say that the forecast increase is due to ‘the good rain experienced in the past nine months’. How did you determine that we have had good rain in the past nine months? Is it a general term or are you being specific in certain regions relating to certain chemicals?

**Dr Bennet-Jenkins**—The way that we try and predict our budget is actually by doing a survey of the registrants and we ask them to assist us in the types of predictions and business models that they have in order for us to be able to predict what budget revenue we might expect in the following year. The feedback from the registrants has fed into that particular anticipated increase—well, it is not an increase in revenue; it is actually a restoration of the revenue. The revenue had dropped considerably in this last year and we expected it to be restored, based on information from industry itself.

**Senator NASH**—So the bit about the good rain experienced in the past nine months—how did you determine that?

**Dr Bennet-Jenkins**—Again it is more the industry that give us the reason from the sales records and the predicted sales of the products they have. We definitely go to the chemical industry to give us that information.

**Senator NASH**—Would it be possible—and I am happy for you to take this on notice—to supply to the committee which of your industry participants suggested to you that we had had good rain in the last nine months? It would just be interesting to see where, how and why they had determined that that was a factor. I do appreciate that you cannot remember the amount, but is the levy a flat fee or a percentage?

**Dr Bennet-Jenkins**—It is a percentage and it actually is a sliding scale, so it is sort of like a reverse tax scale.

**Senator NASH**—So it is a percentage. In your forecasting, does the increase in the cost of chemicals and the levy arrangements that you have mean that you are going to increase your income? Have you tracked that at all?

**Dr Bennet-Jenkins**—Increase in volume?

**Senator NASH**—No, the increase in price.

**Dr Bennet-Jenkins**—The increase in price: we have not tracked that. We just simply ask industry to tell us what their total sales were in dollar amounts and then the levy is calculated on that.

**Senator NASH**—So it is retrospective?

**Dr Bennet-Jenkins**—Yes.

**Senator NASH**—So it is retrospective and then at the same time you ask them to give you a forecast, if you like, of what they think they are likely to achieve in the coming year.

**Dr Bennet-Jenkins**—That is right, and we surveyed our top registrants, the ones that sell the bulk of the chemicals.

**Senator NASH**—Do you not do any tracking of chemical pricing at all?

**Dr Bennet-Jenkins**—No.

**Senator NASH**—Sales wise? Is that because it just would not be useful, because you are happy to take it from the industry, just coming back in the retrospective manner?

**Dr Bennet-Jenkins**—Yes.

**Senator NASH**—How do the special accounts operate and what current special accounts do you have?

**Dr Bennet-Jenkins**—The special accounts I guess are the way that our revenue works for the levy and how we then spend it. So that is just our income that then is appropriated to us and we then have that as our revenue.

**Senator NASH**—Why is that termed a ‘special account’? That is just what struck me. That sounds like a fairly normal sort of process.

**Dr Bennet-Jenkins**—It is, yes. I would have to get back to you on that too. I am not quite sure why the terminology is ‘special account’.

**Senator NASH**—Perhaps you could do that.

**Mr Aldred**—I will try to assist a little there. The special accounts are essentially accounts that are holding and transfer accounts for the purposes of agencies or particular activities. In the case of APVMA, levies are collected, they are appropriated and placed into the special account for the use of the APVMA. So they are not a specific line item or they do not end up as a program line item within the department.

**Senator NASH**—Thank you for that. Is the APVMA responsible for the drumMUSTER scheme?

**Dr Bennet-Jenkins**—No, we are not.

**Senator NASH**—Who is responsible for that?

**Dr Bennet-Jenkins**—That is really run through the industry stewardship programs, through CropLife and Agsafe.

**Senator NASH**—So there is no departmental oversight relationship whatsoever—

**Dr Bennet-Jenkins**—No, but—

**Senator NASH**—It is run purely through industry.

**Dr Bennet-Jenkins**—we support it as best we can, in that we encourage registrants to put drumMUSTER type label statements on their labels, to facilitate that.

**Senator NASH**—So who benefits from the drumMUSTER scheme, if anyone? I am sorry; I probably cannot even ask you that—since it is not yours, you probably do not know.

**Dr Bennet-Jenkins**—It is not our responsibility, but generally the environment does and the farmers themselves.

**Senator NASH**—No, I mean purely financially, because there is a cost attached. Is there anyone within the department that will be appearing that might be able to provide some information around that over the next couple of days?

**Mr Aldred**—If you give me some details of the particular questions, we can certainly chase it up for you.

**Senator NASH**—I will put them on notice in writing. That might be easiest. Thank you.

**CHAIR**—As discussed at the beginning of the session, we are going to change the format. Thank you very much to officers from Product Integrity. We will call up officers from Biosecurity Australia as an exceptional circumstance.

**Dr O'Connell**—Can I just check that that is all the questions required for Product Integrity?

**CHAIR**—No, there will be a host more. We really are breaking from normal procedures— at great expense to the chair's ears because they have been belted around! We call officers from Biosecurity Australia so that Senator Boswell can put his 15 questions before he has to leave the ACT.

[11.22 am]

### **Biosecurity Australia**

**CHAIR**—I welcome representatives from Biosecurity Australia.

**Senator BOSWELL**—Thank you, Mr Chair, for helping me with this; I really appreciate it. I thank the officers, too. I am talking about the Philippine banana import risk analysis. Do we have the officers here for that? Could you please provide an update of the progress of the Philippine banana import risk analysis?

**Mr Cahill**—The import risk analysis team is still continuing with its consideration of the stakeholder submissions. We received 21 of those on the revised draft report. I expect to refer a provisional final report to the eminent scientists group for a review some time probably in the next six weeks.

**Senator BOSWELL**—Does that mean that the next IRA report you release will be the final report?

**Mr Cahill**—Once the eminent scientists group has considered the report, the provisional final report, we will take account of any advice that they provide to the director of quarantine and to me, as the Chief Executive of Biosecurity Australia. So if there is any further work that then needs to be done to the report, we will do that, and then we will release a provisional final report to stakeholders which will be open to appeal.

**Senator BOSWELL**—So it will not be the final report; it will be a provisional final report.

**Mr Cahill**—It will be a provisional final report that will be open for appeal, yes.

**Senator BOSWELL**—Did you and other Biosecurity Australia officials meet with representatives of the Australian Banana Growers Council on 24 April?

**Mr Cahill**—Yes, we did.

**Senator BOSWELL**—What was discussed at that meeting?

**Mr Cahill**—The discussion was about the Banana Growers Council submissions on the revised draft report. So we spent most of a day talking with their representatives about their submission, clarifying any issues that they wished to raise and talking about the next steps associated with the IRA report.

**Senator BOSWELL**—What about modelling error—did you talk to them about that?

**Mr Cahill**—We discussed with the Banana Growers Council representatives a difference of view between experts on modelling issues associated with the spore count relating to black sigatoka.

**Senator BOSWELL**—Did you advise representatives of the Australian Banana Growers Council at that meeting that the final banana IRA report will contain performance targets for pest and disease risk management which the Philippines will be required to meet if they are to export bananas to Australia?

**Mr Cahill**—We had a discussion with them about the fact that we expected that the recommended measures would be benchmarks that the Philippines would have to meet, in the same way as we did with the apple IRA report.

**Senator BOSWELL**—Does that mean that the Philippines will need to develop the risk management measures that meet these performance targets if they are to export bananas to Australia?

**Mr Cahill**—No, it does not. What it means is that the revised draft report that stakeholders have had available to them to comment on contains a range of proposed measures to manage the risk associated with the potential importation of bananas. And we are, in addition to that, including in the provisional final report a set of benchmarks that the Philippines will also be required to meet. So part of the discussion at the meeting we had with the council was a question about whether the report was shifting from specifying measures to simply specified benchmarks. We indicated to the ABGC that that was not the case, that in fact the measures would continue to be specified in the final report.

**Senator BOSWELL**—So it does not mean that the Philippines are going to have to develop measures themselves. We will be developing the measures and they will be adhering to them.

**Mr Cahill**—They will be required to meet them—that is correct, yes.

**Senator BOSWELL**—If the IRA process is being used to conduct the banana IRA, the role of the IRA team is to recommend risk management measures. So you are saying that you are going to recommend the risk management measures?

**Mr Cahill**—That is correct. They are contained in the revised draft report, and we expect that to carry through to the final report.

**Senator BOSWELL**—So the Philippines will not be putting up any measures that they would have to meet?

**Mr Cahill**—All countries are entitled to put forward measures that they might regard as being equivalent to the measures that we propose in the IRA report. But the real point is that, if they do propose equivalent measures, they will have to meet the benchmarks that we have set, so we would have to be satisfied that they do not change the nature of the risk assessment that we have conducted or the measures that we are proposing.

**Senator BOSWELL**—But isn't this unusual? It has been normal that your IRA team has always developed the risk management measures, and now you are saying that some of that responsibility is being given to the Philippines.

**Mr Cahill**—No, I am not saying that. I am saying that the final report will contain quarantine measures that the Philippines will be required to comply with. Those measures are specified now in the report which is public. We will, in addition, be specifying benchmarks that we expect that the Philippines will be required to meet. Should the Philippines propose measures—or in the case of other commodities, as it has happened with other commodities, should they propose measures—which they regard as equivalent to the measures that we have specified, they are entitled to put those forward and we would need to consider those.

**Senator HEFFERNAN**—Why would it be, then, that the industry is a bit confused about this? They think that they are about to have some sort of cataclysmic change to the protocol proposed. Why would they be misled like that?

**Mr Cahill**—I am not too sure of the answer to that. I am still trying to work it through with them. We have been in correspondence with them about those matters. We have shared a draft summary record of the meeting to try to make sure that there is a good understanding on both sides about what we have been saying.

**Senator HEFFERNAN**—Has there been a sort of a change in attitude from a previous government to this government? Is there any difference?

**Mr Cahill**—No.

**Senator HEFFERNAN**—Obviously, if you were to attempt to bring in bananas from the Philippines, given some of the history of what goes on in the Philippines—the inherent corruption in the system up there and the way people can stand over those who are on someone's payroll—surely, like the Japanese, we would want to have our supervisors in their

banana fields rather than rely on what could be some sort of bullshit protocol that they have put in place. You would not have changed your mind on any of that, would you?

**Mr Cahill**—No, I have not.

**Senator BOSWELL**—The information I have is that in the 2003 IRA handbook that is being used for the banana IRA it is quite clear that the IRA team must recommend risk management measures where they are required. Could you explain why it is that in all previous drafts of IRA reports the risk management measures were recommended by the IRA team but now you are working on a final draft IRA and this will not be the case? You were saying that it still is the case.

**Mr Cahill**—That is correct.

**Senator BOSWELL**—There seems to be a lot of confusion here.

**Mr Cahill**—Yes, there does seem to be a bit of confusion, and as I indicated I am trying to resolve that with the Banana Growers Council.

**Senator BOSWELL**—It is proposed that the final IRA report will specify all risk management measures that are required to be met by the Philippines. I want that to be very clear.

**Mr Cahill**—The revised draft report that is in the public domain specifies extensive risk management measures that would be required by the Philippines in order to export bananas to Australia. I do not expect that to change in the final report.

**Senator BOSWELL**—So you are saying that you are not changing the rules in any way?

**Mr Cahill**—No.

**Senator BOSWELL**—This means that the evaluation and risk management measures proposed by the Philippines will fall outside the IRA process and as such will not be subject to review and comment by stakeholders.

**Senator HEFFERNAN**—That would actually be true if it were the case, wouldn't it?

**Mr Cahill**—If it were the case, it would be—and it is not, so it is not the case. If it were the case, it is a ground of appeal—explicitly specified.

**Senator BOSWELL**—Why then are you not going to issue an IRA to enable stakeholders' comments?

**Mr Cahill**—At the present time we are responding to the stakeholder comments that have been put forward on the revised draft report. That was the third draft report that was issued. We are working towards a final report based on the revised draft that had been issued and the stakeholder comments submitted on that. So we are working towards a provisional final report which, as I said, will then be reviewed by the independent eminent scientists group and will be open to subsequent appeal.

**Senator BOSWELL**—Some of those reports had to be revised because your department had made a series of mistakes. I also understand that the current chair of the banana IRA team, Dr Stynes, stated at the 24 April meeting that significant changes had been made to the

draft IRA report, particularly in relation to the pest risk assessment for moko and black sigatoka. Is that the case?

**Mr Cahill**—I am not sure that I can say much more than I already have on this issue.

**Senator BOSWELL**—Did he or did he not?

**Mr Cahill**—He said that we were responding to the stakeholder submissions that had been received.

**Senator BOSWELL**—Is Dr Stynes part of your department?

**Mr Cahill**—He works for Biosecurity Australia.

**Senator BOSWELL**—Is he in Canberra?

**Mr Cahill**—No, he is not. I was present at the meeting.

**Senator BOSWELL**—Did Dr Stynes make the statements that significant changes had been made to the IRA report, particularly in relation to moko and black sigatoka.

**Mr Cahill**—Dr Stynes indicated that changes were being made to the revised draft report, based on the submissions received from stakeholders.

**Senator BOSWELL**—Based on submissions—

**Mr Cahill**—Based on submissions received from stakeholders. All of those submissions were referred to the IRA team and the IRA team has been working through those submissions and making changes where they judge that to be appropriate.

**Senator BOSWELL**—When you are talking stakeholders, you are talking the banana growers and the Philippines importers. Who has made these alterations to the report? Is it the Philippines or is it the banana growers? Who is it?

**Mr Cahill**—It is the IRA team that is tasked with drafting the IRA report.

**Senator BOSWELL**—I understand that. But, if there are significant changes being made to the draft in assessment of moko and black sigatoka, why are you making those changes? On what evidence? Is it evidence given from the banana growers, or from the Philippines or from where? You just do not suddenly make a change; it has to be based on something.

**Mr Cahill**—It is information supplied by all of the stakeholders that have made submissions, including the Banana Growers Council, importers, the Philippines government and others.

**Senator BOSWELL**—You told me just before that you were going to set the barriers and you were going to set the standards and that the Philippines were going to have nothing to do with it. Now you are telling me that you have made the changes because of information you have received from the Philippines. I point out that there is an inconsistency in what you are saying.

**Mr Cahill**—I do not think there is. What I have said is that we are responding to the submissions that stakeholders have made on the revised draft report. Those submissions are public so everyone can see—

**Senator BOSWELL**—I am not suggesting that there is any hiding of the submissions. I am suggesting to you that you told me five minutes ago that the IRA team set the barriers, set the boundaries and set the high jump. Now you are telling me that you have changed the rules because you have some information from the Philippines. You are trying to disguise it by saying ‘stakeholders’ but stakeholders mean the Philippines and—

**Senator Sherry**—Perhaps, Senator, just let the officer finish his answer. You have interrupted him a number of times. Let him give his answer and then, if you disagree and you want to pose a further question, you may. But just let him give the answer.

**Mr Cahill**—The IRA handbook as you know provides a process for conducting import risk analyses. What we are doing is entirely in accordance with the IRA handbook. The IRA handbook provides for reports to be published, for stakeholders to comment on those reports and for adjustments to be made to the reports if, in fact, there is more scientific information that comes forward to justify those changes. That is the process that is underway. I am not suggesting that we have made changes to the draft report simply on the back of comments that the Philippines or the Philippines government might have made to us. We look at all the issues raised by stakeholders and, if there is technical or scientific merit in those that bear on the draft report we make adjustments to the final report which will then be subject to review and appeal.

**Senator BOSWELL**—We are going around in circles. I asked you—and I will repeat this and then we will move on: ‘Who sets the standards?’ You said, ‘The IRA sets the standards.’ I said, ‘Does the Philippines have anything to do with it?’ You said, ‘No.’ That was five minutes ago. Now you are telling me that you have looked at the evidence from the Philippines and then changed the pest risk assessment for moko and black sigatoka. We can go round and round in circles but those are the facts of life. You did say that you did it and now you are saying that you did it because the Philippines put some suggestions forward.

**Mr Cahill**—Australia is responsible for setting the quarantine measures that are required in relation to any import, so that task legislatively belongs to Australia’s Director of Quarantine.

**Senator BOSWELL**—He is obviously listening to some of the suggestions put up by the Philippines.

**Mr Cahill**—The task of scientific analysis is a task that Biosecurity Australia undertakes on his behalf and that, as I have indicated, is a public transparent process that is open for everyone to provide comments on. Ultimately the judgements that have to be made are judgements that Biosecurity Australia will make and recommend to Australia’s Director of Quarantine based on the scientific analysis and the scientific evidence.

**Senator BOSWELL**—Thank you. Do the IRA team meeting summaries posted on the Biosecurity Australia website confirm that a considerable amount of additional information relevant to some key pests is being considered by the IRA team?

**Mr Cahill**—Yes, I believe it does.

**Senator BOSWELL**—What is this additional information?

**Mr Cahill**—The information goes to all of the pests that were identified in the revised draft report.



**Senator BOSWELL**—Why don't you put that new information up on the website, because it is supposed to contain everything?

**Mr Cahill**—We will put it up on the website when the provisional final report is published.

**Senator BOSWELL**—Isn't that putting it up after the horse has bolted?

**Mr Cahill**—The information that has been submitted is also in the public domain because we make the submissions public, so all that information is there.

**Senator BOSWELL**—It is not on the website.

**Mr Cahill**—The submissions are on the website.

**Senator BOSWELL**—The additional information?

**Mr Cahill**—The additional information provided by the Philippines or by anybody else is on the website.

**Senator BOSWELL**—The additional information on the pests that have been considered by the IRA team on the pests is on the website?

**Mr Cahill**—I just want to make sure we are not talking at cross-purposes here, Senator. The technical issues that have been raised are contained in the submissions that stakeholders have put forward on the revised draft report. The submissions are public so the technical information contained in those is on the website.

**Senator BOSWELL**—I am asking about the IRA team meetings summaries.

**Mr Cahill**—The team meeting summaries are also on the website.

**Senator BOSWELL**—So you are saying that fundamentally you have not altered the approach and risk management measures since the last draft IRA report? They are the same?

**Mr Cahill**—Senator, we have not finalised the report yet so you are asking me to prejudge what the outcome is. As a matter of process we are complying with the handbook and I do not expect that the quarantine measures identified in the revised draft report will be changed in the final report.

**Senator BOSWELL**—This is fairly important so I will read the question verbatim. Given that Biosecurity Australia has fundamentally altered the approach to risk management measures since the last draft IRA report and the fact that a considerable amount of additional information has been considered by the IRA team, is it not incumbent to issue another IRA draft report? You are going to issue a draft report?

**Mr Cahill**—We are going to issue a provisional final report, once it has been—

**Senator BOSWELL**—How does a provisional final report differ from a draft report?

**Mr Cahill**—It is not finalised yet Senator, so I cannot really say. It reflects the submissions that people have made on the draft report. At some point you have to stop publishing draft reports; you actually have to move forward to get to a final.

**Senator BOSWELL**—Absolutely, but only if the information in the new report is being made available to the stakeholders.

**Mr Cahill**—As it will be.

**Senator BOSWELL**—Before you issue the report? It is no good issuing the information after the report comes down.

**Mr Cahill**—The report is open to appeal. That is the safety net. It is reviewed by the independent Eminent Scientists Group and they, amongst other things, are specifically tasked with making sure that stakeholder comments have been taken properly into account. That is their job and that is independent of Biosecurity Australia. That is one aspect of the safety net. The other one is that there is an appeal process that can be used if people think there has been a significant deviation of process, or if there is scientific information that they believe has not been taken properly into account.

**Senator BOSWELL**—I might come back to that one. Could you advise who the current members of the banana IRA team are?

**Mr Cahill**—The IRA team is chaired by Dr Brian Stynes, who, as we indicated, is an officer of Biosecurity Australia. We have Mr Bob Paton, who is an external member, an entomologist. We have Mr David Peasley, who is also an external member with industry knowledge; he is a horticulturalist. We have Mr Mike Robbins from the Australian Quarantine and Inspection Service. It is supported by the staff and expertise of Biosecurity Australia as well as other expertise that is drawn in on particular matters.

**Senator BOSWELL**—How many are on the team?

**Mr Cahill**—Until relatively recently the team comprised six people. I put out a notice on 19 May to stakeholders informing stakeholders that there had been a change in the membership of the IRA team. One of the members is suffering from serious ill health and is unable to continue in a full-time role on the IRA team. Another member of the IRA team has taken some extended leave and travelled overseas, but he remains in contact with us.

**Senator BOSWELL**—Who are those two members?

**Mr Cahill**—Dr Rob Allen and Mr Bob Paton. Both of those have indicated that they will continue to fulfil their roles in relation to their expertise on the IRA team.

**Senator BOSWELL**—So we have gone from six members to four members.

**Mr Cahill**—There was a further member, Dr Sharan Singh, who was a member of the IRA team by virtue of being an officer of Biosecurity Australia. He now works in another area of the department so he is no longer a member of the team either.

**Senator BOSWELL**—When did Mr Paton travel overseas?

**Mr Cahill**—I think he went about six or eight weeks ago.

**Senator BOSWELL**—How many IRA team meetings has Mr Paton attended either in person or via teleconference since his departure overseas?

**Mr Cahill**—I will take that on notice.

**Senator BOSWELL**—Is there anyone who can get that for us? I have very bad experience with questions on notice; they never seem to get answered. I am not suggesting you would not answer them, but they never seem to get answered. Can anyone find that out?

**Mr Cahill**—We will do our best to find that out.

**Senator BOSWELL**—While we are still going?

**CHAIR**—In all fairness, Senator Boswell, the officers have made a mad dash. They were not expecting to be here until later this afternoon. Mr Cahill has said that he will take it on notice.

**Senator BOSWELL**—Will the IRA team sign off on the final report? Does that include Mr Paton, even though he has not attended a number of meetings at the critical end of the IRA process?

**Mr Cahill**—Yes.

**Senator BOSWELL**—He will sign off even though he has missed a number of meetings?

**Mr Cahill**—He continues to participate in the processes of the IRA team.

**Senator BOSWELL**—By teleconference?

**Mr Cahill**—By teleconference if he needs to. As I indicated at the outset, we expect to refer the report to the eminent scientists group very shortly. We are very close to finalising the report. But he will sign off on the report as he needs to.

**Senator BOSWELL**—When did Dr Singh cease to be a member of the IRA team?

**Mr Cahill**—I will need to take that on notice. I will get that information for you.

**Senator BOSWELL**—I will ask one of my colleagues to ask that question later when you are answering other questions. Would you be able to find that out by then?

**Mr Cahill**—I expect so, yes.

**Senator BOSWELL**—Were the stakeholders notified that Dr Singh was no longer a member of the IRA team?

**Mr Cahill**—Yes.

**Senator BOSWELL**—What date was that?

**Mr Cahill**—It was 19 May, formally.

**Senator BOSWELL**—Has Dr Allen signed off the elements of the IRA report that he has had significant involvement in?

**Mr Cahill**—Not yet because the report is not yet finalised, but I expect him to do so.

**Senator BOSWELL**—Dr Allen's information will be in the final report?

**Mr Cahill**—That is right, yes.

**Senator BOSWELL**—Banana growers say there is an error in the risk assessment for black sigatoka. Do you agree that there was an error?

**Mr Cahill**—No, I do not.

**Senator BOSWELL**—Has Biosecurity Australia received advice from the Bureau of Resource Sciences about whether there was an error in the risk assessment for black sigatoka as asserted by the banana growers?

**Mr Cahill**—There is a difference of expert view about the number of spores associated with black sigatoka, and the risk assessment around that. We have taken note of the ABGC's comments on that, and we will reflect that in the final report.

**Senator BOSWELL**—Did the Bureau of Resource Sciences conclude there was an error?

**Mr Cahill**—No, they did not.

**Senator BOSWELL**—What were their conclusions?

**Mr Cahill**—I did not ask them for an opinion on whether there was an error or not. I referred the matter raised by the ABGC to the IRA team for consideration. They had a discussion amongst the experts about the appropriate spore count to be used and it is a question, as I understand it, about whether you use one, one-and-a-half or two as the correct number of spores. The advice to me was that that was a legitimate difference of view between experts about what it should be. But we have taken account of the ABGC's comments and their submissions.

**Senator BOSWELL**—Did the IRA team consider there was an error in the risk assessment for black sigatoka? You say no?

**Mr Cahill**—That is correct.

**Senator BOSWELL**—If there is no error, why is it that the IRA team agreed to change the input value, which the banana growers assessed was correct?

**Mr Cahill**—As I indicated earlier, the task of the IRA team at this point is to respond to the comments and submissions from stakeholders, so that is what they are doing.

**Senator BOSWELL**—If you assessed a risk at X and then you have changed it, does that not suggest that the value used in the draft IRA report was wrong?

**Mr Cahill**—We are talking about a count on the number of spores—whether it is one, one-and-a-half or two.

**Senator BOSWELL**—I know what we are talking about. But if you had to change it—there is right and wrong and black and white.

**Mr Cahill**—The advice I have is that it is a difference of view between experts. We have responded to the information that the ABGC has given to us. The fact that we put out a draft report for the very purpose of obtaining that kind of comment, I think, is a testimony to the process.

**Senator BOSWELL**—Are you aware if any of the members of the IRA team accepted there was an error in the assessment for black sigatoka, as suggested by the banana growers?

**Mr Cahill**—No.

**Senator BOSWELL**—So everyone in that team said the banana growers were wrong and you were right?

**Mr Cahill**—I am not aware of any member of the IRA team coming to that conclusion.

**Senator BOSWELL**—No. This is very important, because you had a team of six that went to four and all of those four people—or all the six people or however many you had—agreed

that the banana growers were wrong and the IRA team was right. So everyone agreed; everyone said 'Yes, the IRA is right and the banana growers are wrong.'

**Mr Cahill**—I was not present for all of those discussions so I do not know precisely who said what to whom.

**Senator BOSWELL**—But surely there would be a report—someone says that the banana growers are right or they are wrong. Was there a unanimous opinion that there was no error?

**Mr Cahill**—These things are not voted on. It is a discussion that goes on amongst experts—often it is very robust—and a view is put. The view that they put to me was that this was a legitimate difference of opinion between experts and that is the view that I conveyed in writing to the ABGC.

**Senator BOSWELL**—That is pretty unusual because usually if someone says 'I disagree,' it is recorded in the minutes. You have got five people; how do you ever reach a conclusion if you do not have a vote and someone does not register the result in the minutes.

**Mr Cahill**—This is a group of scientific experts debating scientific issues. There are often issues that are not black and white and the purpose of the IRA team is to try to resolve those issues.

**Senator BOSWELL**—So someone says 'I think you are wrong,' and everyone agrees—so it is not considered.

**Mr Cahill**—I think I have answered the question to the best of my ability.

**Senator BOSWELL**—It is a very important question.

**Mr Cahill**—I regarded it as being sufficiently important to commit myself to writing and conveying my view, and that of Biosecurity Australia, to the ABGC.

**Senator BOSWELL**—Let's make it very clear: can you please confirm whether Biosecurity Australia has received any advice either from the Bureau of Resource Sciences or from any member of the IRA team that there was no error in the assessment for black sigatoka?

**Mr Cahill**—I am not aware of any view expressed by the Bureau of Resource Sciences that there was an error in the modelling related to the assessment for black sigatoka—or, indeed, by any individual member of the IRA team.

**Senator BOSWELL**—Can you check that and come back to us.

**Mr Cahill**—I am happy to take that on notice.

**Senator BOSWELL**—This is also important because we are getting conflicting advice here. I have had this experience with Biosecurity before. I am not suggesting that you would do it, but someone did do it and paid a pretty heavy price for it. I do not want it to happen again. I will just repeat the question to be very clear: can you please confirm whether Biosecurity Australia has received any advice, either from the Bureau of Resource Sciences or from any member of the IRA team, that there was an error in the assessment of black sigatoka? I want a definite yes or no answer, not 'I'm not aware', or, 'I didn't hear'. I want the exact—

**CHAIR**—Senator Boswell, I will say before Mr Cahill does answer it that, if he does not know and agrees to take it on notice, I think that is fair.

**Senator BOSWELL**—Okay. Thank you very much, Mr Chair, and thanks very much for the opportunity.

**CHAIR**—Thank you, Senator Boswell and Mr Cahill. In what we discussed earlier—and I assume that there would probably be a host more questions for Biosecurity Australia—we did agree to move the format around to give Senator Boswell the opportunity to ask his questions. We thank the officers from Biosecurity Australia. No doubt, as I said, we will be talking to you this afternoon. We welcome back to the table the officers from product integrity.

**Senator SIEWERT**—I have a question for APVMA. It is a funny acronym. I am not sure if you are doing research in this area or not, which is why I am keen to ask about it. Do you do any work around the use of pesticides on genetically engineered crops?

**Dr Bennet-Jenkins**—If a pesticide is to be used on a genetically engineered crop we certainly have to assess that use before we can allow it.

**Senator SIEWERT**—You have now opened up two pathways of further questions for me. The first question is: have there been applications for specific pesticides to use on genetically engineered crops?

**Dr Bennet-Jenkins**—Certainly. We have approved the use of herbicides on the glyphosate-tolerant canola, and the same for other herbicide-tolerant crops. So yes; we have registered products for those uses.

**Senator SIEWERT**—Do you monitor the use of those or monitor the claims that the industry makes that you have to use less herbicide? There is evidence that I have seen from the United States, where in fact more chemicals have to be used. Do you do any of that form of assessment?

**Dr Bennet-Jenkins**—No, we do not monitor the quantity of chemical use.

**Senator SIEWERT**—Who would I go to to verify the claims that are made and to look at how much chemicals are used on genetically engineered crops?

**Dr Bennet-Jenkins**—I am not quite sure who in Australia would be collecting it or whether it is collected on a local basis. But there certainly are projects, I know, within PIAPH that look at developing a system for monitoring pesticide use data. I might defer to my colleague.

**Senator NASH**—Can I just ask something on that. If your process is a percentage levy of the pesticides used then surely by that levy process you would know how much pesticide is being used across the country.

**Dr Bennet-Jenkins**—It is a dollar value, so we do not know. Certainly you can say that these particular pesticides, on a dollar value, are the highest value pesticide, but it is not on quantity in terms of kilograms per hectare. We cannot make an assessment. It gives you an idea, but you cannot make a direct assessment of quantity because of the cost.

**Senator SIEWERT**—Is it possible for you to provide that information so that we can have an idea about that?

**Dr Bennet-Jenkins**—On the costings that we publish regularly—the general breakdown on the levies for particular different product types?

**Senator SIEWERT**—Can you flag the specific ones that have been applied for for GE crops?

**Dr Bennet-Jenkins**—We can give some indication of that, yes.

**Senator SIEWERT**—You mentioned some work that is being done to develop some monitoring.

**Mr Aldred**—If you like, I can chase up. If you just give me a couple of questions, I will try to chase that up during the break.

**Senator SIEWERT**—What I am keen to know is whether you could tell us if there are specific chemicals being used for GE crops. There could well be some chemicals that are not specifically flagged for GE crops that are being used in GE crops. What I am keen to know is what level of use there actually is for GE crops. Obviously I am keen to know whether it is going up or down. There are claims made by the industry that it significantly reduces chemical use whereas there is other evidence to show that in fact it does not and that it increases it. So I am keen to know that information and if in fact that is being monitored by anybody.

**Mr Aldred**—Okay. I will chase that during the day and come back to you.

**ACTING CHAIR (Senator Siewert)**—That would be very much appreciated. In fact, when I said I had two streams, that has just answered my question on that, thank you. I think I am in the chair at the moment.

**Senator MILNE**—I just wanted to ask some questions in relation to atrazine and simazine. Can you tell me whether there is any ongoing review or has there been a conclusion of the work that you have been doing on either or both?

**Dr Bennet-Jenkins**—Certainly. With regard to atrazine, we completed the review that was ongoing in April this year. What is happening at the moment is that any new evidence we are forwarding to our advisory agencies and asking them to review the new information and new research that is ongoing with regard to atrazine and simazine. Specifically, we have asked the Department of Health and Ageing to look at the whole triazine herbicides, which includes atrazine and simazine, and particularly the new information with regard to their mode of action. So that is some work that they will be doing and reporting to us about.

**Senator MILNE**—Have you asked anyone from Land and Water or DPI or anyone else to report to you on the impacts of the drought and the likely increased toxicity? After a long period of dry when you get rain, you will get bigger run-off into your storages. Are you aware that the Tasmanian Director of Public Health has advised that Gunns cannot use simazine or atrazine in the Macquarie River catchment in Tasmania, for example? Are you getting any advice about impacts of what might have been regarded as traditional use and how that is impacting now that there is a different rainfall regime?

**Dr Bennet-Jenkins**—Yes. I am aware of the activities in Tasmania and of the director-general of health and his recent actions with Gunns. We certainly are aware and we have acknowledged that atrazine and simazine are susceptible to run-off. So the regulatory

approach we take is that in any situation—and it does not matter what type of climate—what you need to do is minimise the run-off. So all our regulatory actions have been in relation to making sure that the agricultural practices that must be followed are to minimise run-off. They should be irrespective of what the weather conditions are.

**Senator MILNE**—So how does that play out with regard to the plantation industry sector in Australia? What are you advising them about run-off?

**Dr Bennet-Jenkins**—Well, they must observe the label instructions. We have very extensive label instructions that relate to minimising the run-off. They must observe them. We have asked through the review period to conduct some monitoring. They have also implemented some best management practices that have been part of the package that they are implementing in order to be able to continue to use these chemicals.

**Senator MILNE**—So have all plantation companies in Australia been asked to self-monitor and report?

**Dr Bennet-Jenkins**—We do not have the authority to ask the plantation companies to do the monitoring. That was part of the review, where we requested through our registrants. We regulate the chemical suppliers and not the users, so it is through the registrants that we actually required some monitoring to be done as part of the review process. In that process, the registrants and the user industries often will get together and collect such data together rather than in isolation.

**Senator MILNE**—So just explain to me how it would work in Tasmania. The registrant is who?

**Dr Bennet-Jenkins**—The chemical company. And the chemical company markets the product, which has extensive label directions that relate to minimising the run-off.

**Senator MILNE**—That is right. Go on. And so what do they then have to do with the plantation or anyone buying it?

**Dr Bennet-Jenkins**—They do not have any conditions. Our authority stops at the point of retail sale. We regulate up to the point of retail sale. It then becomes the responsibility of the state to control the use of that chemical.

**Senator MILNE**—Okay. So in terms of this information that is being fed back because of monitoring, that is the state government's responsibility to require the companies to monitor. Have you got any information on how many samples or how extensive the monitoring has been in a state like Tasmania?

**Dr Bennet-Jenkins**—Because we work with our colleagues in the state departments, we certainly are aware of the monitoring and are in constant contact with them when they have conducted another round of monitoring. So it is simply an information feedback between the two agencies.

**Senator MILNE**—So can you provide details of the monitoring in Tasmanian catchments for the last 12 months?



**Dr Bennet-Jenkins**—We certainly have access to that information. It is largely the department that publishes that on its website. But it also gives us the results to feed into our processes.

**Senator MILNE**—I would like it if you could make that available, because I would be very surprised if the Tasmanian government published all that information on any website. But I would be keen to see what monitoring has gone on in Tasmania. Whilst the Director of Public Health can only act if it is above the drinking water standards, obviously our concern is about the health of the ecosystem and the fauna as well as health in communities. When are we expecting to get some resolution of this triazine review that is currently going on?

**Dr Bennet-Jenkins**—We have not had feedback from the department of health as to how long they expect this review will take. They have certainly started on that work. We are aware of that. More publications are coming out almost every day, so I guess it depends on when you are going to draw the line in the sand when we are going to finish that review.

**Senator MILNE**—The latest US study showed that atrazine could cause damage to human cells at levels half the Australian drinking water guideline limits. You would expect the department of health to access that information?

**Dr Bennet-Jenkins**—Indeed. That is one of many studies that we have asked them to reassess.

**Senator MILNE**—So have you done any preliminary analysis, or have you just collected the data and it is up to the health department to do the analysis?

**Dr Bennet-Jenkins**—It is up to Health. We really rely on the experts within the Office of Chemical Safety to provide us advice on human health matters.

**Senator MILNE**—But my concern here is, given the time delay, you have obviously collected the data. It is with the health department. There is increasing material coming out from several studies showing that public health is at risk with the current drinking water standards in Australia. Is there anything that you can do to alert the registrants about the need to enforce? Who does the enforcement? Only the state authorities?

**Dr Bennet-Jenkins**—The state authorities are responsible for water.

**Mr Aldred**—We spoke about this last time under the ag and vet chemical Australian system. The demarcation for control of use is with the states and territories.

**Senator MILNE**—Yes. But your outcome 1 is to protect the health and safety of people, animals and the environment in respect of these chemicals. My concern here is that there is no follow-up. You can finish at the point of sale, but if the states are not doing the enforcement, people's health is not being protected and the environment is not being protected.

**Mr Aldred**—It is the nature of the federation that we have split responsibilities. While that is our outcome, we have issues in terms of responsibility and authority and regulatory power that simply mean we have a demarcation.

**Senator McGAURAN**—But there are forums where you can raise the issue, certainly, are there not, with the states?

**Mr Aldred**—As Dr Bennet-Jenkins has advised, there are continuing discussions that go on. I think the point I am making is that responsibility for on-ground control of use rests with the state and territory governments.

**Senator McGAURAN**—But you can enforce through many different ways the concerns that Senator Milne is raising with the states, can't you, or are they limp discussions, given the seriousness of the matter?

**Mr Aldred**—I think we have run through the structure. We can certainly talk, but we do not have the regulatory power to affect the on-ground application of chemicals. Where we do have control is over the registration and the labelling. Dr Bennet-Jenkins is continuing with a series of questions that started last estimates which outlines an ongoing review or a series of reviews. So these sorts of chemicals are always under review in terms of application rates, labelling and those sorts of things. But once we get to on-ground, it is the states and territories.

**Senator MILNE**—How many years has this review been going?

**Dr Bennet-Jenkins**—We commenced the review in 1997 and finished the major component of it in 1995. We finished the review in 1997 and we have been reviewing it ongoing—as new information comes in, we pick it up and we assess it and make a determination as to whether we need to take any further regulatory action.

**Senator MILNE**—So can I ask: who makes a determination at federal level as to the adequacy of the enforcement? Given the data that you are getting coming through of the contamination in catchments and so on, who ultimately determines whether your regulatory arrangements are satisfactory if there is no enforcement?

**Dr Bennet-Jenkins**—We can only make decisions based on the issue of compromise of safety. We can only take the chemical away. The data that we receive through this ongoing monitoring does not indicate that there is an ongoing concern for human safety. The levels that are detected are very low and they are rare occurrences, when you look at the number of monitoring samples that have actually been measured. So, from our perspective, the only reason we could take the chemical away is if the human health standards were being compromised, and to date we have not had any evidence that those human health standards are being compromised.

**Senator MILNE**—But you have just told me it is the responsibility of the states to do the sampling and the adequacy of the monitoring. Whilst the samples you get back might say that, we have no sense of which catchments they are monitoring, where they are monitoring it or who is doing the monitoring. It is a self-regulation set-up here, I assume, by the forest industry companies and the seller of the chemicals. Is that correct?

**Mr Aldred**—Again, I guess I would have to say it is an issue for the state and territory governments to determine that sort of activity.

**Senator McGAURAN**—But we have just had some value judgements with regard to the levels.

**Mr Aldred**—I do not think they are value judgements, Senator.

**Senator McGAURAN**—Well, judgements. How have you come to those conclusions? Have you received the information from the states?

**Dr Bennet-Jenkins**—Yes, indeed. We do look at the information from the states and we look at the levels. There are drinking water standards. It is only when those standards are compromised and we can actually link it to a safety issue that we can remove a chemical.

**Senator MILNE**—But it is the health department's responsibility to determine whether the standards are adequate to protect human health and that is presumably what they are looking at now.

**Dr Bennet-Jenkins**—They are.

**Senator MILNE**—Can you give me any indication of when there is likely to be an outcome from this current review of the use of triazines?

**Dr Bennet-Jenkins**—As I have said, we have not had feedback from the Office of Chemical Safety when precisely they will have finished this re-review. I know they are working on the project right now, and we would hope to get a report from them this year.

**Senator MILNE**—This year?

**Dr Bennet-Jenkins**—As part of that assessment, we are awaiting the publication of a WHO-FAO report that is a very extensive monograph on atrazine and a toxicological assessment of atrazine. It will be very useful to have the preliminary report. The summary report was published in February. The full monograph will be published later this year. It would be very useful to have that to feed into the whole process. The summary document very much agrees with our current assessment for that chemical in that there are no human health issues. So it would be good, when we get our report from the Office of Chemical Safety, that they include the consideration of the more detailed assessments from that international expert group.

**Senator MILNE**—Just in answer to my question about the consultation you have had with anyone in the department of agriculture, in Land and Water Australia or anyone else, whilst it may be arguable that the chemical is applied in the manner in which it is required to be applied, if there is a changed rainfall and run-off scenario that will alter how it can be used. That is my concern here. Is there any consultation going on about that?

**Dr Bennet-Jenkins**—That is part of the original assessment and that is where the label instructions are quite extensive—to actually advise the user and in what situations they might have to observe some additional restrictions or not use the chemical if the climate suggests that there may be increased potential for run-off.

**Senator MILNE**—And in terms of the volumes of triazines that are used, is that the same as in answer to Senator Siewert's question—that it is simply a dollar value, we do not have any volumes of the amount of this chemical that is applied to Tasmanian catchments?

**Dr Bennet-Jenkins**—No, we do not. But I do understand—

**Senator HEFFERNAN**—I do. I will give you the answer in a minute.

**Dr Bennet-Jenkins**—I do understand that Tasmania has conducted a pilot study on how the state might more usefully collect such information.

**Senator MILNE**—And where is that pilot study?

**Dr Bennet-Jenkins**—That is being conducted by the Department of Primary Industries and Water in Tasmania.

**Senator MILNE**—And will that be made public, do you know?

**Dr Bennet-Jenkins**—I cannot answer for that department.

**Senator MILNE**—Have you received that pilot study?

**Dr Bennet-Jenkins**—We are aware of it and we receive regular updates.

**Senator MILNE**—Could I ask for a copy of it through you, please. As soon as it is concluded, I would very much like to see a copy of that pilot project being conducted in Tasmania.

**Dr Bennet-Jenkins**—Yes.

**Senator MILNE**—Thank you.

**Senator SIEWERT**—Why do you not have an idea of the volumes of these chemicals that are used? If you are talking about safety and one of your remits is safety, why are you not looking at the volumes of these chemical used? I would have thought that would be essential information.

**Dr Bennet-Jenkins**—In many respects, from an environment perspective, it is important when registrants apply for a chemical they do give us an indication of the volume of chemicals they expect. It is part of the calculations, if you like, for the environmental load for the chemical—the volume of chemical they expect to sell over the years. If there is a change in that pattern, they should inform us. But that is only a general guess of how much they expect to sell of a particular chemical in terms of actual quantity.

**Senator SIEWERT**—They should inform you, but do they? Do you have a specific form that they fill out? Do you chase them up and say, ‘Tell us how much of this you have sold?’

**Dr Bennet-Jenkins**—No. We do not collect use information.

**Senator SIEWERT**—So who does? How do we get an idea of what amount of chemicals are being used?

**Mr Aldred**—Senator, I think I have already said I will take that on notice and try to come back to you.

**Senator SIEWERT**—That is on GE related pesticides. But the broad question is—

**Mr Aldred**—I will expand the question to cover data on the use of chemicals.

**Senator HEFFERNAN**—Can I ask you—

**Senator McGAURAN**—Is it whether you do or what the quantity of use is? They are trying to find out the quantity?

**Senator SIEWERT**—All I want answers to are the questions.

**Senator McGAURAN**—The first part is you do not know whether you collect that data, so you have to take that part on notice.

**Mr Aldred**—I am not aware that anyone in DAFF collects that data. What I have said that I will do is chase up and find out if there is a system that, for example, through the state and territory governments we can access.

**Senator McGAURAN**—This is your department. This is your job. I may understand if you have not got the quantities on hand, but you would know whether you have that data or not or whether you collect it.

**Mr Aldred**—I do not know, and I have taken it on notice.

**Senator McGAURAN**—This is a full-time job.

**CHAIR**—Senator McGauran, in all fairness, Mr Aldred has said he will take it on notice. Senator Siewert, are you finished?

**Senator SIEWERT**—On that particular issue I have, yes.

**CHAIR**—Senator Heffernan, is your question on this issue?

**Senator HEFFERNAN**—It is indeed, mate. Can I just put it on the record that I actually have a chemical users ticket, so I am qualified to talk about chemicals in this place. Are you aware of how they package simazine and triazine?

**Dr Bennet-Jenkins**—Not specifically, no. Do you mean the drums?

**Senator HEFFERNAN**—No. It is not in drums. That is the trouble. If you knock about in the paddock, this is easy to do, what we are talking about here. It is in dry form. It comes in paper packages, so it is very easy to calculate who uses what. If you want to find out what is really happening in Tassie, go and talk to the blokes that fly it on. I have. And they put it on in some areas at four times the label because it is a wonderful chemical. It will kill grass for a bloody long time. And if you stick enough on you will certainly kill the grass and everything else that pops its head up, bar the trees. And as you probably are aware, the particle of the triazine-simazine family moves before a lot of those areas are pulverised, by the time they get them planted out. The chemical will move before the dirt will move because it is a larger particle. That is why the people down at St Helens and wherever are at risk and are concerned. I just think it is a very simple operation. I am aware that Forestry Tasmania said they do not use it, but they do not do the first rotation either. The first rotation people use it. That is just smarmy words. If you apply the triazine family of chemicals at the right rate, it is a reasonable chemical to use. But, as you are probably aware, in the United States, with the corn, they have permanently contaminated some of the aquifers over there with that family of chemicals, which is considered to be carcinogenic. So if we were serious, we would, as we are about to do with lamb and hogget branding, harmonise the states so that there is some overview of what goes on in each state. There are likeable rogues in all these industries, including mine—farming. The pilots are the blokes, and the bloke who mixes the stuff when they put it into the plane, who can tell you precisely. If you want to find out what is going on, go into the field and go to someone who is flying it on and say, 'Mate, what rate are you putting it on at?' And, as you know, when they apply it they fly over the waterways and everything else. It would be impossible to do it by satellite tracking.

It is something that needs tighter supervision. It needs national harmonisation and it needs a penalty regime where, like branding hogget as lamb in Western Australia a couple of years

ago, you can put people in jail, because that is a nice wake-up call. It is not fair to say, and I have not revisited this issue for two or three years since I went down there on my own and discovered all the hanky-panky that was going on in the forestry industry down there, but it is something you can sort out. It is reasonable that those doctors in Tassie are concerned about it. It is reasonable up here in some of the catchments in New South Wales. And it is the responsibility of the person who is doing the job. There ought to be a penalty that equalises the concern that people have where there is abuse of the chemical. So it is not a big deal to find out what is going on. In fact, if you drive down there quietly—do not take a camera with you and just drive around—people will tell you what is going on. You can do it officially as the department or you can do it as Citizen Joe. I will not accept that you cannot find out or that you do not know. It is bloody simple.

**CHAIR**—Are there any other questions?

**Senator MILNE**—I would like to come back to the questions in relation to strawberries. You will recall that at the last estimates I asked some questions about the *Choice* review of strawberries showing that there were chemical residues in some of the strawberry samples and so on. The department provided some answers. I was a bit concerned to see that one of those reviews has taken six years and nothing was going on. Can you tell me where you are up to with all the chemicals identified, including endosulfan?

**Dr Bennet-Jenkins**—With respect to the chemicals that were under review, the endosulfan review was finished several years ago. The chlorpyrifos review is ongoing and will be finalised this year. That is actually a second part of the review. The original review was already completed. There is often confusion about when we start a review. Because the chemical always is, if you like, under suspicion, you continue to look at it closely. Chlorpyrifos is one of them. So we are progressing them, as I mentioned at the last Senate estimates.

**Senator MILNE**—What does ‘we are progressing them’ mean? They should not have turned up in those strawberry samples. One of them was a prohibited chemical. Is that correct?

**Mr Magee**—I might just add some points to this topic. We did discuss this quite a bit last time. Following that last hearing, the Australian government did quite a bit of follow-up on the matter. There was some further discussion with *Choice* magazine over their findings and what they put in that previous edition. In the June edition of *Choice*, they have actually clarified that in fact there was only one violation, not three. They have also clarified that that was for chlorpyrifos, I believe, which is permitted for use on strawberries. So the ones that were prohibited were in fact not violations.

**Senator MILNE**—And the ongoing review of that chemical, you said, will be finished this year. Is that correct?

**Dr Bennet-Jenkins**—Chlorpyrifos review, yes.

**Senator MILNE**—It will be finished this year?

**Dr Bennet-Jenkins**—That will be finished this year.

**Senator MILNE**—I also asked in the health estimates whether strawberries could be included in the range of products that the government will look at this year. They do a grocery basket sort of thing and choose 80 products or thereabouts to just do a random test on. Can you tell me whether strawberries have been included in that since the last estimates?

**Mr Magee**—I think that would be a question for Food Standards Australia New Zealand, Senator.

**Senator MILNE**—So you do not know?

**Mr Magee**—No.

**CHAIR**—If there are no other questions—

**Senator O'BRIEN**—I have a couple of questions. Are you able to give us a quantity for the use of the various triazine chemicals in Australia according to at least value?

**Dr Bennet-Jenkins**—We could in terms of value, yes.

**Senator O'BRIEN**—Are you able to extrapolate from value approximate quantities?

**Dr Bennet-Jenkins**—We would not be able to do that because we do not have any figures in terms of the pricing of the triazines. We also collect some information in relation to the amount of active that is imported into Australia. That can also give an indication of how much chemical is being used. But of course we do not know how much is being used where.

**Senator O'BRIEN**—I think a Victorian study into genetically modified canola suggests that there is 600 tonnes of triazine going into Australian farming systems annually. How would they get that figure?

**Dr Bennet-Jenkins**—I am not sure, I am sorry, Senator.

**Senator O'BRIEN**—I would be interested to see whether we can track the figure down. Obviously other articles indicate a very wide usage of triazine chemicals in the agriculture sector. I am keen to understand the breadth of its use. Clearly, 70 per cent of the conventional canola we grow is reliant on triazine chemicals in its cultivation. So I am interested to get an understanding of the use of this chemical in a farming context given the reliance of conventional canola, or at least a substantial amount of it, on triazine application.

**Dr O'Connell**—Senator, what we might do for you is to pull together work between both parts of the portfolio and anywhere else and see if we can provide you with a useful briefing.

**Senator O'BRIEN**—Thank you.

**Senator NASH**—I want to quickly return to the levy issue for the APVMA. So I can be absolutely clear, the levy figure is a dollar amount. Is it a dollar amount per litre?

**Dr Bennet-Jenkins**—Per cost. They give us a dollar amount of their sales—their total sales for the year—and a percentage of those sales is what the levy will collect.

**Senator NASH**—So they just add everything up and then it is a flat dollar amount as per those sales. Thank you. Can I just ask you what your role is in terms of the fertiliser industry? What is the relationship and what role do you play?

**Dr Bennet-Jenkins**—We have no role with fertilisers. We do not regulate fertilisers.

**Senator NASH**—I am just looking at a submission from the department to a recent fertiliser inquiry and they specifically say that you have a role.

**Dr Bennet-Jenkins**—Not in fertiliser. We regulate agricultural materials.

**Senator NASH**—So they are just purely referring to chemicals?

**Dr Bennet-Jenkins**—Yes.

**Senator NASH**—Yes, that is clear. Thanks very much.

**Senator HEFFERNAN**—While we have APVMA here, have you commented on flystrike prevention in terms of the clips?

**Dr Bennet-Jenkins**—That is not our role. We only register chemicals and not devices. The clips would be considered—

**Senator HEFFERNAN**—So you have no authority if, for instance, you buy—and the blokes are coming up soon—a packet of clips and it says, ‘These clips are to prevent flystrike?’ You cannot comment on that?

**Dr Bennet-Jenkins**—No. We do not regulate those devices.

**Senator HEFFERNAN**—Thanks.

**CHAIR**—Are there any other questions of the officers? If not, I thank you very much. What we will do is go now to Australian Wool Innovation. I remind officers from Product Integrity to please stay around because there are still a number of questions to be asked.

[12.33 pm]

#### **Australian Wool Innovation**

**CHAIR**—I welcome officers from Australian Wool Innovation.

**Senator HEFFERNAN**—Mr Welsh, what is the annual turnover of Australian Wool Innovation?

**Mr Welsh**—Turnover or expenditure? The export sales of Australian wool are somewhere between 2.7 and three point—

**Senator HEFFERNAN**—No, of the business of Australian Wool Innovation. How many people are on the payroll? How much do you pay them? I want to know how much you spend on research, how much you spend on court fees, on lawyers, on PR, on Wilkinson International. I want you to go through the balance sheet for me.

**Mr Welsh**—I do not have a copy of the balance sheet here. I can tell you that, broadly speaking, our income next financial year will be somewhere between \$60 million and \$65 million approximately.

**Senator HEFFERNAN**—When did Australian Wool Innovation in its present form start? Let’s start from the start—in 2001?

**Mr Welsh**—In its current form, it was on 1 October last year.

**Senator HEFFERNAN**—No, before the remerger. The original demerger.

**Mr Welsh**—That was prior to my time. I think it was 2004.



**Mr Targ**—April 2002, Senator, I think is when the demerger took place.

**Senator HEFFERNAN**—So how much money has gone through the books of the organisation since that time? About \$100 million a year, perhaps?

**Mr Welsh**—No, it would not be \$100 million. It would be closer to, I am guessing, about \$60 million a year. So over that time you are looking—

**Senator HEFFERNAN**—So did you blokes come up from Sydney this morning?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—Did you have a nice discussion in the lounge in Sydney about tactics for today and delay? Did you have that discussion this morning in the lounge, because lounges are a great place for other people to hear what you are talking about? Did you discuss tactics for today in the lounge in Sydney this morning?

**Mr Welsh**—We went through some briefing papers.

**Senator HEFFERNAN**—Other people hear. So in terms of the current situation, how much is the levy income?

**Mr Welsh**—The levy income is two per cent of sales, and that constitutes about, I am guessing, a bit over \$50 million a year. Our total funding, if you look for next financial year, is approximately two per cent from the levy from the sale of wool. There is a half a per cent from the government and then there is a royalty-licence income on top of that.

**Senator HEFFERNAN**—So what is the total income annually this year, for instance, or last year?

**Mr Welsh**—The problem we have got this financial year is that we have had the acquisition on 1 October so we do not have two years that are the same. But in ballpark figures, if you add them all together, it is going to be around about, if you amortise it, \$70 million.

**Senator HEFFERNAN**—How many employees?

**Mr Welsh**—By the time we have merged—at the moment, we currently have employees at around about 180.

**Senator HEFFERNAN**—How many before the merger?

**Mr Welsh**—A bit over 100 from AWI and, prior to the acquisition of the Woolmark company, they employed about 150 people, so we have gone—

**Senator HEFFERNAN**—What percentage of that income is paid to employees?

**Mr Welsh**—I would be guessing. We are doing the budgets for next year. I think it is about \$12 million, but I could be wrong.

**Senator HEFFERNAN**—And you yourself are on three-quarters of a million?

**Mr Welsh**—I am not sure.

**Senator HEFFERNAN**—I am sure you know. I am told you are one of the best paid CEOs in the business. Are you on three-quarters of a million?

**Mr Welsh**—No, I am not.

**Senator HEFFERNAN**—Are you on over half a million?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—How many company secretaries have you got?

**Mr Welsh**—Three.

**Senator HEFFERNAN**—Why do you need three company secretaries?

**Dr Abell**—Perhaps I might have a go at that. Senator, the company normally has two company secretaries in case someone is overseas. That makes good sense to allow a secretary always to be present in a country. At the moment, we are running with three for no specific reason.

**Senator HEFFERNAN**—How much do you pay your three company secretaries?

**Dr Abell**—Company secretaries are normal company employees. They are not paid for the role of company secretary. It is a role that is assigned to them, but they have not—

**Senator HEFFERNAN**—How much of the budget is spent on company secretaries?

**Dr Abell**—The three company secretaries are normal officers of the company. Their sole role is not that of company secretary.

**Senator HEFFERNAN**—I am aware of that. But the body of the human being that represents the company secretary, how much do they get between them? Is it \$250,000 apiece?

**Mr Welsh**—No.

**Senator HEFFERNAN**—You must know, so would you like to tell us?

**Mr Welsh**—I do not have the figure off the top of my head.

**Senator HEFFERNAN**—That was part of your tactics discussion this morning. I am going to start on the very first building block of this because, as you would be aware, a lot of wool growers are concerned about what we have got to show for the hundreds of millions of dollars that is being spent, and especially the attitude: 'I'll see you in court.' I see that you are taking someone else to court at the present time. I will get to the questions on that shortly. But I want to go back to the appointment. Mr Targ, are you a company secretary?

**Mr Targ**—I am.

**Senator HEFFERNAN**—For the benefit of the committee, can you give us just a potted history of your suitability for that job.

**Mr Targ**—I am—

**Senator HEFFERNAN**—You were in defence before, were you?

**Mr Targ**—I was in the defence business.

**Senator HEFFERNAN**—And when Mr McLachlan was the chairman or the minister?

**Mr Targ**—When Mr McLachlan was minister, I did not know Mr McLachlan at the time.

**Senator HEFFERNAN**—So were you in both sides—both the public and government side of defence?

**Mr Targ**—Yes, I was.

**Senator HEFFERNAN**—And then you went into that glorious operation of Spacelift?

**Mr Targ**—Spacelift, I did.

**Senator HEFFERNAN**—How much money did they lose?

**Mr Targ**—Senator, that would be a matter of record. It is a few years ago now. They might have lost a couple of million.

**Senator HEFFERNAN**—Not \$20 million?

**Mr Targ**—Not that I am aware of, Senator.

**Senator HEFFERNAN**—What was your role in Spacelift? You were in Russia for a while, weren't you?

**Mr Targ**—No. I negotiated with the Russians. Basically, Spacelift was a company that was a very small company which was established to try and launch satellites from Woomera using converted Russian rockets.

**Senator HEFFERNAN**—I know.

**Mr Targ**—I was in Russia negotiating the price for each launch.

**Senator HEFFERNAN**—Yes. So was it a family company?

**Mr Targ**—It was originally a family company, I think, yes.

**Senator HEFFERNAN**—And when it went belly up, where did all the debt finish up?

**CHAIR**—Senator, I am sure there are a lot of questions that you want to put to—

**Senator HEFFERNAN**—I am just trying to get to the shape of how things—the culture.

**CHAIR**—I ask that we put questions directly to do with Australian Wool Innovation.

**Senator HEFFERNAN**—They are; there is a string attached to these. This is the culture of the thing. A lot of wool growers think that Australian Wool Innovation is a cross between a failed rocket launch and a badly run brothel, I have to tell you. So you then came to Australian Wool Innovation as the secretary?

**Mr Targ**—No. I was brought in as a consultant for a four-month period.

**Senator HEFFERNAN**—You were on the payroll for a couple of years as a consultant?

**Mr Targ**—Four months as a consultant.

**Senator HEFFERNAN**—Righto. Mr Abell, the second company secretary, what is his name?

**Dr Abell**—Chris Chapman, who is the in-house lawyer for AWI.

**Senator HEFFERNAN**—How long have you been with AWI?

**Dr Abell**—I was appointed to the board about five years ago, I think.

**Senator HEFFERNAN**—You were appointed when Mr Chapman was appointed as secretary?

**Dr Abell**—No. He was appointed afterwards.

**Senator HEFFERNAN**—You were on the board, though, when he was appointed?

**Dr Abell**—Yes, I was.

**Senator HEFFERNAN**—I am just wondering what the process of that appointment was, given that I would like to table to the committee a court document here, which is the Supreme Court of New South Wales appeal in which, on 12 March, there were proceedings taken against your secretary, Mr Chapman, for conducting a brothel and running a false bank account. He was found guilty of that. Were you aware of that when he was appointed?

**Dr Abell**—Yes, we were.

**Senator HEFFERNAN**—The Law Society of New South Wales took proceedings against him to have him struck off because he was an unsuitable person to be a practising lawyer in New South Wales. Do you think that sort of a person is a suitable person to be a secretary for Australian Wool Innovation?

**Dr Abell**—Yes. His qualifications were examined in the light of that and he was judged to be suitable to appoint.

**Senator HEFFERNAN**—Have you seen the court documents?

**Dr Abell**—No, I have not.

**Senator McGAURAN**—Can you confirm that he ran a brothel?

**Dr Abell**—I cannot confirm that.

**Senator HEFFERNAN**—Well, I am going to table the court documents.

**Senator McGAURAN**—Were you aware of it?

**Dr Abell**—I was aware of the discussion about the—

**Senator HEFFERNAN**—It also sought—this is the court—a declaration that he was not a fit and proper person to remain on the roll of solicitors because of the reasons set out above. It states:

Cripps JA: It was established that the respondent was the keeper of a brothel. His Honour would have dismissed it if that was the only charge. The respondent had gone further in his misleading application under the Business Names Act to use false names in opening and operating a bank account and allowing one client to use another client's account. He did send or cause to be sent letters of account by the firm of solicitors for which he was a partner to a client using a name of the client by him named to be false and to a person who was fictitious. He did fail to advise clients of the consequences of permitting premises.

Blah, blah, blah. It continues:

He demonstrated a lack of candour within the District Court. He did take moneys from a client's account in the nature of a trust account without instruction to repay a debt owed to himself.

There is a long list of available evidence on the public record, which I will make available to the committee. I am just wondering what sort of a judgement, Dr Abell, you and the board—how many are on the board?

**Dr Abell**—There are 10 now. There were, at that stage, seven.

**Senator HEFFERNAN**—Do you really think a person like that is a suitable person?

**Dr Abell**—I think in fairness you might have read out part of the charges. At the time it was concluded, when this was brought to the attention of the board, that his activities as in-house counsel would not be influenced by that and that it was in the past. And there were other circumstances supporting his appointment.

**Senator HEFFERNAN**—All right. We will go to some of the transcript in the judgement. He was asked:

Did you not inform the bank of the change of business operation of the account?

The answer:

No, I did not because if I had, they would not have allowed the business to have been transacted.

Question:

In adopting the course in not informing the bank of a change of business, you were deliberately concealing from the bank a business which was being conducted on an account that the bank would not have allowed you to operate the business? That is correct.

Do you really have that judgement that that sort of a guy is a suitable person? This is dodgy business. Australia's wool growers want to have confidence that when there is a poll conducted, for instance, of directors, that it is a fair dinkum poll. Is this bloke in charge of the poll for directors?

**Dr Abell**—No. At AGMs there would be a returning officer.

**Senator HEFFERNAN**—Has he ever been a returning officer?

**Dr Abell**—No, he has not.

**Senator HEFFERNAN**—Has he any influence on the returning officer?

**Dr Abell**—No, he does not.

**Senator HEFFERNAN**—So why is it necessary to have nine directors on a company that is a \$50 million business?

**Dr Abell**—You may ask that question of any public company with a large number of shareholders and a large number of interest groups to handle and a large number of tasks. It is a matter of balancing skills. The recent appointment of three extra directors to take us from when we were seven to 10, and then we are going to go to nine later this year, that was made on the basis of adding skills to the board, particular skills to do with international marketing, to do with handling projects and things like that.

**Senator HEFFERNAN**—Yes, I agree.

**Dr Abell**—So it is a skills balance.

**Senator HEFFERNAN**—But you did not drop any off?

**Dr Abell**—No. We have not to date.

**Senator HEFFERNAN**—It would be reasonable to say that a person standing at the back of the room would think this was a cosy club.

**Dr Abell**—I assure you, Senator, it is not a cosy club.

**Senator HEFFERNAN**—I am aware it is not a cosy club since you got the new board members. How much money have you spent on legal fees? Was the failed brothel owner the person who conducted that business in the court?

**Dr Abell**—No, he was not. He is the in-house legal counsel. That is a different role altogether. Legal expenditure really goes into three domains. There are normal legal expenses to do with managing contracts with the likes of CSIRO and the universities and supporting those R&D contracts—setting them up and maintaining them. We will try to pull out those numbers. Legal expenses associated with litigation against the animal rights group PETA was a large amount. Beyond that, there would be small legal fees associated with protecting our intellectual property, registering patents and enforcing, where necessary, patent infringement.

**Senator HEFFERNAN**—So how much money has actually been spent on research out of your annual budget, on average? Can you make that available? You may not be able to today.

**Dr Abell**—I can give you a general view. In excess of \$20 million per year is actually spent on contracted research.

**Senator HEFFERNAN**—What is the most spectacular result you have had out of that expenditure? The suit business in Japan is very good. You can have a woollen suit, wash it and hang it up and wear it the next day. I commend you. How much did that research cost?

**Dr Abell**—I am happy to take these on notice. You are asking for some detail that I may not have at my fingertips.

**Senator HEFFERNAN**—It was a small amount of money, wasn't it?

**Dr Abell**—A moderately small amount.

**Senator HEFFERNAN**—\$50,000?

**Dr Abell**—Something like that, I suggest.

**Senator Sherry**—Rather than speculate about whether it is small or large, the officer—

**Senator HEFFERNAN**—It was \$50,000. You do not ask a question if you do not know the answer.

**Senator Sherry**—Hang on. If the officer does not know the figure and agrees to take it on notice, we will take it on notice and we will get you the accurate figure, Senator.

**Senator HEFFERNAN**—Have you got those figures with you?

**Dr Abell**—No.

**Senator HEFFERNAN**—So what have you got with you? What did you bring following the discussion in the airport this morning?

**Dr Abell**—I was not at the airport this morning. I came from Adelaide.

**Senator HEFFERNAN**—No, I know you were not. But these other two were. How much have you spent on Wilkinson Media? How much did you pay the bloke that allegedly, even though it is very much a point of conjecture, was on the payroll in London for a couple of years? What to God was he on the payroll for?

**Dr Abell**—We can provide you with Wilkinson Media expenditure. It is to do with the defence in the courts and other activities against PETA, the animal rights group. We can provide that, Senator.

**Senator HEFFERNAN**—So how many PR type, Flugge type blokes have you got on the payroll?

**Mr Targ**—What sort of blokes?

**Senator HEFFERNAN**—The Flugge role. What is Mr Flugge's role?

**Mr Targ**—Matthew Flugge's role at the moment is that of head of the taskforce secretariat, which is the wool and sheep industry taskforce. It is a body running the day-to-day management—

**Senator HEFFERNAN**—What did he do before he had that role?

**Mr Targ**—He has been general manager of corporate affairs for the company.

**Senator HEFFERNAN**—So who does his corporate affairs job now?

**Mr Targ**—He is still doing it.

**Senator HEFFERNAN**—I actually took the liberty of asking Mr Hamlyn how much the budget of the taskforce was. He did not know. He just happened to be the chairman. He had no idea where the money came from and how much was spent. Do you know?

**Mr Welsh**—The taskforce expenditure figures that I have cover the period of time from 2004 through to 2008. The total sum of that is \$3.6 million.

**Senator HEFFERNAN**—So could you provide to this estimates committee the breakdown of that expenditure and what it was spent on?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—Thank you.

**Senator Sherry**—The officer is taking it on notice.

**Senator HEFFERNAN**—What is the role of Dave Clayton and those fellas—the ex-OBC bloke? What is his job? Who is he with? Who is the other media mob that got employed on the contract?

**Mr Targ**—Are you talking about the taskforce?

**Senator HEFFERNAN**—No. I am talking about AWI and the taskforce.

**Mr Targ**—The taskforce is, as you say, Wilkinson Media and the—

**Senator HEFFERNAN**—But there is another group there.

**Mr Targ**—Golden Harris in the US?

**Senator HEFFERNAN**—No. In Australia in Sydney.

**Mr Welsh**—Oxinal?

**Senator HEFFERNAN**—Yes. How much do you pay them a year?

**Mr Welsh**—I do not have that figure in front of me.

**Senator HEFFERNAN**—Who would know?

**Mr Welsh**—Matthew would know.

**Senator HEFFERNAN**—What is their job? Something Matthew is not capable of doing?

**Senator Sherry**—Do you want us to take on notice that figure to attempt to obtain it for you?

**Senator HEFFERNAN**—Okay. So what is their role? How do you differentiate? I have actually rung there to get some answers and Mr Flugge told me that he was the corporate affairs manager but he said he would have to refer the questions to the chairman at the time. I thought it was rather extraordinary that the taskforce and Mr Hamlyn would take that European visit and the board would not know about it. You might have, Dr Abell, but Mr Fletcher and others did not know about it. Why would that be?

**Dr Abell**—I think it was an oversight at the time.

**Senator HEFFERNAN**—Whose oversight would it have been?

**Dr Abell**—Well, let me perhaps expand, Senator. At the time that the situation in Sweden—and that is what you are referring to, when the retailers in Sweden blew up and started objecting to Australian wool—blew up, there were some difficulties in communication. Some of us heard about it; some of us did not. It happened very rapidly. It was considered very important that the taskforce react very quickly. Now reacting very quickly did not cause a board meeting to be called. There was not time for that. People were going overseas very quickly.

**Senator HEFFERNAN**—With great respect, Dr Abell, you could have a phone hook-up. I thought it was extraordinary. Mr Fletcher is Australia's biggest wool processor. He runs 20,000 or 30,000 ewes. He is a big meat processor. He is an international trader. He found out about Mr Hamlyn. Mr Hamlyn is a delightful bloke from Nyngan who has no idea how to deal with this stuff. He found out from his gardener because his gardener heard it on the news. What sort of a board do you run?

**Dr Abell**—Well, there may have been an oversight in communications in that particular instance, but it will not happen again. We have put practices in place to stop that happening again.

**Senator HEFFERNAN**—But did you sack anyone as a consequence? Did Mr Flugge get pulled into gear or did Mr Wilkinson say something or Mr Innall's company? How many people have you got on communications?

**Dr Abell**—Hang on a minute. There are several questions there. Did we sack anyone as a consequence? No, we did not. Did we change our internal processes? Yes, we did. And how many people do we have on communications? Internally, there would be about four people on communications. Would that be fair, Craig?

**Mr Welsh**—Close.

**Senator HEFFERNAN**—And how many have you got contracted externally?

**Dr Abell**—Well, we contract firms and companies, not necessarily numbers of people. The tasks are often contracted with a specific target. For example, a lot of the work at Wilkinson



was specific to the PETA problem and helping us handle the animal rights movements and keep progress in that direction. In other cases, some of the media people and media assistance and communications people may be to do with putting out some of the results of R&D and the extension work of research results. So there are many and varied tasks.

**Senator HEFFERNAN**—But you could take that on notice, the break-up of your media message expenditure and what it was spent on?

**Dr Abell**—I believe we have.

**Senator HEFFERNAN**—Who appointed the bloke in London? Did Wilkinson Media appoint him?

**Mr Targ**—I think he was appointed on the recommendation of Wilkinson Media, yes. But he was appointed by AWI.

**Senator HEFFERNAN**—And what trouble did the board go to to find out that the bloke was not a shonk, given that you have a secretary who used to run a brothel and run bank accounts in false names? What capacity did the board take to check this bloke out? Did you ring someone, or did you just say to Wilkinson Media, ‘That will be right. Tick?’

**Dr Abell**—When one contracts a firm to undertake a task, that does not give us the right to extend down to all their employees, Senator.

**Senator HEFFERNAN**—What is that supposed to mean?

**Dr Abell**—It means that when you contract—

**Senator HEFFERNAN**—If you are fair dinkum, you want to know that the other people are fair dinkum. Did Wilkinson Media give a CV? Did they give a track record? Or did they just come along and say, ‘We’ve appointed. Will you tick this off?’ What happened at the board meeting?

**Dr Abell**—It was not a matter that came up to the board.

**Senator HEFFERNAN**—It is a pity it did not, isn’t it. There are a lot of things that do not come up to the board. There are a lot of things that happen between the CEO and the chairman of the day that never come to the board. I understand that a lot of the board members were not provided with a lot of the financial detail until recent times.

**Dr Abell**—I think that is incorrect. I have been there five years and I have not recalled any board meeting where I did not have full financial data available at the board meeting or before the board meeting.

**Senator HEFFERNAN**—Mr Chairman, I may need more than three minutes.

**CHAIR**—I am alerting committee members and officials that it is three minutes until lunchtime. Straight after lunch, Senator Heffernan, you will have the call.

**Senator HEFFERNAN**—We are going to go to business now. I will come back to some of the hurly-burly with AWI and the original licence for the commercialisation of clips. Can you take us through the history so we can get rid of the myths that Mr McLachlan, Dr Abell or someone is going to get a quid out of this? Can you take us through the history of it? I do not doubt that it is a transparent process, but for the benefit of the committee and the people who

are listening and everyone who will read about it, could you just tell us exactly where the clips started and where they finished and where they are now, now that they have got there, given that there is a substantial failure rate?

I have to declare an interest, Mr Chairman. If there was not a drought, I would have 10,000 breeding ewes. I can assure you that in a flystrike prevention program, any program that has a failure rate is a failure because you cannot let 1,000 ewes go into 5,000 acres with their lambs knowing that there is a certain percentage on which it is going to fail. So tell us the story. Maybe you would like to think about it over lunch and come back. I want to know just where we finished up with the clips and how we got there. When did you transfer the licence and to whom et cetera? One of your objections as a board to the pain relief argument earlier was that it was a commercial operation, it was a matter for the people concerned—Bayer and others—and it was not a matter for you. In fact, as Meredith Sheil and Alan Gifford have proved by their visit to Europe, it was very much a matter for the industry, and it has gained a lot of credibility with the retailers. So tell us about the clips, or would you rather wait until after lunch?

**Dr Abell**—I am happy to do it now, Mr Chairman.

**CHAIR**—You have one minute to do it, Dr Abell. But if you want to come back and do it after lunch if it is lengthy, do not feel pressured.

**Senator HEFFERNAN**—I think they should come back.

**CHAIR**—Okay. In that case, I will call a break for lunch. We will resume at two o'clock on the dot. Thank you.

#### **Proceedings suspended from 12.59 pm to 2.00 pm**

**CHAIR**—I welcome everybody back. Senator Heffernan?

**Senator HEFFERNAN**—I just want to revisit a couple of things and then I would like to deal with, if I could, some of the downstream effect of wool scouring. I would also like to deal with some of the research findings and, of course, obviously touch on the mulesing issue. So, going back to the commercialisation, do you have a commercialised patent now for the clips?

**Dr Abell**—With respect, I thought I was going to have the opportunity to tell you what has happened with clips: what is fact, what is fiction and how they are going. Is that still the case?

**Senator HEFFERNAN**—Yes, it is.

**Dr Abell**—Do you want me to do that first and then answer your specific question?

**Senator HEFFERNAN**—Yes.

**Dr Abell**—AWI has been pretty active since the first attack by the animal rights group PETA in trying to find an alternative to surgical mulesing. The first approach, which had started actually about the same time as PETA started their sanction activities, was an injection into the skin to cause that patch of skin that you normally remove with the mulesing shears to die and fall off and then cause a tightening of the breech. That work was undertaken at Adelaide university. It looked fairly promising. Some of the difficulties in implementing that

process did not come out until late in the R&D, when we knew the method worked but it carried with it some difficulties.

At that stage, Ian McLachlan and I had a conversation about perhaps looking at stitching up the folds of skin. Stapling them was the first thought, which proved impractical. On a private front, at one of my properties we started applying wooden pegs or wooden clips to the skin to pinch off the patch of skin that you would normally remove with the mulesing shears. We found that it dies very quickly, that the trauma on the animal was to our sight very minor. After about 20 minutes the animal does not realise they are there. And so from about 2003-04 we moved that along as a private exercise.

In June 2005 we found that the collagenase injection process at Adelaide university was not as promising as we thought. It was decided to take this clip approach, as it was called, and to try to develop it further. At that stage, in June 2005, Ian McLachlan and I signed over all our rights to AWI so that there was never to be any conflict in the area of developing the clips. Since then I am told that AWI has spent \$5.4 million to date on developing the clipping process, on animal behavioural trials, and on all sorts of activity to be sure that it does get the bare area that you need. We have had positive and not so positive results. The positive results are that, when applied correctly, at the right age group of sheep it works very well—as well as mulesing; not on all merinos but on most merinos. It falls over in very thick-skinned sheep and of course if it is not applied correctly it does not work very well.

**Senator HEFFERNAN**—Just so the committee gets a good feel for this, it does not work so well on the saxon type sheep?

**Dr Abell**—I am not sure I can be that specific.

**Senator HEFFERNAN**—Just for the record—and we know you are authentic in all of this—you might tell the committee your background, that you actually have properties and so on.

**Dr Abell**—We run sheep in the pastoral areas of Broken Hill and in the mid-north of South Australia. As I said, I am not sure it would be a particular blood line where it falls over. At the moment the trial results that AWI is working with are fairly sensitive to operator error. In the trials to date we have had many operators putting on clips. We have learnt from that, and to try to remove the variability from operators we are now going ahead with trials using only one or two operators. The results are a little bit touchy in that, if the operators did not put them on properly, they would not have worked properly.

**Senator HEFFERNAN**—And is the age bracket from two to six weeks?

**Dr Abell**—I would say 10 kilograms-plus. I would not use dates. It would be about two to three weeks, depending on where you are. They work very well up to about eight weeks. Mulesing hoggets using clips does not work very well.

**Senator HEFFERNAN**—I do not want to interrupt you too much, but if you are a late winter lamber—say you lamb in July/August—and the lambs are ready to mules in September/October you would not mules them then because the little bush flies would keep opening the wound and it is just not a proposition.

**Dr Abell**—Yes and no. I do not quite agree with that. It depends on the fly pressure you have. The clip does not create an open wound, whereas mulesing is an open wound. A combination of the clips and something like CLiK could work very well, but we do not have enough experience to give a definitive answer. This is still in development.

So that has been the largest activity that is still current. There have been a couple of mis-hits, as with all R&D. The collagenase program has a problem with a wet scab being a fly attractant, which is why we dropped it for the moment. We then tried two other actives injected into the skin. In each case, all the programs that we work on to develop an alternative to surgical mulesing have to pass the requirements of not only being practical for the operator but also being on the correct side of the welfare behaviour for the sheep. So it has to be good for the animal as well—otherwise we are just round the loop again with PETA.

On that front, clips have been very successful. All the welfare trials show that they are much better for the animal than surgical mulesing and they have about the same effect on the animal, based on the last report I read from Melbourne University, as putting the lamb in the cradle and taking it out with doing nothing to it—about the same behavioural effect as in Hemsworth's data. That is a potted summary of clips. You asked me for what is fact and what is fiction.

**Senator HEFFERNAN**—That is fantastic. At Broken Hill what size would the average mob be—1,000 or 800 sheep—in how many acres?

**Dr Abell**—On average 700 sheep over 12,000 acres.

**Senator HEFFERNAN**—As a practical man of the land, if you had a mulesing system that worked on half your lambs, you would not do it, would you?

**Dr Abell**—Yes. I have used clips out there. We are quite happy to use clips on mobs of that size.

**Senator HEFFERNAN**—What do you do about the failure?

**Dr Abell**—We have not had a lot of failures in clips.

**Senator HEFFERNAN**—What do you do with the ones that do fail? For example, those that get knocked off as they run out the gate or whatever. Do you bring them back and do them again or do you mules them?

**Dr Abell**—In our case, if you lose the clips on individual lambs, they would go with the wether lambs and they go down to be fattened for slaughter as wether lambs.

**Senator HEFFERNAN**—If you are a wool grower and you do not want to send them down to be fattened for slaughter what is your option then?

**Dr Abell**—It is exactly the same option as you have if you are a wool grower and you have an extended lambing with late lambs that were not mulesed when you were going through. It is the same option you apply then.

**Senator HEFFERNAN**—What is that?

**Dr Abell**—You either mules them later or—

**Senator HEFFERNAN**—Which will not work with the clips.

**Dr Abell**—It works but it is much harder and not quite as effective. Or you treat them as a cull. The percentages that we are talking about in our experience are quite small.

**Senator HEFFERNAN**—I am not here to argue the percentage. There is a great variation in the evidence of the failure rate. Take us through the commercialisation. You and the chairman thought up the idea for the benefit of the industry. Did you then decide to take a licence on the idea?

**Dr Abell**—No. We donated all of the intellectual property to AWI. The patent and all the intellectual property and know-how belongs to the wool industry through AWI. I personally have no activity other than as a board member of AWI in the clip process.

**Senator HEFFERNAN**—Is it right or wrong that there is no-one that does other than AWI?

**Dr Abell**—Negotiations are under way with a commercial partner to further develop the clips.

**Senator HEFFERNAN**—That is what I am coming to.

**Dr Abell**—I think the commercial partner is pretty keen to see the development continue even beyond next year. There are joint activities at the moment. As I said earlier, we have a set of trials this year. These trials will be with fewer operators to try to remove that variability. There will be trials on biodegradable clips so that, if they fall off, they are not a problem.

**Senator HEFFERNAN**—I appreciate the difficulty of the task you have been presented with. But if you get a commercialisation arrangement will there be a cash flow back to AWI out of that arrangement, or will you just give it away?

**Dr Abell**—There is a very small cash flow. It is a nominal—what you would call a peanut or a peppercorn—royalty. The commercialisation partner would then provide the clips and the cartridges, like a magazine that they come from, and the applicators.

**Senator HEFFERNAN**—I appreciate the difficulty of the task. People want a nice woollen jumper but want to go through the activist bit. They are not accepting clips either, are they?

**Dr Abell**—That depends on whom you ask.

**Senator HEFFERNAN**—That is the problem. What is the break-up of the industry at the retail end of the acceptance of clips versus nonacceptance?

**Dr Abell**—Hugo Boss was on again and off again in accepting clips. We found out then that it was a claim by PETA and not true. Then they objected to clips and now they support clips. Or has that turned circle again?

**Mr Targ**—My understanding is that probably 10 retailers have made statements on clips, and in each case those statements have been triggered by fairly heavy intervention by PETA. When we have gone to talk to them about their position and to give them information about clips, they either soften or they change or they stick to their line depending on their own policies. But our view is that, particularly in the United States, the overwhelming majority of retailers at this stage support the use of clips.

**Senator HEFFERNAN**—Where do you think the pain relief argument is at the moment? I presume a lot of the activists from the PETAs of this world were actually circumcised when they were kids and been through the same bloody operation. It is the same principle. The scientists are now telling us that they want to go back to circumcision for men because of the increasing occurrence of cervical cancer due to non-clipped willies. Where are we up to in terms of the acceptance of pain relief? Would it be fair to say, Mr Targ, that there has been some success with Meredith Sheil and Allan Giffard? Would you like to take us through that?

**Mr Targ**—It is a very important part of the industry's position and it is, if you like, defence with retailers. We have made the claim that we are employing the best possible animal welfare standards that we possibly can and we have encouraged, AWI has encouraged, the task force has encouraged, the use of pain relief until we get other alternatives in place. There is an industry commitment to phase out mulesing in 2010. That was an industry commitment, not an AWI commitment. The industry got together and unanimously agreed in October 2004 to phase out mulesing. The retailers have seized on that and they are expecting the wool industry to do it.

Between now and 2010 I think it is very important we encourage as many growers as possible to use pain relief, and that is what we have done. I was involved in negotiating with retailer groups in the USA and the UK a declaration of commitments, if you like, on behalf of the industry, and pain relief was written in. We think it is a very important body of work and we support it. We encourage growers to go and talk to their vets about using pain relief. But the information or the advice we get from overseas is that in 2010 they expect us to stop doing this.

**Senator HEFFERNAN**—How did the industry, not the AWI, arrive at the magical date of 2010? Did it just seem like a good idea at the time or were people in panic mode? What was the logic? On my place and Dr Abell's place you would have anything from lambs to six- or seven-year-old ewes, and it takes a long while to put them through the system. How did they come up with 2010?

**Mr Targ**—I was not there at the time so I cannot definitively answer that question.

**Senator HEFFERNAN**—Who was? Were you there, Mr Welsh?

**Mr Welsh**—No, I was not.

**Dr Abell**—Industry groups made that decision; none of us three were there.

**Senator HEFFERNAN**—You are a board member. Have you taken the trouble to go back and ask that question of your own mob?

**Mr Targ**—As to the reason for the decision, I have it second-hand from people who were there that there was great concern that the PETA campaign was starting to take hold.

**Senator HEFFERNAN**—I can understand that.

**Mr Targ**—They felt they needed to put a peg in the ground, one that gave sufficient time to the industry to try and find alternatives to mulesing. From my subsequent dealing with retailers, it was probably a pretty good thing they did.

**Senator HEFFERNAN**—We are stuck with that now. There is a bit of good work going on, as you would be aware. With South Australian blood sheep, 30 years ago the Collinsville were plain bodied, heavy, long-wool cutters. The chairman owns Tupra, which used to be Creswick's property, and they were Liewah blood sheep. They were little light cutters. They would cut you eight or nine pound and no wool on the points. You did not have to mules them. They looked like a crossbred ewe. We have to get to the point where with no wool on the points we still get a heavy wool cut. That may take some time. We have taken evidence from people from Bombala and all sorts of places that have the gene pool that may enable that to happen. But by the time we get to 2010 I would hope that we do not all have to jump off a cliff.

**Mr Targ**—Just to reiterate, it was not an AWI resolution. AWI did not come up with the magical date of 2010. AWI's job is to—

**Senator HEFFERNAN**—Prosecute the decision.

**Mr Targ**—try and vigorously invest in R&D that can support that decision, and that is what we are doing.

**Senator McGAURAN**—We do not care whose decision it actually was. What is the peak body?

**Mr Targ**—The best way to describe it was that the various peak organisations representing wool grower groups—

**Senator McGAURAN**—Such as?

**Mr Targ**—Wool producers, the Australian Wool Growers Association, Stud Merino breeders, the various state farmer organisations—it was an amalgam of all of those.

**Senator HEFFERNAN**—Would they have just met at the Melbourne Club and had a few red wines and decided, or did they put some science into it?

**Mr Targ**—I am sorry; I was not there.

**Senator McGAURAN**—Can you find out for us how this landmark decision was made?

**Senator HEFFERNAN**—I think it is important that we do not send the wrong message.

**Senator Sherry**—Do you want that taken on notice? You have asked us to try and find out, so we will take that on notice.

**Mr Targ**—We can take that on notice. All the representative bodies were at that meeting.

**Senator HEFFERNAN**—I think it is important that the message out there to the world is that Australia's farmers are seriously concerned about the environment. They are seriously concerned about the welfare of their animals. They are seriously committed to ending the mulesing operation. They are seriously concerned with pain relief, not only for the rear-end operation but also knocking the nuts out and cutting the tails off. That is the next thing, you would agree, Mr Targ, that is going to come along from PETA and people—a campaign on castration and docking.

**Mr Targ**—All I know is that PETA is not going to go away. When you have a mission statement that says ‘Animals are not ours to eat or wear’, you can expect that they will keep on hanging around until you are out of a job.

**Senator HEFFERNAN**—The board in its wisdom sent Mr Hamblin. Who went with Mr Hamblin, the task force?

**Dr Abell**—Stuart McCullum from the AWI US office.

**Mr Targ**—Stuart McCullum and Dr Norm Blackman, who is a former President of the Australian Veterinary Association.

**Senator HEFFERNAN**—Who else?

**Mr Targ**—David Hucker.

**Senator HEFFERNAN**—Yes, I had a yarn to him.

**Mr Targ**—I think he is head of the sheep vets or he has something to do with the sheep vets.

**Senator HEFFERNAN**—When they got over there obviously it did not work too well. What do they call the offices of all these companies over there that look after the welfare of the—

**Mr Targ**—Corporate social responsibility.

**Senator HEFFERNAN**—They are probably mostly people that would not relate to some of those people. They are mostly well-meaning, well-instructed women who have a real social conscience for this. Would it be fair to say, Mr Targ, that Meredith Sheil developed a better relationship with them?

**Mr Targ**—I really do not know. I have not been debriefed on the visits that Meredith Sheil had and I certainly was not directly involved in the task force.

**Senator HEFFERNAN**—Has the AWI been debriefed?

**Dr Abell**—Yes. We have been debriefed on the outcome of the AWI visit.

**Senator HEFFERNAN**—No, on the pain relief visit?

**Dr Abell**—No, we have not.

**Senator HEFFERNAN**—Why not?

**Dr Abell**—That is up to Meredith Sheil and Mr Giffard.

**Senator HEFFERNAN**—In the original thinking of AWI under the previous chairman, there was a view that that operation—Bayer and the commercialisation et cetera—was a matter for them. Was that true? Was it a private business?

**Dr Abell**—That is partly right. We have an obligation under our charter, or the way we operate, that we are not to compete with industry funds or commercial enterprises, so if there is no industry failure or no commercial failure basis—

**Senator HEFFERNAN**—Is that a failure in your articles? Obviously, it is a very important part of the answer to give the message to the world—and I cannot see why we could not make it mandatory because we have jumped the hoop before we get to the hurdle of castration and



tail docking. I have done tens of thousands of lambs. You squirt a bit of something on them, give them a needle and give them a five in one. You might be able to give them something in the needle, in the five in one, which has gone out to six in one now. You might as well do it all in one operation. You would agree that we ought to get to the idea where Australia's graziers are educated in pain relief generally, wouldn't you, for docking and castration?

**Dr Abell**—Yes. We have nothing against pain relief. We are not about to open the door and suggest to PETA where their next attack should be.

**Senator HEFFERNAN**—You do not have to; they have already figured that out. Therefore, shouldn't we and wouldn't we be prudent to be proactive rather than reactive to that?

**Dr Abell**—Yes. And the company is, I believe, proactive on that front.

**Senator HEFFERNAN**—Why has it taken until now to be sending the right language on pain relief?

**Mr Targ**—As I said, in 2005 I negotiated the declaration of commitments and the compact with the British Retail Consortium and it had pain relief in it. On several occasions we have met with the company Animal Ethics and we are still doing so to see how we can work together, but we have never actually had any request from them to provide any funding to do anything for them.

**Senator HEFFERNAN**—I do not doubt that for one minute, but it would be nice to generally accept the proposition that pain relief is a nice, interim, compassionate way of viewing the whole thing and in the longer term it may well be mandatory for docking and de-nutting.

**Mr Targ**—In 2005 when we phrased that clause in the declaration of commitments that is exactly the way we represented it to retailers, so it is not a position we have come to in the last six months; it was a position we came to in 2005 that that is what the industry should be doing.

**Senator HEFFERNAN**—What is your summary of where the pain relief debate is up to? Are you confident enough, for instance, that there will be general acceptance by the retail trade of pain relief which would allow other people into the market to provide alternatives to the Bayer one that is there now?

**Mr Targ**—If you are talking about open-wound mulesing with pain relief, my take is—and this is based on the conversations I had back in 2005 with retailers—they want to see that phased out by the time that the industry committed to, and that was 2010. I have not seen any evidence more recently to suggest that retailers have changed their minds on that. My take is that, as much as it might be about the pain response and managing the pain in sheep, it is about the open wound as well.

**Senator HEFFERNAN**—Let us go back to the clips. When you say that now for research purposes you are going to use specific operators and not blokes like me, who are not as allegedly skilled as your guys, what would be the long-term plan if clips worked? How would I get my sheep clipped?

**Dr Abell**—The long-term plan would be—

**Senator HEFFERNAN**—Would you send them to a tech, or something?

**Dr Abell**—No. You would apply clips using a clip applicator instead of the mulesing shears. You would do the same operation in the paddock in the same way but you would have a cartridge of clips and you would have a clip applicator.

**Senator HEFFERNAN**—I have not come to the cost of these bloody things yet, but do you think ordinary old Joe Blow will be able to manage that rather than a specialist?

**Dr Abell**—We believe so. I might have led you astray when I said that we were restricting the number of operators for our trials. That is because we need to measure the efficacy of the clip process without too much variability from the operator. So we are doing that for trial reasons. In the end it is a training process exactly as it was when mulesing was first introduced. You would recall when mulesing was first introduced there were patterns of mulesing; there were many methods and there were many results from mulesing. Gradually, over the years, it stabilised. We are trying to push that a bit harder with clips so that when they are introduced next year for widespread commercial use—and they are in widespread use this year because 200 operators have asked for them again to put on their sheep—we have got some guidelines for the operators to make sure that things do not become too unstable through operator error. That is the reason for the trials and that is the reason for the continuing investment in clips this year, along with the degradable clip activity so that we are not leaving a piece of plastic on the ground.

**Senator HEFFERNAN**—If, in the event of a continuing failure rate, on what we know at present is the solution going to be a genetic one? Are we going to breed the wrinkles out?

**Dr Abell**—Let me address that. First of all, on the continuing failure rate, I do not agree. In the early days of clips we were using some very common plastics. We have now evolved the plastics. Some that we put on in large quantities in New South Wales 2½ years ago promptly fell off because the plastic was wrong. We have moved the materials, we have moved the design and I am pretty sure now that people will genuinely accept that they stay on to a very high percentage. Not always; you can pull them off in certain circumstances. On the way ahead for the future I think clearly the genetic solution is the way ahead. The very promising work that AWI is funding in Western Australia has shown that that can be done more quickly than we had realised.

**Senator HEFFERNAN**—It has just been pointed out to me in a press release here that your Mr Hamblin has been quoted as saying, ‘PETA claims that the clips are cruel. They are designed to mislead retailers in order to drive the wool industry out of business.’ That could well be true, but is it fair to say that PETA do not accept the clips?

**Dr Abell**—PETA do not accept the clips and they will not accept the injectable.

**Senator HEFFERNAN**—If they will not accept the clips, will the retailers under their influence accept the clips?

**Dr Abell**—I think as Mr Targ said there is a very big difference. There is no bloody back-end of the animal to display to shock the retailers with a clip. The clip is quite a benign thing, just like a clip suture which is used in surgery and is just like a row of stitches. There is no great, bloody impact for PETA to get the attention of the retailers.

**Senator NASH**—Can I just ask a question on that, if you do not mind? Only about an hour ago there was a news story on this particular issue. If we are going to go down this clip mulesing road, it has to be acceptable; otherwise, what is the point? I would be interested in your view of this:

PETA was particularly disappointed AWI appears to be pushing ahead with clip mulesing, an alternative to surgical mulesing.

PETA also deems clip mulesing as cruel and wrote, ‘retailers such as Perry Ellis, Hugo Boss, H&M, IC Companys, Matalan, and others have publicly stated that they do not—and will not—support it’.

**Dr Abell**—There are a couple of things. It is not clip mulesing. It is a clip process and it is not a mules. A mules is an open wound with a set of shears, so it is a different process. That is No. 1.

**Senator NASH**—Just so that I am clear, what they are talking about is not what you are talking about at the moment, exactly?

**Dr Abell**—They have chosen to associate the name ‘mulesing’ with the use of clips.

**Senator NASH**—Can you clear up for me whether they are talking about the use of clips here?

**Dr Abell**—Yes, they are.

**Senator NASH**—If they have said they are not going to support the use of clips, what is your view of that?

**Dr Abell**—All the welfare studies that AWI has undertaken—and there have been quite a few to date—have shown that clips have a much lower welfare effect on the animal than either surgical mulesing, castration or tail-docking. The logic does not agree with what they say. PETA chooses—

**Senator NASH**—I understand all that. I am going to declare my interest too as a wool grower. But the point is the discussion is around what is going to be acceptable and what avenues we go down as wool growers to find an alternative. If this is true—indeed, it may not be true; it may be just a media piece—if PETA and the retailers, as they are saying here, do not support clips, how do we resolve that? Why are we going down this road if they are saying they are not going to support the use of it?

**Mr Welsh**—I do not think the article is correct. PETA will not support clips but the majority of retailers will. I am pretty sure that some of the retailers that they quoted do not disagree or have changed their minds after we have sent people over to talk to them.

**Senator NASH**—So, in this article PETA have put forward incorrect information?

**Mr Welsh**—Correct, as I understand it.

**Mr Targ**—That is the way PETA tends to operate. Just to add to that, in 2005 when we undertook a fairly concerted campaign to go and talk to international retailers about animal welfare standards in Australia, just like Senator Heffernan suggested we should do, that was on the back end of PETA publicly announcing that certain retailers had joined the boycott of Australian wool because of the practice of mulesing. What we were able to do working with their corporate social responsibility teams was to demonstrate to them that, until we find

alternatives to mulesing, the alternative of not mulesing is a worse animal welfare outcome than mulesing. So we worked very closely with the retailers and gradually they got comfortable with our position until they got to the Declaration of Commitments and the UK British Retail Consortium Compact. I expect we are going to have to work that hard with retailers until 2010, which is why we have spent money on working with retailers and working with consultants to do that. It is a matter of us putting our story forward and our credentials forward as a counter to what PETA is putting forward.

There is another dimension to that as well and that is, if you have a close look at PETA's material, it does not just attack mulesing or use of clips; it attacks shearing and it attacks various other things, because when attacking shearing their claim is that sheep need their wool. They attack us on a whole range of fronts. Some of those have cut through with retailers because, like mulesing, it is graphic and it does look pretty distressing to them. On others, I think the retailers will form their own views or make their own judgements and I feel quite confident that in the end they will accept clips.

**Senator NASH**—I accept that, but, as you just said, you think the retailers will accept it. Do you have on record now certain retailers who say, 'Yes, we certainly accept that the clip is an alternative proposal and we will be happy to run with that'? Have you had anything that definitive from any of the retailers?

**Mr Welsh**—I am not sure that you can actually do that without the final prototype clip being done. One of the things I would say is that when we talk about retailers you have to put it in context. This is a global business. We have got tens of thousands of accounts around the world in sixty countries. If you look at our business in China there is no-one protesting about mulesing. If you look at our business in Russia, in Japan or in India, there are virtually no rumblings coming out of there. There is not a lot in America, but some of them are high profile. But until we get a definitive solution in terms of what it is actually going to look like, it is very hard for them to give us anything.

**Senator NASH**—It is a bit chicken and the egg, isn't it, really? What you are saying is, 'Until we get a definitive alternative then retailers are not going to say whether or not they are happy with the alternative.' How do we know how to go down the path of a particular alternative when we do not know what it is the retailers want?

**Mr Welsh**—I think they have all said that they have a preference to support clips ahead of existing surgical mulesing—

**Senator NASH**—Okay. In what forums was that information provided?

**Mr Welsh**—We have done a number of retail workshops in North America, Europe and Scandinavia and that is the collective feedback from them.

**Senator NASH**—Is that feedback something that is public? I imagine there would be some kind of reporting mechanism or some kind of summary—

**Mr Welsh**—If you are looking for substantive proof, then we could send some information on that—

**Senator NASH**—of their views. If that could come to the committee, that would be great.

**Senator McGAURAN**—What were those Declaration of Commitments or compacts you were talking about?

**Mr Targ**—Just bear in mind, just by way of background, that in 2005 when PETA had just kicked off with its campaign and was approaching retailers around the world, particularly in the USA fairly concerted, they were given a lot of information which we believe was misrepresentative of the way woolgrowers treat their sheep and, indeed, the high regard they have for the welfare of their sheep. So we embarked on a program of about nine months to talk to those retailers on a regular basis. We went and talked to them face to face, showed them the evidence and gradually put in front of them information which we believed was far more factual and accurate. When we got to about August or September, we all agreed it would be a good idea if we actually put some of those things in writing—if we actually put a peg in the ground—and said, ‘This is what the industry stands for; this is what we are going to be doing about mulesing; this is the money that we will invest in it.’ And we actually set up a quarterly reporting process back to them on progress against the various initiatives that we had mapped out at that particular time, and that report is audited by the Australian Veterinary Association quite independently of us. The declaration set all of that and the compact was a very similar document, but went by a different name in the UK.

**Senator McGAURAN**—Senator Nash was making the point, and has basically put the question on notice, that having done all that work you still have not got any confirmed declaration back from these fashion houses, have you?

**Mr Targ**—The declaration was issued to the National Retail Federation on behalf of its member companies in the US and the National Retail Federation responded on behalf of those companies.

**Senator McGAURAN**—Did Hugo Boss have a ban on Australian wool, or not, as PETA would have you think?

**Mr Targ**—No, they do not.

**Senator McGAURAN**—No fashion house at this stage has any ban on Australian wool?

**Mr Welsh**—I cannot say definitively ‘no fashion house in the world’, but what I can say—

**Senator McGAURAN**—You said you would know about it.

**Mr Welsh**—What I can say is that the majority of people that we have been dealing with have said they will continue to source Australian wool and, where possible, they will gravitate towards non-mulesed wool.

**Senator McGAURAN**—Good. It is very important that we separate the truth of the matter and what PETA puts out. Quite obviously, yet again, PETA has gone over the top and are pedalling lies, because what they are putting out there is that the fashion houses are on their side, that they are banning Australian wool. So, perhaps, good work. Where is Senator Heffernan? Just on Hugo Boss—of course we sell wool to China—does that wool end up in Hugo Boss’s mills in China?

**Mr Welsh**—A component of it would. We export about 65 per cent of our wool to China and of that about 50 per cent is for the domestic market and 50 per cent is for the export

market. Hugo Boss would have some manufacturing facilities in China and also probably some in Europe, I am guessing.

**Senator McGAURAN**—What is the last comment Hugo Boss made in relation to this situation?

**Mr Welsh**—Without quoting verbatim, it was something along the lines of that they will continue to support Australian wool and source non-mulesed wool where possible.

**Senator McGAURAN**—This is a great statement. Can we have a copy of that?

**Mr Welsh**—I have got it on my Blackberry. I can turn it—

**Senator McGAURAN**—Could I have it on notice? Let us just put PETA where they ought to be: in their place. They are a shocking organisation.

**Senator ADAMS**—I would like to come back to the more practical aspects from the farmers' point of view on all of this, coming from Western Australia. The Western Australian Farmers Federation has just had a meeting of their meats council. They are very concerned about where all of this is going. Shearers are very unhappy about having to shear unmulesed sheep and the whole industry seems to be on its head. Australian Wool Innovation is supposed to be guiding this. I have a statement from the West Australian Farmers Federation. They have called on the federal government minister to 'step in and take control of the mulesing saga which is threatening to spire out of control'. I will just quote from Mr Watts, who is the President of the West Australian Farmers Federation Wool Section, who has said: 'Some growers are reluctant to change from mulesing because they do not have confidence in the alternatives.' And he also said that Australian Wool Innovation was doing its best, but there was a lot of in-fighting. Can you say what is going on? Do some of your members want to go with the clips and other members want to do other things? And what other investigations, as far as any genetic or bacterial blowfly control trials are concerned, have been done by Australian Wool Innovation?

**Mr Targ**—Thank you. We believe the way clips have been demonstrated in the R&D trials as, Dr Abell has said, have been a little bit variable and we think we have got to the reasons for that variability. There are minor modifications to the design we are making for the trials this year. There is huge variability in the way the operator actually applies the clips, so we have to address that. But, based on what we have seen, we think clips will be suitable for a good percentage of the Australian flock; not all of it but a good percentage of it.

**Senator ADAMS**—In comparison with just straight-out mulesing and the application of the clips, what is the time difference? Have you done any modelling on that?

**Mr Targ**—It is a very similar time. For an experienced operator it is a pretty similar sort of a time. At least, that is what the operators are telling us.

**Senator ADAMS**—Just from my observation of watching a trial of the clips and watching someone mulesing, I would not agree with you in that respect. And I think the person doing it was a fairly good operator, because they had been doing the trials. I am really trying to come from the grassroots people.

**Mr Targ**—Sure.

**Senator ADAMS**—They are very concerned. They do not have the information that we have or you have. For the general farmer in Western Australia, the area that I come from, the number of people that are cropping from fence to fence and getting rid of their sheep is incredible. We do not have enough abattoir space. Live exports is something that I want to raise later when we get to that section, but it is a crisis situation and this is the reason that the Western Australia Farmers Federation is now calling on the federal government to step in and take control of the mulesing saga and saying it is threatening to spiral out of control. You guys are the ones in control of the mulesing, so I would just like a little bit more clarity on where we are going.

**Mr Targ**—I must just attack that a little bit. AWI is simply prosecuting the various alternatives, trying to invest in research and development to come up with alternatives to mulesing. That is what we are doing. The clips is one technology that you have. Dr Abell has spoken about a couple of others that we have had to shelve because they were not going to be successful. There are others that we are actively following up, and one of them is an intradermal injection with a commercial company, which is looking reasonably promising at this stage. Then of course there is the whole range of genetic solutions that we have been talking about and, finally, looking at controlling the blowfly itself, to see whether we can do anything there. That is really a long shot, I guess, at the end of the day, but we are looking at developing a number of alternatives. Probably once every two or three months we get suggestions from other people about an alternative proposal that they might have. We give that serious attention and if we think it is worth pursuing then we will put some money into that. We know it is a very serious issue. I agree with you on the question of information to growers. I think that growers need a lot more information, particularly with 2010 coming up.

**Senator ADAMS**—That is right.

**Mr Targ**—We are about to embark, next week I think it is, on a series of roadshows throughout New South Wales, which we will make nationwide, where we will give them information on a whole range of alternatives, what we are currently developing, integrated pest management approaches, pain relief, the Bayer Better Choices program and all of that. Plus they will hear from brokers about the market signals that they might expect for various classes of wool, whether that be mules wool, wool from unmulesed sheep, Better Choices wool, or whatever. We recognise we have a massive task. We have been trying our best through publications like *Beyond the Bale* and so on, but, at the end of the day, this is going to be a fairly significant communication campaign right through till 2010.

**Senator ADAMS**—Well, getting onto the non-mulesed wool, which I gather starts in July—I have a list here just from the AWEX board ratifying the introduction of all the guidelines that go with it—but I cannot see anywhere on this whole list what happens if someone signs a declaration to state that the wool has come from unmulesed sheep. I mean, if it is found that it has not, what is the penalty for a false declaration?

**Dr Abell**—That is in the wool classing standards administered by AWEX in the form that is used by the classer. That is where those declarations will appear. You are right—the declarations will be from the property saying, ‘No longer mulesing,’ or, ‘Wool from unmulesed sheep,’ or no declaration. It will be in a similar box to the chemical declarations and a similar box to the declarations of contact with exotic sheep. That is all administered by

AWEX, the Australian Wool Exchange. At the moment for either chemical declaration or contact with exotic sheep, which leads to the Y classification on the wool, there are no penalty structures in place. That is an issue that is up for AWEX to enforce. I think their first level of activity to enforce it would be banning of a wool classer if it is incorrect, but I am not sure how long it is since AWEX has deregistered a wool classer. That is an issue that should be addressed I think to the Australian Wool Exchange.

**Senator ADAMS**—Are you monitoring that, though?

**Dr Abell**—Yes, we are.

**Senator ADAMS**—To me, obviously any wool that has come from supposed unmulesed sheep is going to attract a far greater premium from these wool buyers than wool that has not, if that is the order that they have. If there is no penalty—

**Dr Abell**—No, I did not say there is no penalty. I said the imposition of penalties or deregistration of classers is not a matter for AWI; it is a matter the Australian Wool Exchange.

**Senator ADAMS**—I would think that you would be acting as the watchdog seeing that you are so involved with trying to find a solution for mulesing.

**Dr Abell**—I am sorry, but we are not the watchdog. That is an Australian Wool Exchange issue because they register wool classers in this country and wool classers are the ones that make the certification along with the owner, or the grower, on the classer's specification.

**Senator HEFFERNAN**—So if it is a mob of sheep that has been clipped, not mulesed, where does that leave them?

**Dr Abell**—Non-mulesed.

**Senator HEFFERNAN**—This mulesing versus non-mulesing versus my six-year-old ewes that I am now non-mulesing, and my two-year-olds, where does that leave me? I will bet you a pound to every farm you have at Broken Hill that this will drive the market down. Do you recall some years ago when the buyers said the wool was too long? Will this not be just a reason to drive the market down? Rather than commit to a premium for non-mulesed wool, it will commit to a discount rather than a premium?

**Dr Abell**—With respect, I think that is a bit rhetorical whether it is a discount to the market or a premium to the market. If the market is in two halves, it is hard to tell.

**Senator HEFFERNAN**—Have a crack at the bloody fertiliser now. Wait till you find out what they have been up to. If I were the buyer, I would not be willing to pay a premium for non-mulesed wool; I would discount mulesed wool.

**Dr Abell**—I have no comment to that, I am afraid. But you did imply that—

**Senator HEFFERNAN**—So, if that is the case, that there is a division, where does that leave the SRS breeder in the debate?

**Dr Abell**—Hang on, we have jumped a bit here. SRS at the moment seem to be claiming that their sheep do not need mulesing, I think—is that correct? Is that the latest claim? That is a claim by the SRS breeding group. I have no comment on that. I think growers' experiences with sheep with those soft rolling skins will be the proof of the pudding. You had another question earlier. You said, 'What do you do if you are still running your old ewes that have



been mulesed and you do not mules your young sheep?' The answer I think in the AWEX classers' form is to say, 'No longer mulesing,' which is a declaration saying that the property does not practice surgical mulesing any more.

**Senator HEFFERNAN**—If that is the case, it makes a bit of a farce of the definition of 'mulesed' and 'non-mulesed' wool.

**Dr Abell**—Not necessarily, because wool from non-mulesed sheep is still defined within that same form.

**Senator HEFFERNAN**—I agree with the proposition that you should just say, 'We are no longer mulesing,' because I do not expect the bloody wool classer to keep up to pace with—especially if you have 10 shearers on the stand or something on what they are shearing—

**CHAIR**—All right. Anyone else?

**Senator HEFFERNAN**—I have some questions on Woolmark and a few other things.

**CHAIR**—Senator Adams can finish.

**Senator ADAMS**—This is an article that appeared in the *Farm Weekly* in Western Australia on 22 May to do with bacterial blowfly control. A South Australian geologist, Barry Hayes, holds the patent for using the bacteria to short-circuit the blowfly's lifecycle, but AWI refused to trial it. Do you know anything about this?

**Mr Targ**—No, we will take that on notice.

**Senator ADAMS**—Could you take that on notice, then?

**Dr Abell**—I think the fact of the matter is that, yes, we will take it on notice, but, as I understand it, there have been no applications for support from AWI from that particular inventor or that holder of that IP.

**Mr Welsh**—I stand to be corrected, but it is my understanding that he also targeted the wrong fly.

**Senator ADAMS**—The wrong fly?

**Mr Welsh**—So it would not work. I think there is a black and a brown fly. He targeted the wrong one.

**Senator ADAMS**—It does not say here about black or brown flies; it was just a quote. When I saw this I thought I would ask you, seeing that you are here.

**Senator McGAURAN**—Senator Adams was just talking before about the Western Australian Farmers Federation saying the government should step in with regard to mulesing. So what is the federal government's involvement in this matter to date?

**Mr Aldred**—The government does view this as an industry driven and owned initiative and has taken, I guess, the normal steps of a government to support the industry. The minister, when there have been comments internationally by the Swedish minister for agriculture and so on, has met with the Swedish ambassador to Australia and has written to the Swedish minister providing further information about the practice of mulesing, the history of it and so on. As he has been overseas he has certainly met with some Chinese producers, buyers of wool, and again provides the same sort of information.

**Senator McGAURAN**—There is no budgetary allocation?

**Mr Aldred**—No, there is not a budgetary allocation. As you would be aware, the Australian government provides funds to AWI as part of the overall levy and statutory funding agreement arrangements. Contribution has certainly been made into the research programs.

**Senator MILNE**—Have you had any input or discussion around the future of the CSIRO scour in Victoria with regard to rare breeds, small lots and so on? I understand currently that it has been given a 12-month reprieve and that the facility might well be privatised at the end of that. Have you had any discussion or input into future opportunities to make sure that scouring can continue to be done in Australia for those people who are small-lot producers involved in it?

**Dr Abell**—Yes. I think late last year we visited CSIRO around November—the textiles division at Geelong. We saw the scour and we are aware of its use within small-lot scouring. We are also aware of the pressure that it is under with the budgetary cuts within CSIRO. We are not aware of any role that AWI has to play in supporting the small-lot scouring. We are not aware that there is an R&D task associated with that scour that we could use to the benefit of wool growers, so I think the answer to your question is no, we are not involved in that activity with a small-lot scourer at Geelong but we are involved of course in supporting the continued existence of the textiles group of CSIRO.

**Senator MILNE**—Thank you.

**Senator McGAURAN**—Senator Heffernan was railing against you this morning in regard to research and development. What is the percentage of research and development in your budget?

**Mr Welsh**—It is taken on WoolPoll. Sixty per cent of the funds go to marketing and 40 per cent to research and development. I think we broadly classify it ‘off farm’ versus ‘on farm’. I am not quite sure of the exact terminologies of WoolPoll. The only incremental amount of money above and beyond that is the money that we receive from Woolmark licensees that is normally used to fund the infrastructure of the overseas offices.

**Senator HEFFERNAN**—As a question on notice, could you provide this committee with all monies expended on research on both sides of those equations in the last three years?

**Mr Welsh**—Sure.

**Senator McGAURAN**—You quoted the figure, \$20 million. What is that a percentage of?

**Mr Welsh**—That was based on the \$50 million. I just looked at it and said, well, 40 per cent was \$20 million. I think we said before that if it goes to \$60 million it comes back to \$24 million. It is just a straight percentage.

**Mr Targ**—Just further to that, each year we are obliged to account for reimbursement of Commonwealth matching funds under our statutory funding agreement with the Commonwealth. We have to list our activities that qualify, and those activities are basically defined in the statutory funding agreement as research and development activities. My recollection is that last year’s list of projects that would attract Commonwealth matching funds totalled about \$45 million.

**Senator HEFFERNAN**—So the trick in that of course is that if you do not have matching funds you do not have to report them?

**Mr Targ**—No, we report everything. It is required under the statutory funding agreement.

**Senator HEFFERNAN**—Matching or not?

**Mr Welsh**—Yes.

**Senator NASH**—I apologise that I did not ask this earlier. What percentage of the budget goes to salary? Did he ask for a breakdown of employees and salaries?

**Mr Targ**—I think that is on notice.

**Senator McGAURAN**—Can you explain your off-farm collaboration—no doubt you have a budget for that—and what companies you will be dealing with in 2008-09?

**Mr Targ**—Off farm?

**Mr Welsh**—Off farm we deal with a very broad cross-section throughout the supply chain from manufacturers through China, in Italy and wherever else they process it in the world, through to brands and retailers that are geographically as dispersed as from North America through to Europe, Asia, China, Japan, Korea. The back half of this year we have a number of marketing projects. We will be following up the protégée project that we had, which was that they nominated five young and upcoming designers that were sponsored by people by Donatella Versace, Paul Smith, Karl Lagerfeld, Calvin Klein and *Vogue* magazine, Franca Sozzani. We run marketing programs like that. We have a Korean marketing program with Shale in the back half of the year. We have a marketing program with a number of Japanese manufacturers which starts in September. In the back half of this year we are launching a number of innovations in product development, including the shower suit that we saw earlier on. Basically we are a B2B model and a lot of it is based around our formula, what we call KIM, which is knowledge, innovation and marketing, and we change the allocation of money depending on where we think we can get the best result.

**Senator McGAURAN**—It is basically public relations efforts—

**Mr Welsh**—No, not at all. With the KIM formula, knowledge generally relates to the supply chain and helping people, particularly if there is a very low knowledge and understanding of retail but also throughout Asia itself. We have workshops up there this week, I think, or the week after. There will be about 600 people coming along to be educated. The ‘I’ is for innovation, which relates to product development where we have had innovations like the shower suits, like cool wool which we are promoting as well, and the mercerised merino which has been very successful for us. The ‘M’ relates to marketing, which tends to be with the end brands and retailers.

**Senator McGAURAN**—Is Hugo Boss involved in any of that?

**Mr Welsh**—They have not been but we have commenced dialogue with them recently.

**Senator McGAURAN**—In regard to?

**Mr Welsh**—Future marketing opportunities—marketing at both retail and innovation and product development as well.

**Senator McGAURAN**—Because Hugo Boss has been one of the biggest critics, have they not, of the Australian mulesing?

**Dr Abell**—Of late they have; on again, off again, yes.

**Senator McGAURAN**—But you think now, you having spoken to them and met them—‘them’ being of course the chairman and board members—that you are targeting whom you meet no doubt?

**Dr Abell**—Yes.

**Senator McGAURAN**—And you believe now Hugo Boss are out of the PETA camp and into the AWI camp?

**Mr Welsh**—I think what we should clearly highlight is the fact that some of the statements that came out about Hugo Boss actually came out from PETA, not Hugo Boss. They came out before Hugo Boss actually announced it.

**Senator HEFFERNAN**—In much the same way as a lot of stuff that comes out of AWI actually comes from Wilkinson.

**Mr Welsh**—No.

**Senator HEFFERNAN**—I have to tell you that some of the stuff that comes out of there your blokes do not know anything about it.

**Mr Welsh**—Yes, but they are mutually exclusive arguments. If you look at the one from PETA, they are making corporate social responsibility statements about Hugo Boss without authority and without being privy to the facts. And a lot of the time they are wrong and pre-emptive and have not been consulted themselves. When Wilkinson Media do it they do it after it has been authorised from AWI.

**Senator HEFFERNAN**—But I mean if they appointed this bloke in London who was subject to the allegations. I hope you blokes are not spending more money taking someone to court to sue them, including the ABC. You don’t even know the background of the bloke. You just said to Wilkinsons, ‘She’ll be right, mate.’

**Mr Welsh**—I am sure it went through the appropriate level of due diligence—

**Senator HEFFERNAN**—But what is that? Your board does not know about it and you do not know about, so who does?

**Mr Welsh**—That was before my time so—

**Senator HEFFERNAN**—That is a great way out of it. Can you take that on notice and tell us who ticked them off?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—I have plenty of questions. With your Mr Chapman, alias Edward Potter—that was the false name he used for bank accounts in a previous life—what is his actual legal responsibility in the company? What is he responsible for, given there was an attempt by the Law Society in New South Wales to have him struck off as an unsuitable person—the statute of limitations—

**Senator O’BRIEN**—No. It was brought down unanimously that he should be.

**Senator HEFFERNAN**—I have tabled the court document.

**Senator O'BRIEN**—I read it and it is useful reading in the context of what has been said.

**Senator HEFFERNAN**—What is his responsibility?

**Mr Targ**—His responsibility is the internal legal counsel and he is one of the company secretaries.

**Senator HEFFERNAN**—I find hard to follow how you can have more than one company secretary. Is that because the job is too big in a \$50 million company?

**Mr Targ**—No. The Corporations Law allows you to have as many company secretaries as you like. I became company secretary back in 2003 when the previous company secretary announced his intention to resign. We then thought it would be a good idea to have two in the event that one was away—and in fact I was doing a lot of travelling on the PETA issue back in 2005. So we had two company secretaries and very recently we had a third one appointed because both the company secretaries were away at one particular point in time. It is just a matter of convenience. If any of the company secretaries resigned their position as company secretary they would still have full-time jobs in the company.

**Senator HEFFERNAN**—I understand that.

**Mr Targ**—It is not an additional cost in that sense.

**Senator HEFFERNAN**—The legal obligations would go with being a company secretary, wouldn't they?

**Mr Targ**—There are legal obligations under the Corporations Law and Mr Chapman has exercised those obligations, and we believe he has exercised them very well. He has a full practising solicitor's certificate and he has been a company secretary in many other companies before he joined AWI.

**Senator HEFFERNAN**—I know all of that.

**Mr Targ**—I think it is very important to get that on the record, given what happened this morning.

**Senator HEFFERNAN**—What happened this morning happened.

**Senator Sherry**—I just wanted to add a couple of words. You may be aware I have responsibilities for the Corporations Law so what has just been said is correct. You can have more than one secretary to a company for the reasons outlined. There can be practical reasons why you have more than one company secretary. But the AWI is owned by industry. There is a statutory funding agreement with the Commonwealth. It does not provide for any government involvement in any board appointments, so the government has no involvement in the board appointments, including who is appointed a company secretary, but recognises AWI as the wool industry services body and enables it to receive grower levies and matching government funding for eligible R&D.

I might say this arrangement was set up under the former government; it was not an arrangement set up under this government. AWI directors up to a maximum of 10 under its constitution are appointed on a rotating basis at every AGM. One third of the directors must retire from office. Directors can be re-elected. And most recently Mr Ian McLachlan resigned

as chair in April 2008. And Brian van Rooyen was elected chair by the board. The board also passed a resolution at the meeting to increase its size to 10 and appointed three new members and these new members will be required to seek shareholder endorsement at the next AGM. Mr McLachlan will remain on the board until the next AGM but has indicated he will not be standing for election. The new chairman commented that these new board appointments are part of AWI's transition from being an Australian R&D organisation into an international fibre research and marketing company.

So, as an independent company, AWI, which the government does not have any direct involvement in, had the person that you mentioned, Mr Chapman, as the company secretary. I do not know what date he was appointed but presumably Mr Ian McLachlan, who was chair up until April 2008, had some role in that.

**Senator HEFFERNAN**—That is exactly right.

**Senator Sherry**—I will just reinforce the point that it is an independent company under the Corporations Law and the current arrangements are arrangements established by the former government.

**Senator HEFFERNAN**—That is precisely the point and this committee does not care who is to blame if it is wrong. I noticed that in evidence given to the federal Senate inquiry on Australian Wool Innovation, Maree McCaskill, a former chair, stated:

I would consider even greater concern should be levelled at the appointment to the second most senior position of Mr Targ, former business associate of Mr McLachlan in the failed Spacelift Australia Proprietary Limited, without an advertised position.'

I guess it is up to the company to deal with that.

**Mr Targ**—Thank you for raising that again. I should say that you raised that this morning. Spacelift was not a public company, it was a family company, as you pointed out. It was sold to a group of new investors who asked me if I would come on board and run the company for a period of time for them. We were in the course of establishing that company. Things are very difficult in the space launch business. We had the collapse of the Iridium global satellite network, the Orbcon global satellite network and Globalstar was in trouble, so the bottom was falling out of the satellite market. After coming back from Russia, 9/11 happened and the Americans said to the Russians—we believe because we were told by the Russians—that it would make things very difficult for the business to proceed because the business was based on using converted intercontinental ballistic missiles. The minute the Russians conveyed that to me I conveyed it to the investors, or potential investors, and we moved a motion that the company should be wound up. The company was wound up. It was not insolvent. In fact it was solvent when it was wound up and there was a return of capital back to the investors. So any implication that the business was bankrupt I would refute.

**Senator HEFFERNAN**—We are not here to contest that, but there is plenty of evidence in the public domain that disagrees with you there.

**Senator Sherry**—If you raise an issue as you just did, the witness is entitled to give a response as evidence.

**Senator HEFFERNAN**—That is fair enough. I completely accept it and I accept that these jobs can be filled without an advertisement.

**Mr Targ**—Again, I did not know Mr McLachlan before that appointment was made.

**Senator HEFFERNAN**—That is fair enough. What do we know about 3e wool?

**Dr Abell**—3e wool or e-wool?

**Senator HEFFERNAN**—Yes.

**Dr Abell**—E-wool, Senator?

**Senator HEFFERNAN**—Yes, the Chinese.

**Dr Abell**—Would you expand on that please?

**Senator HEFFERNAN**—As people who did the research, what proportion of your research is for on-farm type issues? What proportion of your money do you put into farm type research? I want to come to scouring. Do you have a crack at that?

**Dr Abell**—Mr Welsh answered this before but we will have another go. At the moment the WoolPoll, which as you know is held every three years, makes suggestions to the company about the proportions of levy funds and government matching funds that should be spent on either on-farm R&D, which supports productivity, or off-farm activities such as the business-to-business and innovation and things like that. At the moment it is 40 per cent spent on-farm R&D and 60 per cent beyond the farm gate. Now, the 60 per cent beyond the farm gate encompasses R&D in the processing of all R&D into new garments, R&D into new treatment of wool, as well as the business-to-business activities, which are largely market support and introducing these innovations to business partners in the manufacturing world that uses wool. The proportion is 40-60.

**Senator HEFFERNAN**—What is the research on on-farm about?

**Dr Abell**—Starting from the top, on-farm R&D is development of alternatives to mulesing, which is a high priority item. The genetics and the genomics research that we fund towards better development of genetic progress in the merino sheep and other sheep breeds is another big item. There is the pastures development of new species of pasture; internal parasite attacks, such as new methods that attack worms and things like that and productivity issues associated with taking all the R&D outcomes, getting them out to the farmers and getting them introduced and taken up, because if it is not taken up it is of no use to the farming community.

**Senator HEFFERNAN**—Could you provide to the committee the details of those programs—I think I asked for that earlier—and how you make the decision? Who makes the decision that we will give Billy Bloggs money for that fescue development there? Does a group of people sit down and go through it, and who are they?

**Dr Abell**—Largely, the decision making is broken from programs into projects. Programs are generally agreed. The highest level program agreed is that 40 per cent of the R&D funds should go on-farm, 60 per cent off farm. That's the highest level program. From that, it will go down to general strategic direction set by the board for certain programs. For example, the animal health program has an allocation of funds in general terms and then that is broken into

projects within that program, some of which would be under the CEO's delegation and some of which come to the board for clearance.

**Senator HEFFERNAN**—Does Mr Welsh have delegation for these decisions?

**Dr Abell**—Yes, in projects within programs.

**Senator HEFFERNAN**—Mr Welsh, how do you decide to give this particular person money for pasture development and not that person?

**Mr Welsh**—It is based on a recommendation from the program managers or the divisional heads.

**Senator HEFFERNAN**—Who are they?

**Mr Welsh**—It depends on the division.

**Senator HEFFERNAN**—Is this all part of your 160 internal employees, or are they external consultants?

**Mr Welsh**—They are all internal.

**Senator HEFFERNAN**—Could you provide us with the paper trail of how a decision is made, who the decision makers are and what their expertise is in making that decision.

**Mr Welsh**—Sure.

**Senator HEFFERNAN**—How much money did you get to sort out Woolmark?

**Mr Welsh**—Fifteen million dollars.

**Senator HEFFERNAN**—Not \$16 million?

**Mr Welsh**—I think it was \$15 million plus GST, but I am not—

**Senator HEFFERNAN**—Where are you up to? Has it been completed?

**Mr Welsh**—When you say that, what specifically do you mean?

**Senator HEFFERNAN**—Where are you up to with the conversion of Woolmark into AWI?

**Mr Welsh**—We are working through the conversion. We acquired the company at the beginning of October last year. We still have not finished the completion accounts, which we are working through at the moment.

**Senator HEFFERNAN**—You were to spend money to reinvigorate the brand et cetera. How much money have you spent in that regard?

**Mr Welsh**—We are in the process of finalising the strategic plan, which is in the process of being signed off by the board. They signed off the brand architecture a couple of months ago. We did industry consultation last week and we are finalising the consultation with our international partners.

**Senator HEFFERNAN**—Have you transferred money out of that \$16 million into your accounts for the preparation of the—

**Mr Welsh**—No, the \$15 million plus the GST was for the purchase of the assets, not for the marketing program.



**Mr Targ**—The arrangement was that the \$15 million would be applied to purchasing those assets and AWI would then apply money towards reinvigorating Woolmark and those assets.

**Senator HEFFERNAN**—What sort of a renewal of licence record have you had since the change? Are people renewing?

**Mr Welsh**—We only just sent out the renewal notices last month or the month before. At the moment we have received a response rate of about 50 per cent. The track record of the business that we inherited was that for the last five or six years in a row the renewal had decreased at a double-digit percentage per year every year.

**Senator HEFFERNAN**—Yes. It was falling out of the sky. Are you in charge of the Woolmark company, Mr Targ?

**Mr Targ**—No, I am not. I was instrumental in the actual acquisition process.

**Senator HEFFERNAN**—Are you out of it now?

**Mr Targ**—Apart from a couple of pockets of staff, I am not heavily involved, no. I am not involved in the day-to-day management.

**Senator HEFFERNAN**—Has Woolmark as a purchase been revenue neutral? Was it covered by the \$15 million plus the GST?

**Mr Welsh**—No. The \$15 million was for the acquisition of the assets. Broadly speaking, I would think that the business will be cash negative in the first 12 months. That is mainly driven by the continued deterioration in the licence renewal, which is a because of fewer licensees but also because of the fact that it was billed in US dollars and you are getting currency fluctuations at the same time.

**Senator HEFFERNAN**—Thank you for that. Is the task force Mr Fluge's bailiwick?

**Mr Targ**—I ran the task force secretariat until about the middle of last year and since then Mr Fluge has run it.

**Senator HEFFERNAN**—How much money has gone across from AWI to the task force over the period that it has been in existence?

**Mr Welsh**—It is something like \$3.6 million from 2004 through to 2008.

**Senator HEFFERNAN**—Who does the task force report to? The task force chairman did not know when I asked him.

**Mr Targ**—The task force has a hierarchical structure. There is what is called the chair's group of the task force, which is chaired by the president of the National Farmers Federation. Then there is an operations group set up, of which Mr Hamblin is currently the chairperson. And then doing the day-to-day activity is the task force secretariat, which is what Mr Fluge manages.

**Senator HEFFERNAN**—How much money does Mr Fluge earn? Is it 240 or 280?

**Mr Welsh**—I do not know the answer off the top of my head.

**Senator HEFFERNAN**—Who does know?

**Mr Welsh**—Our HR department.

**Senator HEFFERNAN**—Could you give us the answer on notice of what his package is?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—Could you also take on notice what money has been paid out to Wilkinson and Inall in the last three years?

**Mr Welsh**—Yes.

**Senator HEFFERNAN**—Who else has contributed funds to the task force besides AWI?

**Mr Targ**—In the first period, both MLA and AWS, which is Australian Wool Services, which owned the Woolmark company, contributed amounts, but the overwhelming funding has been by AWI.

**Senator HEFFERNAN**—Could you provide us with the details of that?

**Mr Targ**—Yes.

**Senator HEFFERNAN**—I would like to go back to the reporting, because Mr Hamblin firstly did not understand the budget and secondly did not know who he reported to. Who do they report to? When I rang Mr Crombie to ask him to become, through the NFF, involved because he sits over the top with those other ones said: 'It is not an issue for us. It is an issue for the industry. We are not interested.' I would like to know who the hell they report to.

**Dr Abell**—I will answer this in a little bit of a roundabout way, but I will get to an answer. The task force was set up after the unhappy example of the *Cormo Express* and the difficulty in managing a response to the *Cormo Express* problem. During the management of the *Cormo Express* issues, which were live sheep trade issues, it became clear that simply asking everyone to a meeting was not a good way to handle such issues as this, and hence the concept of the task force.

The task force was set up with directed parties represented on it to make sure that we covered all the issues to do with the live-sheep trade at that time and later on the PETA issues, which meant that MLA and AWI figured largely. The representative and peak council groups of the sheep industry also figured within it. And, as Les said, the funding task was given at the beginning to the combination of MLA, AWS and AWI. As the activity of the task force moved from being largely about *Cormo Express* in the beginning to being dominated absolutely by the PETA activities later, AWI quite correctly took over the funding role. If you ask who the task force reported to, the most sensible practical answer is that it largely reported to AWI in terms of justifying its costs and its funding, but its structural side was still as originally set up, and it was set up to represent the peak bodies in the wool industry.

**Senator HEFFERNAN**—Would it be fair to say then that it does not report to anyone? Due to a very badly worded press release, which obviously was done for him, I asked Mr Hamblin, 'Who does your secretarial?' and he said, 'We have a little office down some back alley and up some set of stairs.' It sounded peculiar to me that it is not run out of AWI. Is it run out of AWI or not? Where are their headquarters?

**Dr Abell**—The secretarial services are run at the moment by AWI and AWI is taking an increasing role in the activities and the management of the task force. But I think the question

of who runs the task force is rather difficult to answer because it is managed in the interests of all the representative bodies but it is funded by AWI.

**Senator HEFFERNAN**—But there is no-one running the bloody thing. I mean, they do not report to anyone. We cannot measure the outcome. What is the process of renewal? He did not know that. How do you get a new person as the chair? Who decided to put the chair in anyhow and what were his qualifications? And when are you going to renew and review the membership of the thing? Do you have the answer to that?

**Dr Abell**—I have a part answer in that choosing a chair and the management issues of the task force are roles of the members of the task force. But there is also part of an answer associated with AWI because AWI is funding the activities.

**Senator HEFFERNAN**—If the members of the task force appoint themselves, if you get a rogue in there—and I am not saying for a minute there is a rogue in there; they are all perfectly decent Australian citizens—or if you want to put a bit of renewal or a bit of new genetic brain material into it, how the hell do you do it? I mean, it just goes on and on and no-one seems to know. You do not know. Who does?

**Dr Abell**—With respect, I think the task force activities are under substantial review at the moment, so that is changing.

**Senator HEFFERNAN**—It would be fair to say it has not been well managed?

**Dr Abell**—No, I do not think I would draw that conclusion. The task force has been reacting almost daily—

**Senator HEFFERNAN**—I appreciate it is a difficult business—

**Dr Abell**—so it is not an easy business—

**Senator HEFFERNAN**—I appreciate that. But there just does not seem to be a way to unlock what is chasing its own tail. If the NFF says, ‘Well, it is an industry problem, the industry can fix it, we do not want to know about it,’ it seems to me that we ought to shut it down and get ourselves a new model. Do you agree with that?

**Dr Abell**—I think I would go so far as to say that we are substantially reviewing its role at the moment.

**Senator NASH**—Who is actually doing that review?

**Dr Abell**—AWI.

**Mr Targ**—I think also the task force, certainly in that initial response to the PETA activity, was very effective. I have no doubt that the task force felt it was accountable to the various wool growing state farmer organisations and wool growers and they often reported back to those groups.

**Senator HEFFERNAN**—But in fairness to the task force, like the wheat export authority, who did not have the means to do what people thought was their requirement, I do not think the task force is equipped to do the job. I do not doubt for a minute the sincerity of Mr Hamblin. He is a decent bloke. And I hope he is getting the rain out there at Nyngan, but it just seems to me that we ought to shut it down and come back with the times. It just seemed to me that they were out of their space when they went to Europe and I just cannot believe

that the board was not fully informed. As you say, you are reviewing that as well. These are difficult questions. Did someone say earlier that PETA thinks we should not shear sheep because they need the wool?

**Mr Targ**—That is correct.

**Senator HEFFERNAN**—I guess some of the people in PETA would be people that do not shave their armpits as well. Because I bet you a lot of the people there shave their armpits and are two-faced; they do not want the sheep shorn.

**Mr Targ**—One of the difficulties that we have in this is that some people believe it is simply a matter of talking to PETA and they will see reason but we know it is actually a conflict. They have an ideological opposition to the use of livestock.

**Senator HEFFERNAN**—Yes, I agree with that. I congratulate everyone involved in trying to solve this problem. The message has got to be that we are concerned about the environment, we are concerned about the welfare of animals, we are concerned about feeding the world, and we are concerned about clothing the world. As you say, India and China and other places have not been trapped by this bloody outrageous program of PETA's. As I say, I guess a whole lot of them have been circumcised as well, so they are all duplicitous. In *The Land* last week it said that AWI—this may not be correct—is suing the ABC and Martin Oppenheimer. Or is that a director that is suing?

**Dr Abell**—That is not correct. An individual director has chosen to sue Mr Oppenheimer.

**Senator HEFFERNAN**—So there will be no AWI money involved in that?

**Dr Abell**—Correct.

**Senator HEFFERNAN**—Usually, if someone tells you to go and get well and truly, you are better off to say, 'I am so pleased that you have had the opportunity to tell me to get knotted but now what can I do to help you,' rather than, 'See you in court,' which is what happened with the failed PETA arrangement which cost the wool growers a lot of money.

**Mr Targ**—Again, I was not involved in the decision but the legal case was commenced primarily to try and counter PETA's activities which we regarded as being illegal. That was the legal right. And we had overwhelming support from the industry to do that so—

**Senator HEFFERNAN**—Yes, it was a very difficult problem. They are a very difficult group of people. But the trouble is the winners are always just the lawyers. As everyone knows, I would get rid of two out of three lawyers.

**Mr Targ**—I cannot say the lawyers lost.

**Senator HEFFERNAN**—How many directors have talked directly to international retailers?

**Mr Targ**—Sorry?

**Senator HEFFERNAN**—How many directors of the board have actually been out there and talked directly to the retailers that have got all these concerns? Has a delegation of the board talked to any of these people?

**Mr Targ**—A delegation of the board has not. Individual directors have in their various roles.

**Senator HEFFERNAN**—Could you give us the details of those discussions?

**Dr Abell**—We can ask various directors to tell us.

**Senator HEFFERNAN**—There was that bloke from London whom you had on the payroll—some of these blokes get well outside their space—the bloke that Wilkinson Media put on over there. They might be inadvertently distorting reality just through their own professional boofheadedness.

**Mr Targ**—Kevin Craig is the fellow you are referring to. When I was managing the task force he did, I believe, a very effective job. He was instrumental in getting to the point where we had the British Retail Consortium agree to the compact with us on all those things that you have been talking about. I have not been involved more recently with him but you asked about his appointment. He was appointed on the recommendation of Wilkinson Media but I met him pretty early on in 2005, checked him out, and my view is that at that stage he was doing an extremely good job.

**Senator HEFFERNAN**—We are off that now. Have you blokes done any research into superwash, the scouring, and the downstream?

**Dr Abell**—I cannot give you any exact detail on that but part of the KIM process that Mr Welsh spoke about is where we go to processors of wool and manufacturers who use wool and make sure that they are aware of all the technology that is possible to potentially increase the pull through of wool through their processors and their manufacturing. Superwash is fairly old technology. I think it is CSIRO based, I believe—

**Senator HEFFERNAN**—Vaseline and chlorine based, is it?

**Dr Abell**—I cannot give you detail of what we are doing at the moment on it, but I can take it on notice.

**Senator HEFFERNAN**—Obviously there are downstream concerns with the effluent which is allegedly—

**Dr Abell**—I can answer a slightly different question which is what I think you were trying to ask. Are we working on the issues that will come up in Europe when chlorine is no longer palatable for scouring? Yes, we are. We are very active in that area with several programs in Europe.

**Senator HEFFERNAN**—Is the industry going to be ambushed with the concerns about that downstream detrimental process, given, as you say, it is old-fashioned?

**Dr Abell**—We believe not because there is quite a lot of work under way to replace chlorine in that scouring process.

**Senator HEFFERNAN**—Do we still use superwash in Australia?

**Dr Abell**—I think that is a question you would have to ask the scourers, but we can find out.

**Senator HEFFERNAN**—From your experience in China are they likely to run into an awakening of the environmental side of wool scouring, or have they already had an awakening with very old, untidy technology?

**Dr Abell**—I will come at that slightly differently. The Chinese are awakening, in our experience, to the pressures of environmental contamination through the wool and other textile processing industries. They are under two levels of pressure from their government, as I understand. The first is that textile processing, where they dominate the world, is not seen as a high-value add for the national interest and so textiles no longer have the unfettered support as an industry that they used to have in China. And the more modern industries like electronics, which have more value add, are getting more support. Along with that they are under pressure from tax relief, which is compensation for import duties, and they are under support for all activities to do with the environment. This typically is not strictly associated with chlorine usage in scouring but is just general environmental damage.

But I believe that they are facing it pretty well. The scourers that I have seen in China as recently as three weeks ago have probably the world's most modern scouring plant for effluent treatment and the serious scourers are taking it on head-on. I suggest that where the pressure will be felt more harshly is with the smaller plants that cannot make the investment to handle their effluent. I do not think that will do damage to the volume of Australian wool that is—

**Senator HEFFERNAN**—Is AWI doing research into the impact of that on the market in China? And you have India to think about. Are we looking over the hill, as it were, as to what would happen if some of these scourers got shut down?

**Dr Abell**—Yes, we are. And that is part of the knowledge part of the interaction of these processors—

**Senator HEFFERNAN**—Are we putting money into that in China?

**Dr Abell**—We are not funding the scouring plants for them, if that is what you mean.

**Senator HEFFERNAN**—No, just the research into the better technology. In my view it would be money well spent to look at some more user-friendly scouring. There is technology, without breaching commercial-in-confidence that does that as opposed to a new fescue on a farm somewhere. The bloody agronomists and other people can do that.

**Dr Abell**—We are funding that. I am not going to give you the names because they are commercial-in-confidence—

**Senator HEFFERNAN**—That is fair enough.

**Dr Abell**—But more importantly, as I was trying to say, we are funding dissemination of the information that is available so that people get to use these technologies rather than just have them sitting on the shelf.

**Senator HEFFERNAN**—I think I should leave you in peace.

**Senator ADAMS**—I have one question coming back to AWI, PETA and the mulesing review panel. Has that actually got off the ground or where are we at with that?

**Mr Targ**—I think you are referring to the expert panel on genetics. That is due to convene for the first time very soon. It is important to note that they are independent experts who had to be approved by both sides. In the case of PETA, they nominated three people whom we regarded as sufficiently qualified and independent to do that, and we have done the same and those people have been accepted. So that will meet very soon, but it is very specific to the genetics research. Our view was that if six experts are going to look at the program, they might actually come up with something to help us anyway.

**Senator ADAMS**—And they will report back to you?

**Mr Targ**—Yes.

**CHAIR**—We are just about worn down, are we? Are there any other questions? If not, thank you very much.

[3.35 pm]

### **Product Integrity**

**CHAIR**—I do thank officials from Product Integrity for putting up with the changes we made to the running order today.

**Senator SIEWERT**—I need some clarification. Should I do live sheep export here since we are on the sheep theme, or do we do it later under rural policy or international policy?

**Mr Aldred**—If you give us a moment, we will get the right people to the table and we will do it now.

**Senator SIEWERT**—The other issue I want to talk about is genetic engineering. I am going to be asking ABARE some questions but I have got some general GE questions. Should I ask them here or are they for some other area?

**Dr O'Connell**—RPI I think—rural policy innovation.

**Senator SIEWERT**—I thought maybe it would be there. I was just seeking clarification.

**CHAIR**—Do you have those people here?

**Mr Aldred**—I thought so.

**Senator SIEWERT**—I am happy to do it there. I just need clarification as to where I should do it.

**Mr Aldred**—Sorry, which one?

**Senator SIEWERT**—Genetically modified organisms.

**Mr Aldred**—Rural policy innovation.

**Senator NASH**—Can we—

**Mr Aldred**—We can do that.

**Senator NASH**—I thought we were doing that in Biosecurity.

**CHAIR**—We have the people at the table?

**Dr O'Connell**—Yes, we do. We can do international trade as well as the domestic issues.

**CHAIR**—Fantastic.

**Senator SIEWERT**—I was not meaning to skip onto other issues. I just needed to clarify where we are talking about some of these issues. While I am clarifying, where should we do the pandemic bird flu?

**Mr Aldred**—We will do that here.

**Senator SIEWERT**—Just because we are continuing the sheep theme we might as well get it over and done with. I want to ask a couple of questions around live export and, hopefully, I am not going over stuff that we have done before. If we have, just refer me to that so that I do not waste time. As I understand it, the export industry is required to comply with Australian standards for export of livestock. And as I understand it too, that is under Commonwealth law but it is difficult to enforce at a state level because it is not in state legislation. Is that a correct understanding?

**Mr Aldred**—I think perhaps we can talk a little bit about it. The states and territories are responsible for animal welfare legislation. The live export standards were administered by us—

**Senator SIEWERT**—Sorry, I am having trouble hearing, so could you speak up a bit. I apologise.

**Mr Aldred**—The live export standards are developed at a national level and then they are administered through the chain by states and territories and by AQIS in terms of the loading and transport.

**Senator SIEWERT**—If they are administered through the chain, how do you actually enforce them at a state level? As I understand it, they are not included in state legislation. Is that correct?

**Mr Aldred**—I think it varies between states. But I think if you are referring in particular to a recent WA court case that related to the loading of over-fat sheep, there has been an indication that that means that state and federal law do not match up. In fact, in the instance of that court case, given changes to the live export standards, that sort of loading would now not take place and so there would not be any inconsistency between the legislation.

**Senator SIEWERT**—Sorry, could you just run that past me again? You would change the standards—

**Mr Aldred**—The court case I think that you are referring to related to activities several years ago and related to loading of sheep called ‘over-fat sheep’, and that class of sheep is no longer permitted to be loaded under the most recent export standards.

**Senator SIEWERT**—With all due respect, I appreciate your answer, but that does not actually answer my question about how you require each of the states to enforce the standards. I appreciate that you have changed the standards so that particular event does not happen again, but how do you ensure that actually in each state and territory the standards are enforced?

**Mr Aldred**—As I have said, the states and territories are responsible for running them through the chain, including land based transport and so on. For export, it goes with certification by an AQIS officer.



**Senator SIEWERT**—So the way it is enforced, it is actually not enforced with the states and territories, it is actually enforced by an AQIS officer; the Commonwealth enforces it?

**Mr Aldred**—For the loading process.

**Senator SIEWERT**—What about the rest of it?

**Mr Aldred**—Transport of animals through the chain and to the point of getting certified by AQIS will be a responsibility of states and territories.

**Senator SIEWERT**—Okay. This is where I am struggling. I appreciate that it is a responsibility of the states, but the standards are not in the state legislation, so how do you ensure that the states are complying with the standards? At the point of loading, AQIS is there, but what about the rest of the chain? How do you ensure that the states are meeting the Australian standards?

**Mr Aldred**—It is the responsibility of the states to have animal welfare legislation and it will vary across the country. What we are doing cooperatively through the ministerial council and standing committee processes is trying to get more consistency in standards and guidelines established across all jurisdictions. There is one that we have been working on for some time on getting national consistency on the land transport of animals across seven different animal groups. So what will happen there is that we will develop the standard. Our standards currently are out for public comment. It will be finalised; ministerial council will need to consider it and then it should be adopted under each of the state and territory legislations. That is the process that we are going through to try and get greater consistency across the country.

**Senator SIEWERT**—Do I interpret that then to mean that, for each separate area of the standard, that is being discussed or will be discussed, if it has not been yet, by the standing committee to come up with a consistent instrument, which will then go into state legislation?

**Mr Aldred**—That is the expectation, yes.

**Senator SIEWERT**—But it is not there yet, as I understand your answer.

**Mr Aldred**—We are doing a range of standards. The first one is the one that is out at the moment, land transport. We went through a process similar but not exactly the same leading up to the model code for the welfare of pigs and that, for example, has gone to ministerial council and we are expecting it to be adopted under regulation in each of the jurisdictions. So land transport standards, again similar.

**Senator SIEWERT**—So you will use a regulation as the legislative instrument?

**Mr Aldred**—Again, I think it will vary across the states. There is a fair bit of discussion going on about the nature of the legislative structure.

**Senator SIEWERT**—What is your time frame, do you think, for accomplishing completion of the process?

**Mr Aldred**—I think the public comment period closes tomorrow for the land transport standards. Then there will be some consideration by the steering group and so on. I would expect it to be possibly later this year. I would like to hope that we could see it going into

ministerial council later this year. It has been a difficult one because we have actually been taking seven model codes. We probably picked a difficult one to start with.

**Senator SIEWERT**—So the rest of the standards are an ongoing process—is that correct? And do you have any time line for estimated time of completing them.

**Mr Aldred**—I do not think we have done a time line. I think the next one that we will look at is cattle—I think that is anticipated. We will be having a decent look at the sort of process time lines, how we have gone with the land transport ones and then start to work out a work plan from there.

**Senator SIEWERT**—But at the point of loading, an AQIS officer is there all the time?

**Mr Read**—Yes, an AQIS officer is present through the preparation of the animals for exports. There would be a couple of occasions that AQIS officers would in fact oversight—depending on the types of animals—the consignment pre loading. There would be a leave for loading and on many of those occasions—in fact, I think all the occasions—the AQIS officer is also present at the loading of those animals.

**Senator McGAURAN**—And the overnighting?

**Mr Read**—Overnighting?

**Senator McGAURAN**—Yes, stocking before they are loaded.

**Mr Read**—I am not quite sure of the question.

**Senator McGAURAN**—Are they overnighted in yards prior to loading?

**Mr Read**—It depends on the animals. Many of the animals are required to be in registered premises several days before in fact they are loaded.

**Senator McGAURAN**—Could you just direct that towards Senator O'Brien? He is not listening to the question. He is making a smart alec of himself in the corner there and you have just answered the very question—

**CHAIR**—Senator McGauran, the official was halfway through an answer.

**Senator McGAURAN**—I know he wants to be sitting there—

**CHAIR**—Senator McGauran, I have called for order. It is not the first time in a committee where people have made comments across the table. Ignore them. Mr Read, please carry on.

**Senator McGAURAN**—Mr Chair: a point of order.

**CHAIR**—There is no point of order, Senator McGauran. Mr Read, you were halfway through an answer. Please carry on.

**Senator McGAURAN**—I would just like to perhaps discuss with you those sorts of interjections.

**CHAIR**—We can do that in the—

**Senator McGAURAN**—I am happy to adjourn the meeting.

**CHAIR**—Senator McGauran, we will do that in the tea break or the afternoon smoko break in 10 minutes.

**Senator McGAURAN**—Could we do that, Mr Chair?

**CHAIR**—You and I will have conversation, Senator McGauran. Mr Read, you were halfway through an answer.

**Mr Read**—The question related to the overnighing. I have just made the response that there is a range of consignments that are in fact prepared a number of days before the consignment is loaded onto the vessel and, depending on the number of animals involved, that loading will run until all the animals are on the vessel. So that can run for the duration of a day and into the night as well.

**Senator McGAURAN**—Absolutely. I do not think Senator O'Brien was aware of that.

**CHAIR**—Senator McGauran, it does not matter what you think Senator O'Brien was aware of or was not aware of.

**Senator McGAURAN**—He is not aware of much. He plays the smart Alec.

**CHAIR**—You have the call, so if you have any more questions please feel free to—

**Senator SIEWERT**—I had not finished.

**CHAIR**—In that case you did interrupt, so I call Senator Siewert.

**Senator McGAURAN**—I have asked that question and pointed it out for the senator because that is in fact an important part. That is where the degradation—

**CHAIR**—Senator McGauran, when you are in a hole, stop digging. Senator Siewert.

**Senator McGAURAN**—No, this is important.

**CHAIR**—Senator Siewert has the call.

**Senator SIEWERT**—I do appreciate the interjection, and thank you for the answer on overnighing. Can I now turn to the issue around the World Organisation for Animal Health, being a member of that organisation and signed up to the guidelines. Does Australia export to countries that are not signed up to those guidelines?

**Mr Read**—I will defer, but the first response to that question is that there is a range of countries that receive live animals—and Paul Morris can talk about those animals—where we actually have agreements with those countries about the post-arrival conditions for those animals. Mr Morris has the detail behind those questions. In terms of that standard per se, that standard relates to the export of animals. There is obviously the need for sort of post-arrival types of standards which I would say are not enshrined in those particular standards per se. There will be conditions that have been picked up as part of those agreements with a range of importing countries relating to the practices that occur on the ground once they have actually arrived.

**Senator SIEWERT**—Can I interpret that to mean that we do not necessarily not export to countries that have not signed up to the World Organisation for Animal Health guidelines?

**Mr Morris**—We do not have a specific requirement in place that countries are members of the OIE, the world animal health organisation. We would have to check as to whether each country we export to is a member or not. But we do not have a specific requirement that they are members.

**Senator SIEWERT**—Could you provide me with a list of countries that are and are not that we export to? Is that available?

**Mr Morris**—Certainly that is available. We will be able to provide you a list of those and I presume a list of whether they are OIE members or not.

**Senator SIEWERT**—Yes, that is what I meant: can I have a list of countries that we export to that are and are not signed up. I am sorry if I was not clear. What I am interested to see is whether we are exporting to countries that do not meet the guidelines. Also, if we are exporting to countries that do not meet the guidelines, do we have any other understandings in place with them that meet some of the shortcomings where they do not meet the guidelines? Is that clear?

**Mr Morris**—Yes. At the moment our overall objectives in terms of working with the countries that import our animals is to try and improve their standards to match those of the world animal health organisation, whether they are members of that organisation or not. So a lot of the activities that we work on with industry in those markets are aimed at increasing the standards to be closer to the international standards.

**Senator SIEWERT**—Could you provide me with a list of the countries that you are doing that with? Are they covered by memorandums of understanding where you are working with those countries? Or is that another process as well?

**Mr Morris**—The only countries we have been negotiating the MOUs with are those in the Middle East and North Africa at the moment. Those MOUs related specifically to arrangements following the *Cormo Express* incident, where we were concerned about whether countries would unload animals or not. The MOUs are more specific to requiring that the animals be unloaded. The only MOU we have with a country which is addressing much more specifically the post-arrival arrangements is the one that we have negotiated with Egypt, and that requires that they meet the world animal health organisation's animal welfare guidelines.

**Senator SIEWERT**—Thank you for that. Have you signed any MOUs yet or are you still in the process of negotiating those?

**Mr Morris**—We have signed eight MOUs in relation to the first category I was talking about, which are the ones that require animals to be unloaded regardless of the circumstances, to avoid that *Cormo Express* type incident. I have previously mentioned those to this committee. Just briefly, they are the United Arab Emirates, Kuwait, Eritrea, Saudi Arabia, Jordan, Egypt, Libya and Qatar. They are the eight countries we have signed those unloading type MOUs with. As I mentioned, the only country we have signed an MOU with that requires post-arrival arrangements is the one with Egypt that we signed in 2006.

**Senator SIEWERT**—Have there been occasions where the MOUs, the ones that have been signed to date, have been breached?

**Mr Morris**—No. There have been no occasions where a boat has been rejected by any of those countries since we have negotiated those MOUs. The last occasion we had that rejection was the one with Saudi Arabia prior to this new arrangement being put in place.

**Senator SIEWERT**—Are there sanctions in place if one of the conditions of an MOU is breached?

**Mr Morris**—At this stage those MOUs have not been tested. I guess the ultimate sanction would be not to trade to that market, but those sanctions are not explicitly embedded in the MOU. There would have to be a decision at the time. We are relying on those MOUs to actually be adhered to so that we do not have a problem.

**Senator SIEWERT**—The point is that I would hope that they are stuck to, too, but if they are not, what happens? We just cease trading with them?

**Mr Morris**—We do have one fallback position, which is the MOU we have negotiated with Eritrea—they have agreed to provide a regional port of last resort, I suppose, in the case of any of those other countries, or in fact any country in the region, rejecting animals. So we have a fallback in that sense, if there is a rejection in the future.

**Senator SIEWERT**—Can I just go back to clarify the World Organisation for Animal Health guidelines. Do any of the countries that we have signed the MOUs with not meet the OIE guidelines?

**Mr Morris**—We have not done a full assessment against each of the guidelines in the world animal health organisation guidelines, so it is not really possible for me to answer that with any accuracy. What I can say is what I said earlier, which is that we are trying to identify issues in those countries and work with industry to try and improve the standards of handling and slaughter in those countries to be more equivalent to the world animal health organisation standards.

**Senator SIEWERT**—I want to make sure I understand the process. You told me earlier, as I understood it, that you are going to supply me with a list of countries that we are exporting to that do meet the standards.

**Mr Morris**—What you asked me before, as I understand it, was for a list of the countries that we export animals to and whether they are members of the world animal health organisation or not. The guidelines are guidelines under that organisation, and countries may or not meet those guidelines, obviously.

**Senator SIEWERT**—I am glad we had this clarification because what I want to do then is find out which countries do or do not meet the guidelines. If I understand what you have just said, you in fact do not do an analysis against those guidelines to see whether countries, even if they are members, are meeting them or not.

**Mr Morris**—No, we do not, and neither does the OIE, for that matter. They are relatively new guidelines. They have only been in place for a few years now, and so the onus is on members such as Australia and other developed countries to try and encourage the less developed countries who are members of the organisation to adopt those standards. In fact, that is what we have been doing. In addition to the work on infrastructure in these countries, we have been working both in the Middle East and in Asia to try and get them to adopt the standards as part of their legislation or regulations in those regions. So, in essence, we are actually doing our duty, I guess, as a member of the OIE to encourage other countries to meet those standards.

**Senator SIEWERT**—Thank you.

**CHAIR**—Do you have any more questions after the break?

**Senator SIEWERT**—Not for live sheep, no, but somebody else might.

**CHAIR**—Thank you. We will have a tea break.

**Proceedings suspended from 3.59 pm to 4.15 pm**

**CHAIR**—Welcome back. Senator Scullion?

**Senator SCULLION**—I have some supplementary questions to Senator Siewert's line of questioning on the potential changes in legislation nationally. Mr Aldred, I understand that in your answer you said you are seeking some consistency across jurisdictions. That is very laudable. How likely is it, do you think, that there will be agreement on a single consistent set? I cite the example of the national firearms legislation. There was not a single shred of consistency left after that. Do you think it is possible to have a single set of legislation?

**Mr Aldred**—I think it is certainly possible to have a quite well harmonised national system. The arrangement that we have been looking at essentially is the development of standards and guidelines that have been adopted by states and territories. But they will be adopted under their separate legislation. We will not be having exactly the same legislation. I think it is a long process and it can be complex. But certainly the Primary Industries Ministerial Council a couple of years ago was firm that it wanted to see greater national consistency. A lot of it is driven also by the interests of industry, with industries that need to work across state borders.

**Senator SCULLION**—I, like most people, would note from a perfunctory glance at the legislation in terms of animal welfare in the states and territories that it is targeted principally in a general sense at companion animals rather than at industrial livestock production. But they have done a lot of work with companion animals, dogs, cats, horses. There is a great deal of knowledge about and people are prosecuted regularly under those statutes. But it does not appear to be the same for the farming side of things. Generally speaking, they appear to be run under codes of conduct. Do you think that at the end of this process the non-companion animals sector will be embraced in not so much a code of conduct but actually in legislation?

**Mr Aldred**—That is the expectation, that we will move from codes of conduct to standards that are adopted by legislation in each of the jurisdictions. It is not just a punitive system, though. The continual work on codes of practice and moving to standards is driven by the concerns of industry as well, rather than just trying to take industry to the same as companion animals. That is not necessarily the driver.

**Senator SCULLION**—You say also that you are now working specifically on cattle in terms of the movement and shipment of cattle as a downstream sort of—

**Mr Aldred**—No. The process that we are going through on land transport includes cattle. The standard that we are working on at the moment is for the transport. When we move to cattle as a separate standard, that will be focused on husbandry of cattle rather than the transport.

**Senator SCULLION**—Are you working with the Transport Council or with the individuals that drive the trucks, given that in this particular environment you are trying to deal with the safety of the metabolism of two completely different animals; one is a human being and one is a cow?

**Mr Aldred**—Just to finish on the issue of cattle, we have not kicked off that process yet. I was envisaging that cattle husbandry was probably going to be the next cab off the rank. As to the land transport standards, yes, I can check the detail of the organisations involved. But certainly industry has been involved very much throughout the process. I think we have had something like 12 industry groups as part of the consultations. We have picked up seven animal groups. Certainly, there has been a high degree of industry involvement.

**Senator SCULLION**—If Australia decided not to export live animals anymore, it would be a sad day. But let us say we did that, hypothetically.

**Mr Aldred**—Sorry, Senator?

**Senator SCULLION**—This is just a bit of a hypothetical. I know people are averse to this question but if Australia did not continue to provide live exports to its receiving countries, what other countries would have the capacity to replace that? Would any other countries be able to take our place and live export into those countries?

**Mr Read**—There is a range of competing countries to Australia internationally: Brazil with cattle, and Uruguay with sheep. China has in fact exported live sheep into the Middle East. With Pakistan I have some recollection of access to those markets. There are competing markets. We very much are in a competitive environment in terms of live animal exports.

**Senator SCULLION**—There is nothing new under the sun. Obviously there are other countries around the world exporting live animals. How are they going with their animal welfare regulations and how do we benchmark ourselves against them?

**Mr Aldred**—In terms of animal welfare regulations, there was a recent report commissioned by MLA that concluded that we are essentially world leaders. We actually do provide a range of assistance to other countries. As Mr Morris has said, we are certainly doing that in the Middle East. But we are also providing assistance through OIE and AusAID into Asia. One of our crew was recently in the United Arab Emirates starting to work on the first lot of animal welfare legislation for that country. By and large I think we are right out there.

**Senator SCULLION**—Mr Read's assertion was that a number of countries could step into the gap left by Australia. But would our competitors not be up to the same levels of animal welfare and animal husbandry that Australia enjoys at the moment?

**Mr Aldred**—A lot of our involvement in the industry, we believe, is part of improving welfare standards globally. I would not expect that the welfare standards of our competitors would be at the same level as ours.

**Senator McGAURAN**—In the first week of May at the RSPCA headquarters in Melbourne there was a meeting with Handle with Care. A newspaper article in the *Weekly Times* reported that a lengthy video showing alleged cruelty to Australian sheep in the Middle East was screened in Melbourne last week as 'animal welfare groups ramped up their campaign to ban live exports.' I believe that video was sent to your department. Have you viewed that? They say that it is a new claim and that activists claim the video contained new footage taken as recently as December last year.

**Mr Morris**—We have seen various footage from Animals Australia. Mainly I think it has been over the last more than 12 months. I do recall the article but I do not think they have

specifically sent that video to me. But we have certainly seen a lot of footage over the last couple of years, including very recent footage, and I would imagine it would be similar to that, if not the same.

**Senator ADAMS**—Did that footage that you received have any dates on it?

**Mr Morris**—The footage we have seen, yes, they have told us, has various time frames associated with it. Some of it is recent and some of it is older. But generally there is some time frame associated with it, yes.

**Senator ADAMS**—Having been a live exporter in my former life, I think it is very important. It is amazing the footage that comes up. Are you fully aware that it has probably happened 10 years ago? There are no dates on it. You are prepared to say that it is recent. Surely you have evidence of the date of that footage, which should be on it somewhere, before you come out with a statement like that. This really annoys me, having been a farmer. Farmers look after their animals. We get fed up with all of this nonsense. You said that it is recent. What is the evidence that it is recent?

**Mr Morris**—The only evidence, I suppose, is what we have been told; you are quite right. I have also been to a lot of these facilities and seen things in the Middle East. I am aware that some of these practices do go on, and we are trying to address them. We do not just rely on video footage to direct what we do in the region; we actually go and look at it ourselves and determine how we can correct it.

**Senator ADAMS**—How are we going to change the practices of others? Australian sheep are being exported there along with others from Brazil and wherever else. This is the problem. I know that we are doing our best with the people that we have there when the sheep are unloaded. But when another ship comes in with another ship load of sheep, what is the practice then?

**Mr Morris**—Our first responsibility is to try to improve the practices that are applied to Australian sheep. The focus of our attention is on the unloading, transport, feedlot facilities and slaughter associated with Australian animals.

**Senator ADAMS**—As to the evidence from the footage, do the sheep say, 'I'm from Australia'? How do you know it is footage of Australian sheep?

**Mr Morris**—I guess that question is for Animals Australia in a sense. But the sheep appear to have Australian ear tags on them. Also, a lot of the sheep that are imported from other parts of the world, including the Sudan and so forth, are quite different looking animals. We are not denying that some of that footage is real. The question we raise is whether that is a general practice in terms of all animals. We would argue that a lot of animals, and certainly a lot of the animals that we are tracking through the system, are going through proper feedlot facilities and are going to the higher quality slaughter facilities. They are not necessarily being killed in backyards and things like that where the concerns are. Our position is not that the footage is wrong; it is not necessarily showing how the average Australian sheep exported over there is actually being treated and handled. Generally they are handled much better than that footage is showing.

**Senator McGAURAN**—What is the footage? What is it showing? Are they at facilities?



**Mr Aldred**—There is a majority of footage that has been around for some time and gets renewed.

**Senator McGAURAN**—But the recent footage?

**Mr Aldred**—My understanding is that that footage, if it is the stuff that I am thinking of, is of sheep being loaded into the boots of cars and tied onto the tops of cars and so on, being dragged or kicked within holding pens.

**Senator McGAURAN**—And how recent is that? When you say ‘recent’?

**Senator ADAMS**—They cannot identify that.

**Mr Aldred**—The organisations state that it has been taken within the last several months.

**Senator McGAURAN**—I agree with my colleague. After talking to AWI, we established just what liars PETA can be. You do not know for sure when this sort of footage was taken. As to the footage of people loading sheep into the backs of cars, can you tell me how that can be so on our unloading when it is a closed system, I assume, for exports of sheep. What country are we talking about?

**Mr Morris**—They have found footage from a number of countries in the Middle East. They mention Kuwait and Qatar I think.

**Senator McGAURAN**—Can they identify the footage to a country?

**Mr Morris**—Some of it they can, yes, and they do identify the footage to particular countries. In, for example, Kuwait they have identified a particular abattoir.

**Senator McGAURAN**—Let us take Kuwait. We have an MOU with Kuwait, do we not?

**Mr Morris**—For the unloading of animals, yes.

**Senator McGAURAN**—And we have a closed system?

**Mr Morris**—Not a closed system. A closed system implies that all of the animals are handled within the one facility and that we can track all movement; that you know all of the animals within the one facility. What actually happens in most countries is that the animals go to those countries and they may be distributed through a number of different venues. There are a number of different feedlots and markets and so forth. Our efforts have been to try to identify the key pathways through which those animals go, feedlots and slaughterhouses, and try to upgrade the facilities in those feedlots and slaughterhouses to closer to the international standards. The point we have made is that we are not denying that some of that footage is correct. What we are trying to do is address those problems in the region, and note also that for most animals they are actually going through proper facilities and proper slaughterhouses.

**Senator McGAURAN**—I am just trying to work out how an Australian sheep can get into the back of a car. Would that occur at the slaughter facility, at the abattoir? It could not occur on the unloading.

**Mr Morris**—Some animals go to local livestock markets. Occasionally in those markets people will go and choose the animals that they want—

**Senator McGAURAN**—This is important.

**Mr Morris**—They will choose the animal they want and in those cases occasionally they will be put into—

**Senator McGAURAN**—What a fallacy. They go to a saleyard to buy their sheep. Do you really think we can interfere with what happens after that in such countries?

**Mr Morris**—What I am saying is that we do not agree with some of the practices. The practices that we do not agree with are trying to be moved closer to international standards.

**Senator McGAURAN**—It is ridiculous that you think we can get down to that and that we are wearing that, and that organisations such as the RSPCA and Handle with Care are making our government wear that.

**Senator Sherry**—I think you have made your point, Senator McGauran.

**Senator SCULLION**—Mr Morris, I understand that over a period of years we have extended the excellent animal husbandry practices of Australia further and further down the line, even if we do not only officially own the animals. ‘Free on board’ used to mean they were someone else’s problem. We have now moved to having Australian stock officers on the vessels. Those animals are cared for effectively to Australian standards until they are unloaded. I understand we are now moving to ensure that when they are unloaded and in the pens they are still cared for to Australian standards. Do you think in the foreseeable future we could have to move the line of care, if you like, further down so that we can actually have some abattoir facilities in those countries? Do you think that is possible? Have any discussions been had on that?

**Mr Morris**—I think what you say is correct. Over the last four years or more we have gradually moved to taking greater responsibility. ‘Responsibility’ might be too strong a word, but we certainly have more awareness and perhaps take more responsibility for what happens to animals even after they leave our direct control. In the past it is probably fair to say that, as with most other goods we export, we are concerned about how they get to the market of destination and then, after that, it is somebody else’s problem. But I think it has been accepted by governments of both persuasions over the last few years that our responsibility for live animals extends beyond the point of arrival and that we need to do things in the markets where they arrive. There has been a lot of effort over the last few years to try to address facilities in those markets and see what we can do to bring them closer to international standards. We have not gone so far as you have just suggested and looked at building our own facilities in those markets. It would be a major capital investment to go down that path. But certainly we are looking at working with importers in those markets to see whether we can upgrade existing facilities and also work with them so that any new facilities are closer to international standards.

**Senator McGAURAN**—As to the renewed live export of cattle to Egypt, is that a closed system?

**Mr Morris**—That is correct.

**Senator McGAURAN**—That is the perfect system, if you like.

**Mr Morris**—It has a closed system, that is right. That means that the animals go into a feedlot facility. They basically walk from the port straight to the feedlot and they walk from the feedlot straight to the slaughterhouse; it is all within the one facility.

**Senator McGAURAN**—It would strike me that you would have to have that in every one of those export countries to prevent the situation that that video has beat up. It is impossible otherwise. Senator Adams made the very good point that there is no date to this footage. There is no connection to this footage at all. Let us not be led down the track like Senator Kerry O'Brien was, which is the reason he never got his ministry, of course. Prior to the election he succumbed to organisations like this and threatened and put in doubt the live sheep and cattle trade.

**Senator Sherry**—We have officials here who are ready to answer questions. I think we can do without this.

**Senator McGAURAN**—I would like a commitment from the government that they are behind the live sheep and cattle trade. When I hear that these videos are being given credence it worries me. I think the Kerry—

**CHAIR**—Senator McGauran, I did not hear your comment; I was speaking to the secretariat. But let us not embarrass ourselves. There is some protocol here. Can we just get to the questions of the officials?

**Senator McGAURAN**—Dr Hugh Wirth, President of the RSPCA, claims that the government is not listening, that they have these videos and the government has not responded to them. Therefore, he—I guess the RSPCA—and Animals Australia and all of the other fanatics, are going to—

**CHAIR**—Senator McGauran, I have let you have a free run. Everyone is either a fanatic or a lunatic or whatever?

**Senator McGAURAN**—‘Fanatic’, I said. I have not used the word ‘lunatic’.

**CHAIR**—It is starting to wear a bit thin. Channel your questions to the officers, please. Whenever you think other people might not be of the same persuasion as you that is probably best kept to yourself.

**Senator McGAURAN**—Dr Wirth said that those organisations will now target the embassies. Do you take that seriously? Have you asked Dr Hugh Wirth what he meant by ‘targeting the embassies’?

**Senator Sherry**—That is probably a question for foreign affairs. They might have a greater knowledge of the targeting of embassies.

**Senator McGAURAN**—He has done it on the grounds that—

**Senator Sherry**—You have not been this active since you left the National Party. I am really impressed at the level of questions and diligence and enthusiasm you are showing here.

**CHAIR**—Order! We might have to utilise our dinner break to bring out the boxing gloves.

**Senator Sherry**—I never feel that way about Senator McGauran.

**CHAIR**—Point made, Minister.

**Senator Sherry**—I apologise, chair. Some of the officers may have knowledge about targeting of embassies, but if they do not I will happily take it on notice and check with Mr Smith of foreign affairs.

**CHAIR**—Senator Adams has been waiting patiently and Senator Milne has some questions.

**Senator ADAMS**—I would like to talk about live exports. I would like from Mr Read a definition of a ‘consignment’ of sheep. Could you give me a definition of exactly what that is?

**Mr Read**—A consignment of sheep on a ship I would align in definition terms to the actual exporter.

**Senator ADAMS**—So, if four exporters have four lots of sheep, that is one consignment?

**Mr Read**—You could well have a shipment that is made up of four consignments. You could have four exporters putting animals on a vessel. That would be four consignments.

**Senator ADAMS**—I seek some clarification of the guidelines that are being changed and the letter that you wrote to Mr Ian McIvor, of the Australian Livestock Export Council, on 12 May this year. If we have four exporters all taking up space on one ship, as far as the reported mortality goes with those four consignments, do you attribute, say, that one assignment of sheep were not nearly as fit as perhaps the others to cope with the conditions and so you had a four per cent or a five per cent mortality rate on one lot and the rest of them were fine? What happens as far as the whole shipment goes? Are mortality rates based on that consignment or the whole ship?

**Mr Read**—Just for the consignment. In the case where a consignment breaches the standard in relation to the mortality levels, there will be a subsequent investigation into why that breach occurred.

**Senator ADAMS**—As far as the public are aware, if it is announced in the paper that four per cent of the consignment died, are they aware that that is four per cent of one consignment or four per cent of the ship? These are questions that I really have to have an answer to.

**Mr Read**—I have noted that point. You could well have 100,000 sheep on a vessel and you could have 10,000 of those 100,000 sheep subject to the investigation, because that may be the total population of the consignment. Some of the reports that I have seen have tried to put that in the context that, yes, there was a breach in terms of mortality event with those 10,000, but they also make mention that that was in the context of the shipment. So, ‘Yes, you have gone over two per cent for the 10,000. That would have resulted, obviously, in the investigation that we are obliged under the legislation to conduct. But in terms of some of the information we have framed around that, we have also tried to put it in the context of the 100,000 animals as well’, so that the vessel itself did not go over the two per cent.

**Senator ADAMS**—One example I have is of sheep that were supposed to have been first off; they had been on the ship longer than anything else. But there was a cyclone and so it ended up that they had to go the other way and reverse the whole trip. Those sheep had quite a severe mortality rate, but due to cyclonic conditions and the changed route. So it really was not the fault of anyone, apart from the fact that the sheep had been there far too long. That was the reason that I asked that question. With respect to your new rulings for the two-deck,

open-deck sheep carriers, in the Red Sea they get a 10 per cent reduction in the number of sheep and then for the other ones, because of the climatic conditions, get a 15 per cent reduction. So, really, we are looking at 25 per cent of that ship's load of sheep being reduced. Two major vessels have been modified to deal with these sheep, and that company invested a lot to get these vessels up to the Australian standards. This is not from AQIS but AMSA, which you would be aware of. They are now saying that their whole live export trade with Australia is a problem. It is worth US\$150 million. They have converted their two ships to accommodate this and now they have to cut down by either 25 per cent or 20 per cent, depending on where they are going, in the Red Sea or other areas in the Middle East—15 per cent to the Arabian Gulf and 10 per cent to the Red Sea. Could you explain how this company is going to deal with these issues?

**Mr Read**—What I would hope to do is just talk around what the issue is. I do not want to talk too much about the company, because there are a couple of companies involved in that which have now started legal action in response to that issue.

**Senator ADAMS**—I did not realise that.

**Mr Read**—The facts are these. Particularly between May to October in the Middle East is the hottest period of the year. What we have observed is that when you start reporting by consignments, which allows you to understand what some of the impacts of those temperature changes are on decks, there has on those particular types of decks been an elevation in mortalities with sheep into that part of the world. The approach that we have applied in that letter there is for the Red Sea an increase in space of 10 per cent and for the Arabian Gulf, which is the other side of the peninsula, an increase in space of 15 per cent. To put that into context, vessels going to Saudi Arabia at any time throughout the year are required to have an additional 10 per cent space. That is part of the MOU currently in place with Saudi Arabia.

**Senator ADAMS**—Yes, I realise that, but then they get another 10 per cent added on and another 15 per cent.

**Mr Read**—That is the point I am making; that is not quite correct. If a vessel is going to Saudi Arabia, that is fine, because it already has the 10 per cent built into the loading density for Saudi Arabia. If sheep were, though, going to Jordan in the time frames I have talked about, which do not need the additional 10 per cent, do not prescribe the 10 per cent as Saudi Arabia does, then they would actually have 10 per cent additional space for Jordan. So, no, we do not add it on to what already are requirements of those markets, and that is specifically stated in—

**Senator ADAMS**—So it is only actually 10 per cent.

**Mr Read**—It is only 10 per cent. And it is only the same as Saudi Arabia. The reason it is 15 per cent for the Arabian Gulf is actually that the Arabian Gulf is a hotter destination, more humid, than the Red Sea. So places like, as you would appreciate, Oman, where you go through the straits and the peninsula, are very hot. If you get the wrong weather pattern at that particular time of the year, if you have those decks fully loaded, they are extremely high-risk propositions. The 15 per cent, we believe, will actually give us a sufficient buffer in those circumstances.

**Senator ADAMS**—I am looking at it from the producers' point of view and the actual cost with the loadings. The buyers are not able to get as many sheep on. Western Australia at the moment is moving a lot of sheep. At the moment they are being reduced. We cannot get as many sheep away. I just cannot see the evidence in your letter as to how those carriers are causing the problem.

**Mr Read**—That letter refers to open decks on vessels, which are then split again for sheep. The issue with those decks is that, in terms of pen air turnover, there is a restricted airflow in those decks. What we had in fact occur last year in that particular Arabian Gulf area—and I am talking about the summer period in the Middle East last year—was a number of events around heat stress as a consequence of those types of decks. Last year, the approach applied because there were a couple of those mortalities in a sequence. We applied an additional 10 per cent across all open decks. We have analysed that performance against those decks and believe that the real problem area is actually the split tier deck. You had 10 open decks and five of those split. So why penalise the whole vessel when we do not believe the risk properly sits with the big open decks; it is in fact confined to the smaller open decks. In relation to last year, for example, we believe that the standard as proposed there is in fact more liberal in terms of the commercial side of the business. In fact, there are fewer decks affected by that proposition than was applied last year, by targeting the split decks not all open decks. So, in comparison with last year, we believe that is a better approach.

The second point is that industry itself has invested, as I believe it, significant funds in the heat stress model to have a model ready for the start of the May till October period. That work has not yet, as I understand it, been completed. So once that work gets completed, in terms of an AQIS position, if that is next week or next month, we will take that work and look at it, critique it, and if it is validated—certainly we would expect it would be—then we can take that model and apply it. In the interim, that is the proposed approach, until industry come back and provide us with a framework that gives us confidence that in fact there will not be high mortality events on that deck.

Putting all that aside, in terms of doing nothing, I do not think that is an option. I think in this period of time, with those split decks, if we left them run at the maximum population of animals per deck then there will be significantly high risks that there will be events that we consider breach those mortality standards.

**Senator ADAMS**—Thank you.

**Senator MILNE**—In relation to Dr Wirth and the RSPCA and other organisations that have been writing to the department communicating about animal welfare issues, given what you are saying about how you are addressing those issues, has the department met with Dr Wirth to discuss these matters at a face-to-face meeting or is that something the department does not do?

**Mr Aldred**—The minister's office and the department have certainly held a range of different meetings with representatives from groups. I would have to check whether we have met specifically with Dr Wirth, but certainly we have had quite a number of discussions with Heather Neil from the RSPCA, and also with Glenys Oogies from Animals Australia and so

on. I would not characterise it as a combative type of arrangement or relationship at all. There is quite a deal of constructive work that goes on.

**Senator MILNE**—Why are they saying that you have not responded to their videos et cetera?

**Mr Aldred**—I do not know about the specific wording of the quote and whether it refers to the fact that we have not done everything that we have been asked to do in terms of either closing down the trade or doing those sorts of things, as opposed to having not actually replied or spoken to the people concerned. I am just not quite sure of the context of it.

**Senator MILNE**—Could I, on notice, ask which animal welfare groups, the broadest category, the minister has met with since becoming minister?

**Senator Sherry**—We will take that on notice.

**Senator McGAURAN**—Do you have those figures on the targeting of embassies?

**Mr Aldred**—I have not heard that particular phrase. No.

**Senator MILNE**—As to the temperatures and the monitoring in relation to heat stress, how closely do you work with the Bureau of Met and the scientists in predicting the likely extreme temperatures in that part of the world especially?

**Mr Read**—The question links to the export process in that we require from exporters a range of material. Some very good models have been developed by industry that we have actually looked very closely at, and support, that draw on a range of data about ocean and air temperatures at particular times of the year and put risk profiles around that. That was extensive and very detailed work and has proved very positive. But the issue was that it related mainly to the closed decks on vessels.

**Senator MILNE**—I understand that.

**Mr Read**—This additional work that I was referring to is how you then build in the impact of no ventilation and absence of cross-airflow into that model.

**Senator MILNE**—My question went to: are you satisfied with the risk analysis in terms of the accuracy of predicted temperatures and heat conditions in relation to that model?

**Mr Read**—Yes. We have found in the enclosed decks the performance is very sound. The risk area at the moment has been in the open decks.

**CHAIR**—Are there any other questions for Product Integrity? If not, I thank the officials.

**Dr O'Connell**—Just before you go on to the next group, with the indulgence of the committee, could Stephen Hunter give an account of the AQIS ICON issue that we raised this morning in terms of the budget? The reason I ask is that it does appear to have been misinterpreted in the media today. We did say we would come back and provide a full explanation.

**CHAIR**—The committee would be pleased to hear that.

**Mr S Hunter**—I received some questions from Senator McGauran this morning about the redevelopment of the import conditions online database that AQIS uses.

**Senator McGAURAN**—The IT project?

**Mr S Hunter**—Yes, an IT project, which AQIS is redeveloping. There are a couple of points I want to clarify about that. The first one is about the staffing associated with that project. The second is the procedures around the request for tender. Thirdly, there was a question asked about the total cost of the project. Firstly, in relation to the staffing to support the redevelopment of the project, there are two elements to the staffing. A series of AQIS staff will be provided to reconfigure the information content of the new system. We expect in the year 2008-09 there will be 20 average staffing levels applied to that. In addition, there will be other staffing employed by contract and by the IT software application provider, which would provide staffing above that.

**Senator McGAURAN**—Outsourcing?

**Mr S Hunter**—The IT applications software will be outsourced. As I mentioned this morning, the work which will be conducted within AQIS, involving about 20 ASL, is to actually reconfigure the content relating to the import conditions to be placed on the database. On the request for tender, we intend to brief the minister before we proceed to a request for tender, and that briefing will occur shortly. We were also asked as to the total cost of the project. I am not able to give that information publicly because, as we will be going to a request for tender, that would be providing commercially sensitive information. But I would just add, as I mentioned this morning, it is a redevelopment which we envisage will be funded through cost recovery. The industry sectors that are relevant to the particular project have been consulted over quite an extensive period in relation to the project and are supporters of it. The cost recovery which would occur would be in the context of the cost-recovery policy that has been applied by successive governments which involves, for example, infrastructure such as IT systems which is necessary to the provision of services by AQIS to be part of the cost-recovery formula.

**CHAIR**—Are there any questions of Mr Hunter on that?

**Senator McGAURAN**—Over how many years is the cost recovery?

**Mr S Hunter**—Cost recovery will be over a number of years. There will be a period of cost recovery which assists to meet the capital costs.

**Senator McGAURAN**—Which are?

**Mr S Hunter**—That was the figure that I felt constrained to give you, because we are about to go to a request for tender on that. And then there would be an ongoing cost to industry involved in the ongoing maintenance—

**Senator McGAURAN**—There is an initial outlay for this, isn't there? Where can that be found in the budget?

**Mr S Hunter**—I will ask a couple of my colleagues.

**Ms Gordon**—The initial outlay for this program would come from the cash reserves of AQIS. And then it would be offset through depreciation over the out years, which will be through a recovery through fees and charges from industry who use the services that we rely on our ICON database for.



**Senator McGAURAN**—Where was the valuation of this project? When was it taken? And was it given to the minister to approve? Was the evaluation of this project under the previous government or with this government that has approved this project?

**Mr S Hunter**—As I mentioned, it has not gone to a request for tender yet, and we intend briefing the minister before it does.

**Senator McGAURAN**—But you must have evaluated its worth to take it to this point?

**Mr Chapman**—The ICON project has been on the books for about three years. It has been the result of extensive work by AQIS and with its industry partners. There has been extensive consultation with the peak industries body, which we work with in discussing how we can work with industry to meet Australia's quarantine requirements while minimising the impact on trade. It was recognised in an extensive study done about 2½ years ago that the existing ICON system was unwieldy, it was not user friendly and did not adequately support importers, brokers and AQIS officers in determining which were the correct or the most appropriate import conditions. As a result of that, a business case was developed and that was approved about 12 months ago. That was developed in close consultation with industry and in looking at the requirements both of industry and of AQIS in being able to apply import conditions. Part of that business case and the work that has been done since has been to ensure that there will be benefits across the board.

We are currently in the process of developing a more substantive benefits realisation case so that we can take before and after measurements so that we can actually cost the benefits both to industry and to AQIS. The project, as Mr Hunter said, has been extensively supported by industry, who see it making it easier for them to enter goods correctly and ensure that the right quarantine conditions are met. And as well as providing a benefit to them in the way that they run their business, it provides a quarantine benefit because we can ensure that goods coming into the country do in fact meet the conditions that are required of them.

**Senator McGAURAN**—Would you not undertake the benefits realisation case before you sent the tender to the minister so he gets both perhaps at once?

**Mr Chapman**—The briefing that goes to the minister will outline the benefits at a high level. This is in many ways a subjective analysis. It is identifying the problems with the existing IT system and the benefits on a day-to-day basis that apply with a more sophisticated decision support system that we are envisaging building. What I was talking about a moment ago is how we can provide objective measures to be able to more precisely define actual time benefits for industry, cost benefits for industry, and identify that we are in fact ensuring that imported goods meet the quarantine conditions applied to them, and that is quite a complex process.

**Senator McGAURAN**—Is this committee able to obtain that sort of outline, the problems with the existing system and the benefits with the new?

**Dr O'Connell**—I could provide you with suitable detail of that on notice.

**Senator McGAURAN**—I suppose you are not into giving ballpark figures?

**Dr O'Connell**—No.

**Senator McGAURAN**—I am thinking 70 million.

**Mr S Hunter**—I should not give any indication, because that could influence the way that people respond to the request for tender.

**CHAIR**—I think in all fairness, too, Senator McGauran, Mr Hunter has made it quite clear.

**Senator McGAURAN**—I suppose a good starting point is the problems and the benefits. What is the project called?

**Mr S Hunter**—ICON.

**Senator McGAURAN**—Is that along the lines of the Customs upgrade of its IT system several years ago, and which received many questions?

**Mr S Hunter**—We were not planning to replicate that exactly. But it is an important system to our business and particularly to industry, which needs to have authoritative online information about the conditions that apply to the import of goods into this country.

**Senator McGAURAN**—Similar to the Customs?

**Mr S Hunter**—No, nothing of the sort.

**CHAIR**—Thank you, Mr Hunter, and I thank the officials from Product Integrity.

[5.08 pm]

#### **Australian Quarantine and Inspection Service**

**Senator MILNE**—I would like to start by asking some questions on the Eastern Creek quarantine facility. How does AQIS see the role of that facility into the future? Is it true that basically you have a lease over the facility until 2010?

**Ms Gordon**—We have options for a lease of the facility taking us up to 2015.

**Senator MILNE**—So you have an option to do that, but there has been no decision to stay there or not stay there, so at the moment we are just talking options. Is that correct?

**Ms Gordon**—The way the lease was constructed is that, if I remember correctly—and I will confirm if I have not—we have options for five-year periods of time. Prior to a particular period of time we can determine whether we want to take up our option. So the final period of time under which the current lease is operating is up to 2015.

**Senator MILNE**—In particular I want to ask some questions about the bee quarantine facility. You would be expecting that the bee quarantine facility would stay at Eastern Creek until 2015?

**Ms Gordon**—There is no proposal not to have the bee facility there while we have the lease at Eastern Creek.

**Senator MILNE**—In the media recently there was a report from the Honey Bee Industry Council saying that the government has decided to stop funding a program that analyses foreign bees found on boats and shipping containers for disease. Is that true?

**Mr S Hunter**—That is actually a question for Productivity.

**Dr O'Connell**—I can probably help you, given that just last week I wrote to or I had correspondence from the Crop Pollination Association and the almond growers asking for clarification of the sentinel hive program going ahead. Their understanding was that the

government would not continue to fund that into 2008-09 unless we reached agreement with the industry on the forward years on how to fund it. Given the short time frame, I have written back to them saying we will fund it in 2008-09 and progress consultations with them over that period. So we will be funding it next year.

**Senator MILNE**—So you will fund it for this forthcoming financial year?

**Dr O'Connell**—Yes.

**Senator MILNE**—And be in consultation —

**Dr O'Connell**—Yes, on the future.

**Senator MILNE**—Into the future.

**Dr O'Connell**—Yes.

**Senator MILNE**—Can I ask on the back of that: what is the risk profile that you have put on the Varroa mite?

**Dr O'Connell**—The issue of risk profiling is one for Biosecurity Australia, which will be on shortly. So we might pick it up then if that is okay.

**Senator MILNE**—In terms of AQIS, do you carry out surveillance testing on all containers coming in for bees?

**Ms Gordon**—We are required under the government's intervention and effectiveness targets to inspect 100 per cent of the outside of containers to identify whether there are any contaminants materials, insects et cetera.

**Senator MILNE**—So the answer is, yes, you do carry out surveillance testing on all containers coming in?

**Ms Gordon**—We inspect the externals of all the containers that come in from international ports.

**Senator MILNE**—So that performance report last year saying that there was a very poor number of containers inspected into New South Wales, was that referring to the inside of the containers or the outside as well?

**Ms Gordon**—We do not have mandated intervention targets for the inside of containers. We clear the goods inside containers on the basis of risk assessments and reports and referrals, if there are any discrepancies identified in the sampling, to ensure that our conditions are met. But we do have a mandated requirement to inspect the external surfaces of all containers.

**Senator MILNE**—Yes, but the report—and you would be aware of the report I am talking about last year—said that AQIS had not achieved anything like its performance target of 100 per cent, and that a large number of containers were coming into New South Wales ports not inspected. Is that the case?

**Ms Gordon**—I think you are referring to the Ernst & Young report. I think there has been some confusion about what containers we are talking about here. The Ernst & Young report certainly indicated that we were managing to inspect/maintain our intervention rates on sea containers coming into the country.

**Mr Chapman**—The Ernst & Young report was referring to what we call the ECIR, which is the external container inspection regime, which Ms Gordon just described. That is just the outside of containers. As far as that is concerned, we are required to inspect 100 per cent of containers and have an effectiveness rate of 96 per cent. Over the last 12 months nationally we have had 100 per cent inspection, so we have met that intervention target of 100 per cent. The effectiveness rate is 95.7 per cent.

**Senator MILNE**—In relation to those container inspections, have any of the bees been carrying any of the exotic diseases, particularly the Varroa mite? Have there been any incursions?

**Mr Chapman**—As far as I understand, Varroa mite has not been found. The only incursions that I am aware of occurred in Cairns about 12 months ago and it is uncertain where they came from. Some vessels are considered higher risk. As far as I understand it, Varroa mite were not found on any of the hives that were detected and destroyed. We worked closely with the Queensland Department of Primary Industries in the destruction of the hives which were discovered. My understanding is that surveillance was carried out in the surrounding region and no Asian honeybees were found outside the immediate port precincts. In that case my understanding is that containers were not found to be contaminated with Asian honeybees. It is possible that the bees arrived on a vessel.

**Dr O'Connell**—My recollection is that their original infestation was found on a yacht in a yacht's mast.

**Mr Chapman**—Yes.

**Dr O'Connell**—The containers were not specified as being the source.

**Senator MILNE**—Have there been any reports of the African killer bee getting in to Australia at all?

**Mr Aldred**—No.

**Senator MILNE**—Have there been any incursions of the *Apis cerana*?

**Mr Aldred**—That is the Asian honeybee.

**Senator MILNE**—I wanted to follow up quickly on the court case in relation to the 1.7 million litres of honey in 125 shipping containers that came here from China that were retransported. I understand that that case was resolved earlier this year. Does funding for that case come out of AQIS and Biosecurity funding or did that come out of the Customs Service funding? Who pays for that court case?

**Mr Aldred**—We are not quite sure about the background of the case that you are speaking of.

**Senator MILNE**—In 2001-02 or thereabouts 125 shipping containers of honey coming from China to avoid the US anti-doping laws were sent to Australia and the honey was contaminated with chloramphenicol, which is an illegal antibiotic. They sent the honey to Australia to be relabelled 'Product of Australia', and sent it to the US. That was detected. As I understand it, AQIS pursued it legally earlier this year, and a couple of people were found guilty of bringing that honey from China via Australia. They were fined in the vicinity of

\$580,200—and that is all—for 1.7 million litres of honey which went to the US. I am just interested to know who had to foot the bill for prosecution and preparing the case over those years. The point I am getting to is whether AQIS has reviewed the adequacy of the fines in the light of the likelihood that we will be used in that way in the future.

**Mr S Hunter**—We are not aware of the case that you are mentioning. It may be that it is a matter that Customs was handling. We will need to take that on notice to give what advice we can on the issue. Mr Read may know something.

**Mr Read**—We do not have any specific knowledge on that. We are aware that it is probably a FSANZ/ACCC issue. They would be the agencies involved in this.

**Dr O'Connell**—I do not think it is this portfolio.

**Senator MILNE**—Do quarantine officers check every container or every batch of Chinese honey coming into Australia?

**Mr Read**—If the question is from a food safety perspective of whether we are testing imported honey, the answer is that we are testing five per cent of imported honey under our imported food safety program.

**Senator MILNE**—Why only five per cent when there is such a high risk from China, and a proven risk from China, in terms of those contaminants? Who determines the risk profile and testing of five per cent?

**Dr O'Connell**—We essentially act as agents of FSANZ. FSANZ sets these risk profiles and testing. AQIS here is acting as an agent. I think the question is one you would have to put to FSANZ.

**Senator MILNE**—Our beekeepers fear the Varroa mite. Are we taking any additional precautions in view of the fact that it is in New Zealand and seemingly wiping out bee colonies everywhere?

**Ms Gordon**—We explained at a previous committee hearing that we have quite specific conditions for the importation of bees in terms of both the conditions that they have to meet before arrival and periods of time spent in post-arrival quarantine so that any expression of disease can be identified. I might ask my colleague to explain what those conditions are.

**Senator MILNE**—It was not so much about the official imported queens in quarantine; it is more about whether we are taking any additional precautions in relation to accidental or illegal importation.

**Ms Gordon**—Our systems are designed to identify importations that do not meet our conditions, including smuggling, so both at airports and through our cargo system our officers would be looking specifically for goods such as bees, which we recognise do carry a high quarantine risk, to ensure that we intercept them to the extent that we possibly can and prevent their entry into the country except under the conditions specified for importation.

**Senator MILNE**—I might pursue that a bit in terms of risk analysis afterwards.

**Senator SCULLION**—I am not sure who could best answer this question. I understand it is a bit problematic because it is broken up between Biosecurity Australia, so you will need to tell me to whom to direct the questions. Dr O'Connell, you made a comment about particular

negotiations that were happening with the beekeepers association in regard to some agreement that has to be made over the sentinel hives. Is this associated with some sort of industry contribution?

**Mr Aldred**—Yes, it is. The history to the sentinel hive program is that there is not, and has not been, a source of funds for that program. It has largely been a cooperative partnership between state and territory governments, our portfolio and CSIRO. We are interested in trying to put it on a more secure footing into the future. As part of that there has been the development of a business plan to look at what operating arrangements might be put into play. The discussions that Dr O'Connell mentioned relate to the nature of the program, funding levels and who should contribute that funding, and on a more secure basis.

**Senator SCULLION**—Would you be making some sort of a comparison with, for example, the fruit fly trapping program or the screw-worm fly program? Are they programs that the industry has to have a more secure footing in?

**Mr Aldred**—There is quite a range of different types of programs. I would need to get some additional advice on the specific cost shares and so on.

**Senator SCULLION**—I will cut to the point of my line of questioning in this regard. Everybody understands that, if you decimate the bee population of Australia, it is not only the beekeepers who will have their noses bent, it will be our entire agricultural production population. I am wondering about the efficacy of pointing to the beekeepers and saying, 'Listen, guys, you have to play ball here. It is a \$140,000 program but you need to be a part of this.' I would have thought that this is a matter that rises well above beekeepers. This is the sort of issue that I would have thought would have been an absolutely essential item for consolidated revenue. It is a tiny program relatively. Perhaps that is something that Dr O'Connell would like to comment on. Do you understand the thrust of my question?

**Dr O'Connell**—I do. I think we were dealing with the pollination association, which is wider than the beekeepers. It really is those people who are engaged in pollination benefits, if you like. We still want to get to the stage where we are confident that we have Commonwealth, state and industry people backing and supporting the program. The issue we were faced with immediately was the inability to do that in the time frame, so I did just make a decision that, yes, we would fund it for next year to ensure that we did not have any drop-off.

**Senator SCULLION**—You can be commended for the decision. Many of us in regional and rural Australia are really concerned. I think most Australians are. There was some media on it recently that went to the connectivity between very good border control and our capacity for production. This may not be a question for you, Dr O'Connell, but one of the things that I would have hoped influenced your decision in that regard was in fact that somebody had had a look at a risk assessment. That may be for Biosecurity Australia, and I will not go to that.

New Zealand now has a varroa destructor as an endemic pest. It is another island nation but further away from anything than we are in many ways. It has arrived in New Zealand. We like to say that Australia has the best border control system, but New Zealand has a decent system. On any reasonable assessment of our situation, even if we do not know exactly what happened in New Zealand—and I will be speaking to Biosecurity Australia about their

knowledge of that matter—would we see ourselves now as at a much higher risk? I am assuming that is the case, but tell me if I am wrong. Senator Milne asked this question, but the answer may have got lost: what additional precautions are we taking? For example, I think you said there are 35 sites that we are continuing to fund for the sentinel hives. Also, bee traps have been used in the past. Are we taking this as a moment to have a review of the circumstances of border control not only for varroa but a number of others including tracheal mite? There is a range of other potential pests in this area. Are we reviewing the matter right across the board?

**Mr Aldred**—First and foremost, we do not want it to get in. Ms Gordon has covered off on the border controls. In respect to the Sentinel Hive program, the discussions that I would expect to take place probably from about August over a couple of months will include talking to industry players, including horticulture and not just the honeybee industry, about the nature and the efficacy of the hive program.

**Senator SCULLION**—Ms Gordon, I understand the importance we put on the efficacy of examining the outside of containers. Generally speaking, these types of organisms like the outside of containers. I have no real knowledge about the swarming arrangements of bees and how much they like the outside of containers, but I would have thought the inside of containers would have been far cosier. Do you think there is anything more we can do, if this threat is as perceived certainly by me and many others, to change some of those arrangements?

**Ms Gordon**—We already do surveys around port areas both for aircraft and for sea vessels. We require reports specifically from the masters of the vessels when they are approaching Australia to advise us that there are no obvious insects, bees included, on the craft themselves. Our officers survey around the port areas and maintain regular surveillance programs, both around airports and seaports. In terms of the insides of containers, the vast bulk containers are opened under quarantine approved arrangements. If there is any indication whatsoever of any insect activity, including bees, they would close them up immediately and require fumigation and reporting to AQIS. To the extent that we can identify the areas in which vessels may bring these bees or any other insects into Australia, we do have a range of practices in place to try to identify that at the earliest possible opportunity. That is pretty much what occurred when we had this situation in Cairns. It was identified in the port precinct and action was able to be taken to contain it within that area.

**Senator SCULLION**—Do you have any knowledge about the New Zealand government's assessment or whether they have conducted an assessment of how the breach of their border control in terms of the varroa mite may have taken place?

**Ms Gordon**—That would be a question for Biosecurity Australia. In terms of the risks that we are trying to identify, we would take advice from Biosecurity Australia about the best ways we can go about managing those particular risks and/or have a discussion with our colleagues in Product Integrity to ensure that our systems are closely linked into the state and territory systems for surveillance and post-arrival challenges that we might be facing.

**Senator SCULLION**—I value our system very highly. However I was in New Zealand recently and had some informal discussions with people there. It would seem they have a

pretty reasonable system too. I am concerned that we reiterate what a great system we have and yet we do not change anything. Clearly, this adjacent excellent system, which should have been more isolated, in very similar circumstances has been breached. We can look very carefully at what happened to them and we can implement some of those without actually having to go through that same very painful process ourselves. In any event, I have a number of other technical questions that I will put to Biosecurity Australia.

**CHAIR**—Are there any other questions?

**Senator MILNE**—I wanted to ask about the abalone virus. Is it appropriate to do so now?

**CHAIR**—Yes. I am sorry, Senator Milne, it was a bit hard to hear. What virus?

**Senator MILNE**—Ganglioneuritis, or the abalone virus, in Bass Strait. I have had quite a lot of correspondence from the abalone divers around the country, who are very unhappy with the lack of intervention from the Victorian government in relation to containing this virus. They have asked the Commonwealth to take over the management and all ongoing management of the disease on the basis that it is likely to go beyond state boundaries and that aquatic diseases should be regarded as a national issue and we need to move quickly to close some areas because they say it is clear that human intervention is essentially leading to the spread of the disease through recreational fishery and other things. I would like to know why the Commonwealth has been reluctant to get involved in stopping the spread of this disease and is leaving it to Victoria.

**Mr Aldred**—First and foremost, it is a jurisdictional response issue with Victoria. I think it has been indicated previously that under the national arrangements it is a Victorian responsibility to manage it, which they have been doing. Secondly, we have had recent discussions with a range of representatives from the wild capture abalone industry to try to kick start, or get some more communication around, the sorts of activities that are being carried out. That has only just happened recently, but I am hopeful that the industry will appreciate that support. One of the key parts, though, is the difficulty of controlling a virus such as this. A couple of the suggestions have been put up to quarantine the coastline and stop all commercial and recreational activity on it, which is impractical. We believe the virus can potentially spread in a number of ways. In an aquatic environment that is very difficult to control.

**Senator MILNE**—I am well aware of that.

**Mr Aldred**—As to the key things to be done, other jurisdictions should be having a look at the nature of checks. For example, some of the Tasmanian crews are worried. Again, it becomes a jurisdictional issue to look at control activities.

**Senator MILNE**—I have difficulty with the jurisdictional issue when we are talking about a disease that can wipe out this industry essentially, and one state is held ransom to another if that state is not adequately dealing with the disease. Surely the Commonwealth has a responsibility if a disease is going to spread beyond a state boundary, which it clearly will at the rate it is going. Why should the Commonwealth not review whether the state response is adequate? If it is not, it should come in over the top. Surely we are not going to leave it up to Victoria to let this disease get away from us.



**Mr Aldred**—Our officers are having discussions with their state colleagues but it is not one where we come in over the top. As to emergency arrangements in handling this sort of outbreak, we have a role of national coordination, and states and territories are responsible for the control activities. The Victorian government has been active certainly in looking at abalone farms, destocking and cleaning the farms and re-establishing. It is difficult in the wild environment.

**Senator MILNE**—Yes, but there has been no attempt to stop the dumping of untreated effluent from abalone processes into the marine environment. There have been no areas closed to recreational fisheries et cetera. As far as I can see, there has been no epidemiological review into Victoria's handling of this escape. Will the Commonwealth conduct such a review of the adequacy of the Victorian response?

**Mr Aldred**—We will work with our colleagues but, as I have indicated, it is not our position to come in over the top and to try and force or regulate the Victorian state government.

**Senator MILNE**—Even if the disease gets away and then wipes out the abalone fishery in Bass Strait for the Tasmanian fishery as well?

**Mr Aldred**—I have covered the arrangements as they operate.

**Senator MILNE**—I do not find the arrangements satisfactory. You have a disease in the marine environment, and the marine environment covers South Australia, Victoria and Tasmania in terms of the fisheries, and the Victorian government is more or less just saying, 'Well, that's it. It's in the marine environment and it's moving.' The divers tell me that you can trace the spread of it by essentially the human movement. They say that it travelled 100 kilometres along the coast very rapidly at one stage and broke out somewhere else, and you would have to put that down to human movement because that is not the normal pattern for the spread of the disease and so on. Will the Commonwealth undertake any reviews? Are you satisfied that Victoria is doing everything it can—that everything that can be done is being done—in relation to stopping the spread of this disease?

**Mr Aldred**—As I have indicated a couple of times, we will continue discussions with our state colleagues. I will not make a statement about whether we are satisfied. We are continuing those discussions. As I have indicated, we have recently met with industry representatives, and I do hope that cooperative arrangements and some further discussions with the Victorian government will move things forward.

**Senator MILNE**—Have you put to the Victorians that they should be quarantining areas known to have active virus from all human activity?

**Mr Aldred**—I would have to take that on notice. I do not know that we have provided any specific advice of that nature.

**Senator MILNE**—What advice have you provided to them about your views on what they should be doing?

**Mr Aldred**—I will take that on notice. I will need to get records of the meetings. I was not part of the meetings.

**Senator MILNE**—I would specifically like to know whether you have asked them to quarantine areas with the active virus from all activity, whether you have asked them to stop dumping untreated effluent from licensed abalone processors into the marine environment, and whether there has been any discussion about having a Commonwealth review of the abalone aquaculture industry with a view to developing a management response that might be consistently applied regardless of where any disease might break out in the future. It seems to me that is what we need, a uniform set of responses that must be brought into play whichever jurisdiction it happens to be in.

**Mr Aldred**—I will take that on notice.

**Senator MILNE**—As I have said, people are very unhappy that there seems to be more respect for jurisdictional responsibilities than there is for the fact that this disease is spreading and people seem to be wringing their hands.

**Senator Sherry**—I will take that on notice and I will see whether the minister has anything further to add given the situation.

**Senator MILNE**—Thank you.

**Senator HEFFERNAN**—Isn't it stupid not to do anything? Wouldn't you make a declaration? It could well wipe out the industry. As Senator Scullion pointed out, do they really know what is causing this?

**Senator MILNE**—No.

**Senator HEFFERNAN**—Do you want to let the abalone industry be wiped out and just sit around and have another meeting to look at the rules?

**Mr S Hunter**—As Mr Aldred has said, we have been engaged with Victoria in discussions around the issue. The arrangements that we have nationally to manage animal and plant diseases in this country, whether they relate to this particular disease or more generally, are built upon a cooperative structure, which we have seen work very well in a number of cases. We invest a great deal in this as a department, and it depends greatly on us not standing in judgement of other states and territories.

**Senator HEFFERNAN**—Someone has to be in charge of the whole show. Why can't you appoint a task force to deal with this issue, which overarches the Commonwealth and the three states, including Tasmania, and approach it like it is an Army operation, otherwise you are just going to watch on as bit by bit they destroy the industry.

**Mr Aldred**—There are consultative arrangements in place.

**Senator HEFFERNAN**—Who is in charge of this?

**Mr Aldred**—The point that I have made is that the Australian government will not come over the top and enforce or direct the Victorian government.

**Senator HEFFERNAN**—With great respect, is that because the states are sooking? Why wouldn't you? It is like fires. These days we have bigger fires because some galoot 50 miles from the fire at headquarters tries to tell the people at the fire how to fight the fire.

**Mr Aldred**—The arrangements cross-border in dealing with fires are similar. The state and territory governments have—

**Senator HEFFERNAN**—This is crazy stuff.

**Senator Sherry**—I will pass on your obvious concern and Senator Milne's concern to the minister. At the end of the day, if it does require greater Commonwealth action it would obviously involve the minister, and I will pass that on to her.

**CHAIR**—Thank you for that. I heard a comment that this is the third time it has been raised. It has been. This government has been in power for six months and it is not the first time it has been raised. I remember it being brought up on this committee the first time we had discussions. The minister has said that he will raise it and come back to us.

**Senator HEFFERNAN**—As you know, Mr Chairman, we do not care who is in government in this committee.

**CHAIR**—I understand that this is not the first time it has been raised. It was raised under the previous government as well. Senator Milne, have you finished your questions, seeing that the minister has agreed to take it on board and come back to us?

**Senator MILNE**—Yes, on the abalone virus.

**CHAIR**—You still have the call.

**Senator MILNE**—That is all right. You can come back to me in a minute. I want to go on to apples and pears.

**CHAIR**—In all fairness to this committee, is there anything else on the abalone virus, considering the minister's statement?

**Senator McGAURAN**—Yes. Just going back to the minister, could you find out, or let us know even now: there must be some legality with regard to national interest where you can intervene and take over as a matter of national interest.

**Senator Sherry**—You are seeking a legal basis for taking control of this situation?

**Senator McGAURAN**—Yes. In fact, I am certain there is.

**Senator Sherry**—Is that a question?

**Senator McGAURAN**—It is a question.

**Senator Sherry**—We will take that on notice and see if we can find a legal basis on which the Commonwealth can take over control of the fishery.

**Senator McGAURAN**—I know there are differences, but certainly the EI outbreak gave us the best example of where the Commonwealth did take control, with the cooperation of the states, and had the authority to do so. Given the slight differences, isn't that model one we should follow?

**Senator Sherry**—Horses and abalone?

**Senator McGAURAN**—Yes.

**Senator Sherry**—There is just a slight difference.

**Senator McGAURAN**—If you are going to compare them that way there is a big difference, but I am talking about the model of intervention.

**Senator Sherry**—The principle of urgency and national interest—albeit that it is Tasmania and Victoria, the principle of national urgency. As I say, I will raise it with the minister and we will see if he wants to treat the issue differently than it has so far been treated.

**CHAIR**—Are there any other questions re the abalone virus? If not, Senator Heffernan?

**Senator HEFFERNAN**—How are we going up at Emerald?

**Senator SCULLION**—Senator, I think we invited officials from Product Integrity, which is the previous lot, back to the table. I just remind you that they are still at the table.

**Mr Aldred**—And if Senator Heffernan is talking about citrus canker, I think we will still be here—

**Senator SCULLION**—You will remain here forever. Okay.

**Mr Aldred**—So I am not really intending going far.

**Senator HEFFERNAN**—Where are we up to? Could you inform the Senate?

**Mr Aldred**—Yes, I will just see if I can get one of my colleagues who can probably give you a more detailed update. I think I gave you an update at the last estimates. Essentially, we are still expecting to declare freedom eradication I think in January 2009. Following the flood, which I think you asked about last time, I think there has been checking. There was not a huge amount of uprooting of the newly planted trees and movement of those. If we go down to more detailed levels, I will ask my colleagues.

**Senator HEFFERNAN**—In terms of the urban area, are people allowed to plant a mandarin tree in their backyard again now?

**Ms Ransom**—The regulations governing the replanting of non-commercial citrus are the same now as they have been through the eradication program. They will be reviewed when the eradication is declared successful.

**Senator HEFFERNAN**—In terms of the outer perimeter of what you would call the exclusion zone, the first metre past the exclusion zone and the first mandarin tree past it, are we looking just to double check to see there is nothing in the first lot of trees outside the barrier?

**Ms Ransom**—Queensland officials have through the life of the program been investigating properties that are on the perimeter to the 15-kilometre radius exclusion zone quarantine area.

**Senator HEFFERNAN**—Inside the affected area where they bulldozed the trees, with all the rain et cetera has there been regrowth that had to be redone after the planting of the new lot of trees? Sometimes you will get a root system that will pop a sucker up.

**Ms Ransom**—I would have to check. As you know, since all the trees were destroyed by the end of 2005 the ongoing program has required inspections of all of those areas where the trees were removed specifically for regrowth. There has been a period from the time each orchard was eradicated or destroyed right through to the present day of inspecting for regrowth; any regrowth had to be destroyed. Any regrowth that looked as if it had suspicious symptoms was taken away and put through the laboratory.

**Senator HEFFERNAN**—In terms of managing a similar event in the future, have we changed the protocols as a consequence of learning from the mistakes of this not kicking the door of that storeroom down, for instance, with enough entry power? Are we going to do it differently, not saying to the locals—you know small towns talk—that we are coming next week, so we let those people go out and put the Round-up on the mandarin trees? Are we going to do it better than that next time? Have we got a whole new set-up?

**Ms Ransom**—I can only talk from the eradication program perspective, and it is our ongoing practice as we go through the program to look at what we have done and make assessments of the value of any of those learnings that we should have taken—

**Senator HEFFERNAN**—Would that be Biosecurity that would look at the other—

**Ms Ransom**—I understand it was AQIS.

**Mr S Hunter**—It is an AQIS investigation function.

**Senator HEFFERNAN**—It just annoys me personally that the people who evidentially brought the disease in, who probably have not been back since, got away with it and destroyed the whole district. I do not want to recount them but there were some obvious mistakes made and I would like to think that we have documented those mistakes and have countermeasured them.

**Mr S Hunter**—AQIS has received increased resources to apply to its compliance and investigations capacity—

**Senator HEFFERNAN**—So you have got more authority to enter?

**Mr S Hunter**—Not yet. That will require legislative change which we are seeking to progress.

**Senator HEFFERNAN**—Is that legislation in the system now?

**Mr S Hunter**—The legislation process is in the system, subject to government consideration.

**Senator HEFFERNAN**—Will AQIS have the sort of crimes commission capacity to not kick the door in?

**Mr S Hunter**—A major issue that was raised in the context of the citrus canker matter was AQIS's ability to respond to an issue being raised with it within a short time frame. Certainly our resourcing and the processes that we have now put in place allow us to respond much more quickly—

**Senator HEFFERNAN**—When they went out there, as I recall, the person there said, 'Oh, we haven't got the key to the door,' where the cuttings were stored, or whatever, in the teachests. Surely, we would not accept that as an answer in the future. You would just get a hammer and knock the door in? Are you going to have that capacity? Do you know what I am talking about?

**Mr S Hunter**—Could I take that on notice?

**Senator HEFFERNAN**—I would have thought it would be a comfort to the horticultural industry to think that we have demonstrated that we have learnt from what went wrong.

**Mr S Hunter**—I would like to answer the specifics of your question on notice, if I may—

**Senator HEFFERNAN**—Thank you very much.

**Mr S Hunter**—but I should add that we have enhanced our capacities in this instance.

**Senator HEFFERNAN**—We will get off citrus canker. Cape York Peninsula—17 million hectares—has roughly between an estimated 800,000 and one million feral pigs and has a minimum of 20,000 or 30,000 feral cattle which are not subject to NLIS. It is literally a canoe boat ride from Papua New Guinea and other places. You could actually come by hopping in a canoe with a pig for sustenance in the bottom of the canoe. It is in the main isolated, unmanaged, unpopulated and, sadly, subject to a lot of legislation which will keep it that way in things like the wild rivers legislation.

As chairman in the previous government of the task force of the north, we actually took evidence from the Cape York Aboriginal Land Council and Michael Ross came in and gave evidence. He has got Aboriginal freehold and two sons. I said to Michael, ‘On the property that you are on just tell me what goes on?’ I said, ‘How big is it for a start?’ He said, ‘Well, I do not really know but it is 80 kilometres from the road to the house. And the house is being eaten by white ants and the fences have all fallen down and we have got no money to fix the fences.’ And I said, ‘What do you do?’ He replied, ‘Well, we just go out and catch feral cattle.’ What is the Australian Quarantine and Inspection Service going to do about those sorts of properties because they are a serious danger to the wellbeing of Australia’s cattle industry? Can I give you another one while I am at it? Up there outside of Wadeye we went to a property there, without naming it, and I said to the white fella manager, ‘Mate, how big is this property?’ And he did tell me. And I said, ‘What are your fences like?’ He said, ‘We do not worry about the fences because we let the cattle get out into that country there and that country there and when we muster we get more cattle,’ et cetera. I said, ‘I notice the cattle have not got any tags.’ He responded, ‘No, mate, we do not worry about that.’ What are we doing about that? I would have thought that there was a potential in the north, because of the lax supervision, the lack of management and the lack of infrastructure, to completely destroy the cattle industry with an unwanted incursion.

**Mr S Hunter**—Perhaps I could tell you a little bit about the actions that we take through the Northern Australian Quarantine Strategy in relation to surveillance and also the observations that we make in relation to the NLIS as well.

**Ms Gordon**—As you know, the NAQS program, the Northern Australian Quarantine Strategy, has specific responsibilities for doing surveys, monitoring for potentially exotic incursions within 20 kilometres of the coast from Broome around to Cairns, but not in the metropolitan areas. It also has a very active intervention in movements through the Torres Strait, both traditional movements and commercial movements. Most of the issues you have identified, however, would be the responsibility of the Queensland state government. We do work quite closely and cooperatively with them but internal to Australia itself is the responsibility of the state governments to do surveys and to ensure the adequacy of the pest and disease status. But certainly our quarantine offices through the NAQS program are taking regular samples of feral animals to identify whether there have been any specific incursions of new exotic pests or diseases. They are engaging with Indigenous communities and

undertaking quite a lot of educational activities and supporting those communities themselves to undertake to monitor bees and feral pigs, to do post-mortems and to report the findings to AQIS of fruit-fly surveys. Quite a lot of work is undertaken through NAQS. But internal to the states and territories themselves are the responsibilities of the state and territories governments.

**Senator HEFFERNAN**—So it is really a rosary bead operation where we just pray that nothing happens?

**Ms Gordon**—No. Just as I have been describing to you we actually have quite a large number of officers and programs to survey—

**Senator HEFFERNAN**—I appreciate that, but because there is no supervision in a lot of that country—Cape York Peninsula is bigger than Victoria; it is 17 million hectares—the average annual wildfire up there is five million hectares. The biggest wildfire they have had was 11 million hectares. How would you like to be running a property in amongst all that? As I recall, we did a foot and mouth exercise based out of here some years ago. What was that called?

**Ms Gordon**—Exercise Minotaur, I believe.

**Senator HEFFERNAN**—Yes. It failed after a couple of days for a lack of resources, as I remember. And I do not know how you deal with the feral pigs out here, anyhow. What about an operation, just as an exercise, to understand the limitations in that country of a feral foot and mouth outbreak in Cape York Peninsula and see how you manage it?

**Ms Gordon**—I would have to defer to my colleague from Productivity—

**Senator HEFFERNAN**—I think in fairness to the department it has been more good luck than good management that nothing has gone wrong. And I am aware of the great conscientious effort of people in the service to do the monitoring that you are talking about, including some rather tragic incursions in some of that. But it would be an interesting exercise to run a brief where we did have an incursion from, inadvertently and all as it is, a feral pig or something up there. Because I really think that if we have got a million feral pigs and thousands of square kilometres with no-one in them—there are only 4,000 people, for God's sake, in the area—if you were a worrier you would go to bed every night worrying about them. If I had 25,000 cows and a supervised property and was doing well out of the live export trade et cetera, it would scare the living daylights out of me. I could not believe it, when I went to that property outside of Wadeye, that these blokes were bragging about the fact that they did not tag cattle because they had an abattoir there et cetera. Always kill a stranger; you never kill one of your own.

**Mr Aldred**—I will take your suggestion of an exercise on notice and—

**Senator HEFFERNAN**—I just think it would be a great thing to really get people focused on it.

**CHAIR**—Are we finished with pigs?

**Senator HEFFERNAN**—Now I have got some questions of an organised type.

**CHAIR**—I am glad about that, because I was hearing a lot of talking but no answers coming back.

**Senator HEFFERNAN**—No, we have sown the seed. It was a very useful talk.

**Senator Sherry**—We will see if we can get your war games strategy to eliminate or minimise disease and—

**Senator HEFFERNAN**—No, it is a—

**Senator Sherry**—No, I accept what you say. We will see if there is a war games strategy ready to go and look forward to the outcome.

**Senator HEFFERNAN**—Righto.

**Senator MILNE**—I just wanted to have an update on where we are with the New Zealand government and the WTO process. I understand that the option of negotiating it is gone and that New Zealand has made a second complaint, or whatever, which locks in the system. Can someone just tell me where it is up to and what it means?

**Mr Burns**—I think you have summarised it pretty well, really. We are in the process of a dispute with New Zealand. We have not met as a panel in Geneva yet. That will happen in September and we will see what happens.

**Senator MILNE**—There is no mechanism now, it is a locked-in international process? I just think the apple and pear growers would appreciate any detail you can give us, notwithstanding that you are obviously preparing your case so you are not going to talk about that in any detail, but I would like to have as much detail as you can provide about where we are up to.

**Mr Burns**—One point I would make initially is that the industry is briefed regularly by DFAT, which runs the case, on where the case is up to so they are briefed on that. But the way the WTO process works is that a dispute panel will meet twice. The first meeting is, as I said, in September. The time frames on how that plays out from there we could provide in writing, if you like, because there is a very set process for that.

**Senator MILNE**—I would appreciate that.

**Mr Burns**—But as I said, the panel will meet twice and then there will be a period of consideration. They will issue a report. Depending on what the report says there could be an appeal and normally we would not expect to see an outcome probably for at least another 12 months, at the least, more like 18.

**Senator McGAURAN**—At the last meeting we were informed that you were in a dispute resolution, or in out-of-court discussions with New Zealand. What point are you at there?

**Mr Burns**—I think last time we indicated that ministers had indicated that they remained open to finding a mutually agreed solution to this dispute, and that remains our position, but those informal discussions with the New Zealanders have not borne fruit. They seem to want to have their day in court, if you like.

**Senator McGAURAN**—Is it not a requirement of the WTO that you undertake those discussions?



**Mr Burns**—We have had those consultations, yes.

**Senator McGAURAN**—So you have had the formal and the informal discussions?

**Mr Burns**—Yes.

**Senator McGAURAN**—And they have broken down?

**Mr Burns**—I would not say ‘broken down’, but we have not reached a resolution.

**Senator HEFFERNAN**—Bloody lawyers, they should shoot all lawyers. Is part of the logic behind the protocol for the importation the acceptance, which this committee was given at an earlier hearing, that indeed we will import fire blight as part of the reasoning and logic behind it—I still recall those words—but that it will not get out there into the field? Are we still agreeing to a protocol, or fighting a protocol, which has as the main beam the fact that we will probably import fire blight but that it will not get into the field? Is that still part of the thinking?

**Mr Burns**—I would not comment on the import risk assessment. I am just handling the WTO’s side of it.

**Senator HEFFERNAN**—You can see why it is a conundrum when you can escape that. I just cannot believe that the Australian government, whoever is in government, would be stupid enough to agree to a protocol that actually says, ‘We probably will import the disease but for some miraculous reason it is not actually going to get out of the fruit shop or the garbage can, or wherever.’ We still do not know how it got into the gardens down there in Melbourne. And, of course, the pear industry are tearing their hair out over this stuff, besides the fact that they have not got any water. You just flick it to someone else?

**Mr Burns**—It is not a matter of flicking it. It is just not an issue that I would comment on.

**Senator HEFFERNAN**—If you are taking a thing to the WTO, are you in charge of that?

**Mr Burns**—DFAT is in charge of the legal—

**Senator HEFFERNAN**—What are you in charge of?

**Mr Burns**—I am in charge of the international division.

**Senator HEFFERNAN**—Surely you would want to know what the logic of the argument is that is being presented that you are in charge of?

**Dr O’Connell**—If you are interested in pursuing the content of the import risk assessment and the outcome there, Mr Burns is not an expert in that area. We can provide—

**Senator HEFFERNAN**—Are you another broken-down lawyer, or what are you?

**Dr O’Connell**—A broken-down teacher.

**Mr Burns**—A broken-down economist.

**Senator HEFFERNAN**—Surely to God, Dr O’Connell, and I still do not know what your PhD is all about, it does not make commonsense for Australia to agree to an import risk proposition which on the advice of your people says, ‘We will indeed accept this part of the protocol that will probably bring fire blight to Australia.’ You would agree that your officer said that here at a recent hearing? Let us just tick it off. That was said here, you agree?

**Dr O'Connell**—I think probably this would be better left until we get Biosecurity Australia in order to discuss the content rather than—

**Senator FIELDING**—Have we determined who is actually going to front up to the World Trade Organisation and actually work out who is going to have this detailed information to make sure that Australia is defended well?

**Senator MILNE**—DFAT.

**Senator FIELDING**—We have got someone here saying that they do not know, 'That's not me. That's someone else.' I hope we do not get lawyers over there to say the same thing.

**Senator Sherry**—I think the point is that at this stage of the process, now it has gone to a formal tribunal, it is the Department of Foreign Affairs. They are now handling the presentation of the case.

**Senator McGAURAN**—What is their expertise?

**Senator Sherry**—Hang on a second.

**CHAIR**—This witness is half-way through answering the question. The minister has the call.

**Senator Sherry**—Assuming the Department of Foreign Affairs and Trade is receiving some input from this department, the officers may be able to outline in great detail the assistance they are providing if they have got some information about their liaison and who is liaising with the Department of Foreign Affairs and Trade and who is helping prepare the case, et cetera. I am sure they can give you a rundown.

**Senator FIELDING**—The apple and pear industry would be pretty keen to know who is actually going, because this is their livelihood.

**Senator Sherry**—The officer can go into this but he did indicate—I am not sure whether you were here—that the industry itself is being kept informed about this process and the timelines and the Department of Foreign Affairs—

**Senator HEFFERNAN**—They are spewing.

**Senator Sherry**—Whether or not they are spewing, they have been kept informed—

**Senator HEFFERNAN**—That is small comfort.

**Senator Sherry**—I agree. So, if the officer has got anything further to add about who is providing backup and support and research to foreign affairs, who is presenting the case in foreign affairs and who will be representing us at the tribunal and who from the department will be liaising and providing any technical advice as required, et cetera, et cetera, I am sure—

**Senator HEFFERNAN**—Are you happy to have all those questions you have just kindly put to us on notice?

**Senator Sherry**—Yes, of course.

**Senator HEFFERNAN**—You will put them on notice for us?

**Senator Sherry**—Yes.

**Senator HEFFERNAN**—God bless you.

**Senator Sherry**—I do not really think it is my job to give you the question that you put on notice to me—

**Senator HEFFERNAN**—No, you are doing really well.

**Senator Sherry**—but I do recall some discussion about these issues when we were last in government, which is—

**Senator HEFFERNAN**—Yes, it has been going on for a while.

**Senator Sherry**—twelve or 13 years ago, so they are not new questions to me.

**CHAIR**—Thank you. In all fairness, Senator Milne did start off with the question.

**Senator MILNE**—I wondered if Mr Bowen could perhaps answer some of those questions to save them going on notice, if he has any of that information with him now.

**Mr Burns**—Before Mr Bowen answers, to get back to the issue that was just discussed of how it is being done, there is a taskforce that is being set up. It is led by the Department of Foreign Affairs and Trade because they have competency in this matter across government. Any dispute on any issue is led by the Department of Foreign Affairs and Trade—

**Senator HEFFERNAN**—Technical or legal?

**Mr Burns**—Both. And the Attorney-General's department is also part of that group as is a taskforce that is being set up within DAFF which Mr Bowen is leading on the DAFF side. That includes people from the international area but also from BA and AQIS. The role of DAFF is that we provide the technical support to the legal debate which is run from DFAT and the Attorney-General's Department.

**Senator MILNE**—I thought Mr Bowen was going to add something.

**Mr Bowen**—I think Mr Burns covered the fact that there is a whole-of-government approach here for our defence of the case. The only thing extra I would add to the information is that we have also hired the Chief General Counsel from the Australian Government Solicitor's Office to provide advice to the team that has been put together for the defence.

**Senator HEFFERNAN**—Is this a court that uses court rules?

**Mr Bowen**—It is a mixture of the courts. It is a trade organisation which has a panel which has been appointed and has people required to make submissions and—

**Senator HEFFERNAN**—What is the driver? Is it the law?

**Mr Bowen**—The driver is a WTO agreement called the Sanitary and Phytosanitary Agreement, and New Zealand has alleged that Australia has broken some of the rules under the WTO SPS agreement in regard to the conditions, or measures, set out for imports for apples and they are challenging those conditions.

**Senator HEFFERNAN**—But there is a codified law. The difficulty with the courts, as you would be aware, is that they are absolutely about the law and not necessarily about the truth. That is just a fact. If you are guilty of something and you go to court and you get a QC or SC to take your case, his job is to avoid the truth to get you off the hook and he will use every trick in the law to do that. In terms of quarantine issues, certainly terrorism issues and the issue we are confronted with today, fire blight, people can use the law to dud Australia's

farmers. The protocol clearly says that, as part of the acceptance—and everyone just nodded their head and went to sleep—yes, we will bring fire blight but we will not infect Australia's farms. That is crazy.

**Senator Sherry**—But I think the point you are making goes to the legal basis apparently in international law for the handling of disputes like this. I am sure we can find a paper that would outline that for you with some case precedent and what has happened and previous disputes to respond to your question.

**Senator HEFFERNAN**—But the difficulty, with great respect, is that that is what I am frightened about, because that will fail the practical test—the reason they did not kick down the door at Emerald that time. This is a thing that keeps apple and pear growers awake at night when they are reminded about it, and they will be reminded about it as a consequence of today's hearings. Senator Fielding, you are right: it is a very serious issue for Australia for us to be playing around with the law. The venerable scientists have said, 'Yes, we will bring it in but we will not infect anyone.' If that all goes to custard, no-one will get the sack, but a lot of Australia's apple and pear growers will grow broke.

**Senator Sherry**—You have made your point very forcefully and frequently. As to the debate around the adoption of an international quarantine protocol, and whatever the processes are, I am not familiar with when that occurred, but I am sure that there were some internal discussions, debates in government and in the community at the time. If it is any help, we will not only get a copy of the treaty, protocol, or whatever the particular technical legal term is, and also the background for signing of such an approach and any debate that occurred at the time.

**Senator FIELDING**—When is the hearing for the WTO? What is the date of that again?

**Mr Bowen**—The first panel hearing is 2 and 3 September.

**Senator FIELDING**—That is not that far away. I know DFAT is taking the lead role, but who is taking the lead role AQIS? Is there some representative here who is taking the lead role in helping DFAT mount the case?

**Mr Bowen**—There are officers from the department, AQIS and also Biosecurity Australia involved in a group working across government to prepare the defence for the case.

**Senator FIELDING**—Has there been a project manager or leader or manager who has been assigned from your area to be the lead person to mount this case with DFAT?

**Mr Bowen**—My role is the head of the Apple Dispute Task Force.

**Senator FIELDING**—Could you outline what you have been doing so far in preparation for this big challenge that Australia faces at the WTO?

**Mr Bowen**—Yes. The department has been working closely with the Department of Foreign Affairs and Trade and the Attorney-General's Department to prepare our case. New Zealand has set out a claim of what they are challenging. Their first submission is due on 18 June. From when we see their first submission, we will have about four weeks to prepare a first submission on our behalf to counter their points. The other development that has occurred is that we have challenged the procedures that New Zealand has raised, the nature of

their request, and questioning whether it meets the law set out by the WTO. We are waiting for the panel to give a preliminary ruling on the scope of their claims.

**Senator FIELDING**—Can you outline the experience you have had with the WTO before with these types of things? I am trying to get a bit of a feeling for this. The public would like to know how we have handled these things before. In other words, have we run a case with the WTO before?

**Mr Bowen**—Australia has been involved in a number of dispute cases in the WTO before. As Mr Burns said, the Department of Foreign Affairs and Trade obviously runs on those and they cover issues other than agriculture. I am not sure what specific thing you are asking.

**Senator FIELDING**—For example, have you had experience in mounting a case before the WTO?

**Mr Bowen**—I have been involved personally myself, yes, in the case against the EU on the sugar regime.

**Mr Burns**—Which we won.

**Senator FIELDING**—So, 18 June is obviously an important date. That is only a few weeks away.

**Mr Bowen**—Yes.

**Senator FIELDING**—Who else is working on it? Is it you and a whole group of people?

**Mr Bowen**—I have a team of three people working with me in the international division. There are two or three people in Biosecurity Australia working on it and two or three people in AQIS working as part of this team with, as I said, the Department of Foreign Affairs and Trade and the Attorney-General's Department. We have been trying to prepare for this case for, off the top of my head, probably three or four months already.

**Senator FIELDING**—Who is the link with the apple and pear industry? Is it through you or is there a single point of contact? That case is important to them. Is there a link? I know you say you are frequently in touch with them and whatnot. I am just trying to work out who is in touch with that particular case.

**Mr Bowen**—The Department of Foreign Affairs and Trade calls consultation meetings with the industry. Our records show that six consultations with the industry have occurred since September last year.

**Senator FIELDING**—Have you met with the industry? You are the lead person covering the case. Have you heard it firsthand from the apple and pear industry?

**Mr Bowen**—Since the task force has been formed I have participated in a teleconference that has been held.

**Senator HEFFERNAN**—Could you inform us as to who represents the industry in these consultations with DFAT?

**Mr Bowen**—Yes. The consultations have been held with Horticulture Australia Limited, Apple and Pear Australia Limited and the National Farmers Federation.

**Senator HEFFERNAN**—The individual person. A lot of these people are golliwogs.

**CHAIR**—That is a new one.

**Senator HEFFERNAN**—Who are the individuals, so we can ring them up?

**Mr Bowen**—If you are interested in Apple and Pear Australia Limited, Darryl Ashton, and John Corboy is the head of their Fire Blight Task Force, and Tony Russell. Those are the names that come to my mind at the moment, but I would have to get a complete list.

**Senator HEFFERNAN**—You can take that on notice.

**CHAIR**—Take it on notice. It is five minutes until the dinner break and staff has been working very hard all day. We will not keep them from their dinner break. Senator Fielding, you have the call. If there is time, I will ask one question.

**Senator FIELDING**—Will this committee be meeting after 18 June? I would like a private meeting with this department after 18 June to find out about the case being mounted.

**CHAIR**—This was an issue raised with our committee but certainly not in estimates.

**Senator FIELDING**—Could you take that on notice? It is very important to have a briefing after 18 June, maybe within that week after 18 June. I do not know what the formal process is, but I think it is important.

**Senator McGAURAN**—Senator Fielding, it is more than one day.

**Senator FIELDING**—Yes.

**Senator McGAURAN**—You would like an ongoing briefing.

**CHAIR**—Any other questions?

**Senator O'BRIEN**—I was not sure if we had been made fully aware of exactly who the parties are to the New Zealand dispute and what positions they are taking in the matter.

**Senator HEFFERNAN**—Yes, what is their brief?

**Mr Burns**—You mean the panel members?

**Senator O'BRIEN**—No, I mean those who may have joined the dispute in some form or other.

**Mr Bowen**—The third parties to the dispute are the United States, the European Commission, Chile, Japan, Taiwan and Pakistan.

**Senator HEFFERNAN**—Are any of those people fire blight free?

**Mr Bowen**—That is a—

**Senator HEFFERNAN**—They are not.

**Senator O'BRIEN**—Japan?

**Mr Bowen**—I think Japan would say they probably were.

**Senator O'BRIEN**—We are not sure about Taiwan?

**Mr Bowen**—I am not sure about Taiwan. We would have to check what their conditions are, but they are third parties.

**Senator O'BRIEN**—Do we know whether they are supporting or opposing the New Zealand position?

**Mr Bowen**—At this stage we do not know. They have an opportunity to put submissions to the panel as well. There is a timeline for that. When they put their submissions in we will obviously see their position.

**Senator O'BRIEN**—Have no submissions been made yet by those parties?

**Mr Bowen**—No, there is a time line. The third parties can put in their first written submission on 23 July. They obviously see the submissions from New Zealand and Australia before they put their submissions to the panel.

**CHAIR**—I have one very brief question before the break. Did you say Biosecurity is leading the defence argument?

**Mr Bowen**—There are officers from Biosecurity Australia on the team that Australia has to defend the case. DFAT is leading the case but they are part of the team.

**CHAIR**—I fully understand.

**Senator HEFFERNAN**—Where does all that happen?

**Mr Burns**—The actual hearings happen in Geneva. You raised an issue before about the rules. In addition to the fact that this is being challenged under the sanitary and phytosanitary agreement, there is a dispute settlement understanding which, if you like, is the rules around how these disputes happen, which are exactly the same rules that we used when we won the lamb case against the United States and the sugar case against the European Union. Everybody plays by the same rules.

**Senator McGAURAN**—Who does make up the panel?

**Mr Burns**—The panels are drawn from WTO members. They are individuals who are regarded as having some expertise in WTO legal issues. Mr Bowen has the names of the individuals.

**Senator McGAURAN**—From which countries?

**Mr Bowen**—The chair of the panel comes from South Africa. The other two panel members come from Uruguay and Canada.

**Senator HEFFERNAN**—Have they all got fire blight?

**Mr Bowen**—That is a technical question and I do not know the answer to that.

**Senator HEFFERNAN**—We need to know the answer. This committee has had lots of experience where other countries have tried to get our status to their status. BSE is a really good example of that. It evens the trading. This is a marketing edge for us; we simply do not have fire blight. All those lawyers and all those gladhanders and lunchers and professional holidaymakers that will go to Geneva will not give a rats about the fact that the protocol actually says and accepts that we will import fire blight under that protocol. I just think every person concerned with that ought to be absolutely disgusted.

**Mr Burns**—The people going to Geneva would be going there to win the case.

**Senator HEFFERNAN**—Yes.

**CHAIR**—Thank you very much. We will be back at 7.30 on the dot, continuing about apples and pears I have no doubt. Thank you.

**Proceedings suspended from 6.30 pm to 7.29 pm**

**CHAIR**—I welcome the parliamentary secretary. I am sure you drew the longest straw. It is nice to have you here. We have just finished talking about apples and pears and we are now moving on. We are going to shuffle the agenda around so that we can include the Export Wheat Commission, but I am hoping we get into the meaty bits of AQIS and we will have plenty of time and they will come up in the normal course of the agenda. If they do not, that is what we will do. Senator Heffernan?

**Senator HEFFERNAN**—How much would it cost?

**Mr Quinlivan**—I do not have a precise estimate as yet, but I would expect it to be somewhere in the order of \$400,000 to \$500,000 for that.

**Senator HEFFERNAN**—You have budgeted for it but you do not know how much you have budgeted for?

**Mr Quinlivan**—We had an original budget but the time frame has been extended, and the extent of the commitment that the individual members of the panel are having to make is greater than was originally envisaged. The original budget will be exceeded.

**Senator HEFFERNAN**—How much funding has been provided for the response to the Beale review? Have you thought about what we are going to do as a consequence of the review?

**Mr Quinlivan**—I think it is far too early to speculate about that. The review itself is still under way. I guess they have commenced drafting the report, but the conclusion of the review is quite some way off and then what the government chooses to do with it is entirely another matter, so it is far too early to speculate.

**Senator HEFFERNAN**—Have you also planned a budget for the implementation of the recommendations of the Callinan inquiry?

**Mr Quinlivan**—The report is with the minister at the moment. The cost depends entirely on what the minister and the government choose to do with it. We are not in a position to speculate about that either at present.

**Senator HEFFERNAN**—I apologise for these questions. They are most unlike me, aren't they? Is there any funding for the continuation of the Big Bugs advertising campaign?

**Mr S Hunter**—That campaign is continuing in the current financial year.

**Senator McGAURAN**—What is the Big Bugs campaign budget?

**Ms Connell**—The current budget for the phase 3 of the Quarantine Matters! Big Bugs campaign is \$1.8 million.

**Senator McGAURAN**—Is that predominantly television?

**Senator HEFFERNAN**—It is very good, don't you think? That little maggot or whatever it is he carries under his arm is pretty effective—the 'Big Bug'.



**Mr S Hunter**—The research that we conducted on the campaign has indicated to us that it has been effective in raising people's awareness.

**Senator HEFFERNAN**—Yes, I reckon it hits the mark. Is that the answer? Senator McGauran, do you have something you want to follow up on?

**Senator McGAURAN**—Is it predominantly television?

**Ms Connell**—It is predominantly television but there are also some print materials and other activities that accompany that.

**Senator McGAURAN**—My next question would be a little off that but it is related to it.

**Senator HEFFERNAN**—Go on.

**Senator McGAURAN**—Talking about television, what is your involvement in the high-rating *Border Security* show? Is it *Border Security*?

**Mr S Hunter**—I think *Border Security* is the one you mean. We participate in that program and officers of AQIS participate in it. Our communications area provides support in order for the program to be filmed and so on in the workplaces.

**Senator McGAURAN**—The reason I ask is I have had constituent concerns about the matter. It is a high-rating show. It is very popular and very effective. It shows the work of Customs and AQIS in a wonderful light. But what I have heard consistently from constituents is that they are in fact very disappointed in the penalties imposed upon these people who are caught red-handed and lying. Firstly, is there a discretion over the penalties? Are you giving special television penalty allowances, and what is the penalty regime?

**Senator HEFFERNAN**—Would you like the death penalty? What are you after? It is only a TV show.

**Senator McGAURAN**—But it does bring into question the whole penalty aspect even of the Big Bugs campaign or the television show and just of AQIS in general. Are they tough enough?

**Ms Gordon**—Our officers at the border, particularly in airports, do have discretion in terms of applying a penalty. They usually take into account whether they think the person properly understood the information that they are asked. Sometimes people of non-English-speaking background and a lot of tourists coming into the country do not necessarily understand. That is why you will notice that they will usually ask people if they filled in their own card. They try to ascertain exactly what the person understood. In some circumstances, depending on what the material is, whether it was a low risk, they may warn a person. We do encourage them to take an educative approach in the first instance, if that seems to be a reasonable position to adopt. They would apply a penalty, however, if they thought the person had fully understood and intentionally breached our quarantine rules and regulations. But it is a matter that has to be considered in all the circumstances, because many people who do bring in goods that we determine they should not have brought in, and they have signed the card to say that they are not in possession of any quarantinable material, genuinely do not understand. It is our view that it is better that we educate them about the risks involved to ensure that next time they do understand what they have to declare.

**Senator McGAURAN**—Just to pass on to you several constituent concerns ironically. That is, of course, the product of a very successful television show, and admiration for your work on that television show. You are catching people red-handed and lying, and the penalties imposed are not seen as big enough. I am interested in the whole penalty regime of AQIS. I suppose that is a sort of ‘how long is a piece of string’ situation according to what is caught and according to the discretion applied. So let us just keep it at the airports. For not filling in the card correctly admitting that you have been to a farm, that you have a chicken stuffed in your bag, and an egg and other food has been found—am I able to obtain the penalty regime for those sorts of things?

**Ms Gordon**—To give you a full explanation of the penalty regime that AQIS has available to it from warning discussions with people through to on-the-spot fines effectively through to formal prosecution where we would take somebody to court, I might take that on notice. I will give you a more detailed explanation. Basically, we do have the full range of penalties available to us. It does depend on the nature of the breach. An assessment is made by the officer as to whether those persons at the airport fully understood the questions that were asked of them and understood the nature of the answer. Often people think that the foodstuffs they have are outside the range of quarantinable material that we are concerned about. We do encourage people through our educational campaigns, the Quarantine Matters! campaign, that if they are in doubt at all to declare it and to discuss it with us and then we can assist them to understand what we are interested in looking at and what we are not interested in looking at. Clearly, if we think people have intentionally breached—there are some cases where people are obviously trying to smuggle something into the country—we do refer them for more formal consideration, and formal prosecutions do occur and people are given quite severe penalties by the courts.

**Mr S Hunter**—In fact, last year was the first occasion on which a custodial sentence was handed out in relation to a quarantine matter.

**Senator McGAURAN**—What was the area?

**Mr S Hunter**—The case was a person who sought to import aquarium fish and invertebrates to gain a commercial advantage. The person pleaded guilty and was imprisoned. That was in the Brisbane District Court.

**Senator McGAURAN**—How long for?

**Mr S Hunter**—The person was sentenced to 30 months’ imprisonment in relation to the Quarantine Act offence and 12 months’ in relation to the offence of perverting the course of justice.

**Senator McGAURAN**—Was it a foreigner? You do not know?

**Mr S Hunter**—The information I have is that it was the proprietor of a Brisbane based wholesale aquarium business.

**Senator McGAURAN**—Quite frequently on the show people are caught bringing in food—chickens and eggs.

**Ms Gordon**—It would very much depend on the assessment of the nature of the offence and whether or not people understood.

**Senator McGAURAN**—If they did, is that \$1,000?

**Ms Gordon**—I would take on notice the actual amount of the on-the-spot fine that we can give them. In some circumstances we might refer it for a more formal assessment for formal prosecution. There is the range of penalties imposed at the airports depending on the nature of the circumstances, and the judgements made by the officers about the full understanding of the individuals involved.

**CHAIR**—I understand you are on a roll, but Senator Heffernan was talking about bugs and what are we on now, chicken bits and fish? One more question, Senator McGauran, and then we will go back to Senator Heffernan.

**Senator MILNE**—It is the same issue as you are on.

**Senator McGAURAN**—In the current inquiry being undertaken into AQIS are stronger penalties being considered?

**Dr O'Connell**—Are you referring to the Beale review?

**Senator McGAURAN**—Yes.

**Dr O'Connell**—Certainly I think that Beale can cover that area should he wish.

**Senator MILNE**—I just wanted to ask a follow-up from Senator McGauran on this issue of consistency and people understanding what they have to declare. There seems to be real inconsistency in airports about chocolate. People line up for ages because they have ticked a box saying they are bringing in a food item when they are bringing in a box of chocolates that is packaged and is not a raw food as such. Frequently I have ticked that as well because I have packaged chocolate, but I know they are going to say to me, 'Oh, that is not what we mean. We mean salamis and da, da, da', which I know. But it is not clear on the forms what you are doing about chocolate, and yet half the people in the queue are wasting people's time essentially by ticking chocolate as a food. Is there anything specific you can do to say which chocolates are quarantined, which ones you have to declare—if they are not packaged or they are from certain countries or something—or do you just want everybody to declare chocolates and fill up the queues?

**Ms Gordon**—You raise a very good point. I think there are two issues sitting behind that. The form, as you know, is quite small and so we have to be very sparing with the language that we use. In regard to chocolates, largely what we would be concerned about there is some of the milk product. To try to distinguish different categories of chocolate or where it was produced, et cetera, on a form of that size is probably not going to be very easy, so it is our preference that people declare anything that they have got any doubts about so that we can at least talk to them. And, yes, it does mean that for many people who have just got Lindt chocolate from Switzerland we can say, 'Sorry. That is fine. You can go through.' But it does give us the opportunity to assure ourselves that people do not have something that would be of greater concern to us.

**Senator MILNE**—It is quite inconsistent. Sometimes they just say, 'Keep going.' And other times you are sent through the other queue. I just wanted to get some consistency on that.

**Senator HEFFERNAN**—Do these people from the department moonlight on this show? Do they get paid for their appearance or, if they do appear, do they get paid?

**Mr S Hunter**—My understanding is that they appear during their working hours.

**Senator HEFFERNAN**—They do not get paid?

**Ms Gordon**—They are getting paid for the work that they do.

**Senator HEFFERNAN**—But they do not get paid by the TV mob? That is free input for the TV show?

**Ms Gordon**—No.

**CHAIR**—It is probably no different from senators doing doorstops.

**Senator HEFFERNAN**—No, I thought it was a fair question. Does the department or anyone get a reward back from the TV show?

**Mr S Hunter**—We get a big reward through increased public awareness.

**Senator HEFFERNAN**—But no monetary reward at all? Does anyone get a dollar out of it?

**Mr S Hunter**—Not that I am aware.

**Senator HEFFERNAN**—No?

**Mr S Hunter**—I am told ‘no’.

**Senator McGAURAN**—Do you have any editorial rights over it?

**Mr S Hunter**—I do not know the answer to that.

**Senator McGAURAN**—If they happen to film something to do with security or something that you do not want to go to air, can you review it?

**Ms Gordon**—It is my understanding that we do get an opportunity to view some of the footage before it goes to air. The individuals involved, both our officers and the passengers coming through, do have the opportunity to say whether they are prepared to be involved or not be involved. But to the extent that the footage is of our officers doing their daily job, we do not veto that.

**Senator McGAURAN**—People think you are too soft, which is probably not a bad thing, to be honest.

**Senator HEFFERNAN**—Is there jostling and queuing from the department to get on the show?

**Senator McGAURAN**—Do you put your best lookers on the show?

**Dr O’Connell**—I had not noticed.

**Senator McGAURAN**—This is one of the No. 1 rated shows on television.

**Senator HEFFERNAN**—Thank you, Senator McGauran.

**Senator MILNE**—Stop asking about ‘lookers’.

**Senator HEFFERNAN**—How much funding is committed to the implementation of the MOU between the Republic of Korea and Australia on quarantine matters?

**Mr S Hunter**—I think we might need to take that on notice.

**Senator HEFFERNAN**—I take it you know about it?

**Mr S Hunter**—I do know about it. I have heard of it, yes. That is as good a way as I can put it.

**Senator HEFFERNAN**—Obviously it is a cooperation between the Republic of Korea and us. I have been informed that the PCR litmus test used for screening prawns frequently produces false positives, and that false positives could be expected to produce 15 per cent failures in completely disease-free prawns. Is that true?

**Mr Liehne**—As to the PCR test used for testing prawns, there are two types of probes for that. One of them is a general probe that picks up one of the viruses quite broadly. You would expect that to get all of the positives. There is then a subsidiary test which can be asked for to confirm the identity of the virus and that will pick up some genetic sequences that may be incorporated into the prawn genome that mimic that or are similar to that of the virus that is present. That test will exclude the ones that only have the genetic sequence.

**Senator HEFFERNAN**—Do you not have a second test that tells you that the first test was—

**Mr Liehne**—That is correct, for only one of the diseases.

**Senator HEFFERNAN**—What happens about the rest of them?

**Mr Liehne**—The other diseases—if they are positive, they are positive.

**Senator HEFFERNAN**—What planning has been carried out on the relocating of the Eastern Creek site?

**Mr S Hunter**—In relation to relocation of the site, I do not think any planning is being conducted. Certainly some initial policy work and advice was developed over a number of years up until mid-2007 or so to look at the future of quarantine stations. That has been put to the side for the moment until we have the opportunity to examine the report and government response to the Callinan inquiry.

**Dr O'Connell**—You will recall that earlier in the day we pointed out in answer to a question from Senator Milne that we have options on the Eastern Creek site till 2015. So there is time.

**Senator HEFFERNAN**—How many hectares is the Eastern Creek site?

**Mr Liehne**—I am sorry, I could not give you the exact figure. I would have to take that on notice. I think it is about 18. It is quite a large site.

**Senator HEFFERNAN**—I will ask Senator Scullion to continue. I have to go and ask some questions about fertiliser shipping invoices.

**Senator SCULLION**—I will just go back to the line of questioning prior to the senator's questions on the Eastern Creek Quarantine Station. As to the PCR litmus test used for screening prawns providing false positives, and we understand that the beauty of a PCR test is

that it fails positive. We can have a great deal of confidence in that sort of a test. I think the issue is that, when you are testing prawns, there is an additional test, we understand, for IHHNV. That is just an acronym. I certainly cannot pronounce the full name. Perhaps you can help with that? I understand there is an additional test that has been used in the past. There was a 15 per cent failure rate. I am not sure whether that was disease or whether it was a function of the PCR test. That was seen to be acceptable. But I understand from submissions to us that the number of failures has increased significantly. It has been put to us that that is because we are now testing for something that is new. I understand there were a couple of strains of IHHNV. I understand the issues are around whether or not a particular strain was in fact endemic in Australia. Could you respond and perhaps you could also help me with the acronym.

**Mr Liehne**—The disease you are talking about is infectious hypodermal and haematopoietic necrosis virus, IHHNV. There is a strain of IHHNV that is in Australia which is benign or relatively benign. There are strains of the disease overseas that are far more infectious and have greater symptomatology. The PCR test you are talking about actually identifies the genetic sequence that is related to those viruses. Depending on the type of DNA probe you use, you can separate out either the Australian strain or the more infectious overseas strain. There is also, as I indicated, some of that DNA sequence within the prawn—that has been incorporated into the prawn—which may trigger a positive result in those tests.

**Senator SCULLION**—Let us talk about the strain of this particular virus. There is an Australian strain and an endemic and a weaker or more innocuous strain, and there are others, a couple that are unknown and that we do not want here. Have we tested Australian prawns particularly in the aquaculture sector to establish whether the only strain in Australia is in fact this endemic strain that is fairly innocuous? Have there been any tests that have shown that there are other strains in Australia?

**Mr Aldred**—The issue that you are referring to relates to some information provided by the Seafood Importers Association. We have been doing follow-up testing on the samples that were provided by the seafood importers, and we have also done additional testing in some Queensland prawn farms. Those tests are being examined at the Australian Animal Health Laboratory in Geelong. As Mr Liehne has said, the tests are quite complex and they do take some time to do, and so that sort of work is still ongoing.

**Senator SCULLION**—As you can see, I had this sort of flicked to me but I have read a couple of scientific papers on the capacity of PCR to differentiate between IHHNV, the exotics, and those here. Perhaps you can help my recollection. Is there a dispute amongst the scientists about whether or not that can be done effectively through the PCR testing we are using?

**Mr Aldred**—I do not know the details of it, although I do know it is quite complex testing. It would not surprise me at all if there is continued dispute about some of the techniques.

**Dr Nunn**—PCR testing is quite complex and what one really has to do is actually get the sequence of any agent that is there. It is made more complex in Australian prawns, the particularly *Penaeus monodon* species, because some 80 per cent of those have a sequence that is very similar to part of the sequence of IHHN viruses that occur overseas and now in

Australia as well. That is why we have to do a series of PCR tests. Ultimately the only real litmus test is to get a sequence and to compare that to known sequences of Australian and overseas isolates. In terms of scientific dispute, there are scientists in Thailand who believe that the tests are not as good as we believe they are. The World Reference Laboratory for that disease, IHHNV, is Don Lightner's lab in the United States. He maintains they are as good as that. Our advice and our investigations show, yes, they are able to differentiate very well indeed.

**Senator SCULLION**—From the testing that Mr Aldred refers to in Queensland aquaculture farms, were you able to establish that there is in fact only IHHNV in the endemic strain?

**Dr Nunn**—We will be able to establish that. That work is still ongoing.

**Senator SCULLION**—So the tests have not actually been done?

**Dr Nunn**—No, they have not been completed. The initial screening tests have and they showed there is an agent there, but it could be the Australian strain or the sequence of the P. monodon species. Then we have to do the second lot of tests and then sequence the outcome.

**Senator SCULLION**—At the end of the second sequencing will you have more confidence?

**Dr Nunn**—Once that sequence is done, we will be absolutely confident, yes. We will be able to compare it with all known strains.

**Senator SCULLION**—When will you be able to make some—

**Dr Nunn**—We are a matter of weeks away from that. The reason I am uncertain about the timing is that, because of the science involved, the sequence that you do involves walking down the gene to find all the pieces. If you are lucky, that happens in two or three weeks. If you are unlucky, it could take up to eight weeks.

**Senator SCULLION**—Nobody likes hypotheticals, but let us say at the end of two weeks you find that it is the non-endemic strain, and you have a level of confidence that it is now in an aquaculture farm in Queensland, what action would be taken?

**Dr Nunn**—If that were so, there is a standard procedure in place for an aquatic CCEAD. Perhaps Mr Aldred would like to outline that.

**Mr Aldred**—We would put in place the standard emergency response arrangements. The consultative committee on aquatic animal health would meet and there would be a range of activities to work out whether it is only in the one farm—de-limiting type surveys—or whether it is more broadly around the place. The consultative committee would make a determination on whether it is possible to eradicate the virus and then make recommendations to a national management group. The normal sorts of procedures would flow into play.

**Senator SCULLION**—Has any testing been done in Australian wild prawns for this particular virus? Is it endemic only in the aquaculture industry, which is the case in some commensal viruses, or is it in fact just endemic in Australia generally, in the wild catch sector as well as aquaculture? I am talking about our endemic viruses.

**Dr Nunn**—For IHNV there has been testing of prawn farms in the past and prawn product, and there has been no evidence at all of any exotic strains there, only of the native sequence in the genome of *P. monodon* and an Australian isolate which is avirulent.

**Senator SCULLION**—Has this particular virus had any impact on wild stocks overseas?

**Dr Nunn**—The exotic strains of IHNV have had impact overseas, both in farmed and in wild caught species. There are several instances of reports of that and stock losses subsequent to epidemics of IHNV in the wild.

**Senator SCULLION**—I guess it is a matter of waiting. As you said, you would have a very high level of confidence. Again, after that whole process, the prawn importers would want me to ask the question: if it is endemic would you still continue to expect people to test for this extra one that has been added to the list? What would be our view on that? Would we at some stage say, 'Well, it is endemic; we are not going to worry about it any more'?

**Mr S Hunter**—I think we are getting into hypothetical territory.

**Senator SCULLION**—I know, but I genuinely do not know the answer to that. I have mucked about in this area for a while.

**Dr Nunn**—Broadly, if we were to put in place controls internally in Australia against the disease we would have the right to continue to maintain testing for product coming in from overseas.

**Senator SCULLION**—We will know this in a couple of weeks?

**Dr Nunn**—We will know the outcome of the tests and then it will be a matter for Aquatic CCEAD to determine whether it is worth going for eradication or continuing with control programs, informal controls within Australia, if it were found to be an exotic strain.

**Senator SCULLION**—Is it possible to inform the committee of the results of the tests when they come out? That is all we would seek to know.

**Dr O'Connell**—It would also require some further testing more broadly to see how widespread it was and that is a longer term process. There is a process to be gone through, the CCEAD process, and that would involve further testing. It will be a little bit down the track. All this is now hypothetical. If it is in the prawn farms that have already been examined, then there is the issue of examining a wider set in order to see how widespread it would be.

**Senator SCULLION**—Is there some other way they can import these prawns; if they are cooked, for example? Are there other ways they can get around it? Is it just for uncooked prawns or can they cook them and then say they will be free of this disease?

**Dr Nunn**—They can be cooked to meet our requirements and that meets our appropriate level of protection, yes.

**Senator MILNE**—I have a few questions. The first one relates to pandemic influenza preparedness. I notice in the budget statements that you say that funding for these measures will be met from within the Department of Agriculture, Fisheries and Forestry's existing resources. Can you explain to me what kind of in-house support this program will get and what will it mean in terms of a relative cut from previously?



**Mr S Hunter**—At this time we are working through existing departmental resources to see how that activity might be supported. There are a couple of elements to the equation. One is the extent of funding that is necessary in order to maintain the appropriate level of readiness for those teams that have been trained under that program. The other part of the equation is, if funding is required to maintain that level of readiness, how much and from where. We have started that process but we have not completed that.

**Senator MILNE**—What did you spend on that previously?

**Mr S Hunter**—Principally for training of staff at airports to be able to detect symptoms on people coming into Australia using thermal scanning.

**Ms Gordon**—We received \$2.8 million to, as Mr Hunter said, train staff to effectively operate thermal scanners for passengers coming into the country and to talk to them or interview them if they thought they were exhibiting symptoms or reported symptoms, and then to refer them appropriately to Department of Health nurses and others for medical assessments and management. Our staff are there basically carrying out the role that they normally play in respect of human quarantine, which is to identify passengers and then refer them appropriately.

The funding itself, as Mr Hunter has indicated, was largely to enable us to take people offline to train them so that we maintained a ready pool of people with the knowledge and experience to undertake this sort of work. For the moment, we have fully trained people available to do that work, and we would expect that we would be able to maintain our capacity for some time to come. We have fulfilled the training requirements of the people who are currently at the airport.

**Senator MILNE**—That requires that you have a relatively stable staff, and maintaining people in the places they currently are with that level of preparedness. Presumably each year you would need to do some kind of refresher and/or emergency procedure. Will that cost money? Or are you suggesting that people will just be able to do it as part of their day-to-day activities?

**Ms Gordon**—Yes, it is true that as staff move or as time passes, if there is no particular call on those skill sets, people lose their currency of those skills, and they will require upgrading training, as will new staff coming through. As Mr Hunter has indicated, we are still assessing which is going to be the best way to maintain those skill sets. We obviously train our airport officers in a whole range of skills and we are looking, among other options, at how we might integrate that into that sort of training as well.

**Senator MILNE**—Perhaps you might report some time later in the year. Could you take this on notice? When you do an assessment of what it is going to cost, I would be interested to know what you estimate will come from somewhere else in the department. The other thing I want to ask you about is Ug99, wheat rust, which people are very concerned about coming out of Africa. Are we doing anything in terms of special surveillance in relation to that?

**Ms Gordon**—We might have to take that one on notice, unless Mr Liehne can help you.

**Mr Liehne**—I will take that on notice. The importation of wheat is highly restricted. We only allow wheat in from certain countries and under certain conditions. They normally go for

processing in metropolitan areas. It is highly contained in that sense. We do import seed wheat for genetic purposes, but that has grown under quarantine conditions and it is the progeny of that which is released. In that period in quarantine it is tested for diseases such as rust, et cetera, to ensure that we do not bring in any material of that sort.

**Senator MILNE**—Are you confident that we can keep Ug99 out of Australia?

**Mr Lihne**—We have systems in place that are specifically designed to ensure that those sorts of diseases are not imported on seed that is brought into the country.

**Senator MILNE**—Presumably Uganda is one of the places we do not import it from?

**Mr Lihne**—I would need to take that on notice.

**Senator MILNE**—The final question I have is in relation to the red fire ants and the progress in terms of eradication. I am interested in an update from anyone as to how we are going towards eradication, whether we are winning the battle and where we are up to.

**Mr Aldred**—Yes, I would like to say we are winning the battle. The program has been highly successful. There have been a couple of reviews done of the program. It is moving forward. The Primary Industries Ministerial Council, at the end of April, agreed to continue funding the program for a further two years. There is an issue that, as with a number of the tramp ants, as you get down to the final nests it is difficult to be sure that you have got them all. Occasionally they pop up, and you need to keep people vigilant. But at the moment we are on track and we expect it to keep going for a couple of years.

**Senator MILNE**—What are we down to in terms of a physical area?

**Mr Aldred**—I would have to take the area on notice.

**Senator MILNE**—Have you any sense of how many active nests you have still to deal with? Are we talking a few square kilometres now?

**Mr Aldred**—I would not like to guess, frankly. In terms of active nests, we had a situation where a while ago a number of additional nests—I think a couple of hundred—were found in a quarry or something of that nature. Essentially, when you find the active nests they get dealt with pretty swiftly. It is very much a matter of surveillance and knocking them on the head one at a time.

**Senator MILNE**—Given our experience and how much it has cost to actually manage this and try and eradicate it, what actions are we taking with our Pacific island neighbours and around the Pacific to raise awareness of the problems and so on to attempt to sort out these issues before we get them again?

**Mr Aldred**—I would have to take that on notice. We have a number of programs around on a whole range of pests and diseases, but I do not know the specific answer in terms of red imported fire ant.

**Senator MILNE**—Which department does the educative work in the region?

**Mr Aldred**—It would be us. We would work with the department of the environment because a number of these pests are not strictly what you would call production pests; they are pests of the environment or social amenity. With a number of the educative activities that we look after, we work with AusAID.

**Senator MILNE**—I am trying to get a handle on where I get a picture of the work Australia does on alien invasive species, both marine and terrestrial, in the region. Is it through AusAID? Is that mainly the delivery source?

**Mr Aldred**—I will take that on notice and provide you with a collation of information.

**Senator MILNE**—It seems to me that would be a productive use of our time and money.

**Mr S Hunter**—We do some work through the Northern Australia Quarantine Strategy in countries such as Indonesia, Papua New Guinea and Timor-Leste, working with the quarantine administrations in those countries to lift their capacity and preparedness to deal with quarantine diseases in those places. While I am speaking, can I advise you that Ms Gordon wants to clarify some figures she gave you about the rapid deployment teams.

**Senator MILNE**—Just before we go off the regional involvement, does the Australian government contribute to GISP, the Global Invasive Species Program?

**Mr S Hunter**—I do not know the answer to that. I think that is probably something that would occur through the environment department, if it did.

**Mr Aldred**—Again, I will take that on notice.

**Ms Gordon**—I would like to clarify the figure of \$2.8 million I gave you for the rapid deployment teams. It was the funding that we had available in this financial year. Overall, the budget measure was \$10.8 million over four years.

**Senator MILNE**—And is that now nothing?

**Ms Gordon**—That funding has been withdrawn and we will incorporate the activities into our ongoing funding for our airport staff.

**Senator MILNE**—That was basically training and now we are into maintenance?

**Ms Gordon**—Yes.

**Senator MILNE**—Thank you.

**CHAIR**—Thank you, Senator Milne. Senator Nash.

**Senator NASH**—Thank you. I would like to take you to New Zealand didymo, which we have covered at previous estimates. I know my colleague Senator Scullion raised this again last estimates and there was quite a lot of discussion around the entry cards and what perhaps could be done to move away more from that sort of self-assessment so that people are far more aware of the risk involved in having been, basically, fishing in New Zealand. Mr Hunter, your response at the time was that you had been working with the Department of Immigration and Citizenship and that you had things in train to try to improve this arrangement. Can you inform the committee what has happened since the last lot of estimates when we raised it and where it is up to in terms of getting some kind of resolution to this?

**Mr S Hunter**—There have been a number of developments since then and, because of the number of developments, I will invite Ms Gordon to speak on those. But I did write to Senator Sterle on 16 May outlining the latest developments originally provided to the committee.

**Ms Gordon**—With the agreement of the Department of Immigration and Citizenship we have produced a new card for airline passengers coming in from New Zealand which specifically asks some questions about whether they have been in areas where didymo is a risk.

**Senator NASH**—Are they new items on that card? They had not been there previously?

**Ms Gordon**—New items are on that card. We will be putting the card out for passengers coming from a range of other countries later in the year, but given the seriousness of this issue and the fact that for the moment the large risk is in New Zealand we moved ahead quickly to get the card onto the flights that are coming from New Zealand so that those passengers specifically have their attention drawn to the risk that we are concerned about here. In all of our airports, particularly Sydney, Melbourne and Brisbane, where flights from New Zealand typically make their first port of call in Australia, we have our officers particularly paying attention to passengers who have come in from New Zealand who might have been in areas where there has been a risk. We have special briefing sessions with our officers about the risk of didymo, what to look for and what the concerns might be, and we have officers there who have, if you like, become somewhat more expert in understanding the risk and who can be called upon to provide assistance and further explanation to officers.

**Senator NASH**—Just to clarify, is that card in use now?

**Ms Gordon**—Yes, the card is in use now.

**Senator NASH**—When did that come into use?

**Ms Gordon**—It has been in the last week or so. It has taken a while to get it printed but it is now in use.

**Senator NASH**—Will you have a process of review of how effective this is in terms of getting that awareness raised and getting people to declare this kind of involvement? Now that the cards are going to be better, have you got some kind of review process in place to check how you are going to review whether or not it is being effective?

**Ms Gordon**—Basically it will be because we are questioning people as they come through the airport, looking at their cards and talking to them. If we have a greater number of people self-declaring, as we were talking about earlier, that they have been in an area of risk and we get an opportunity to question them, we do collect those statistics. We also do risk surveys, what we call leakage surveys, after the event to see if we have missed people that we have cleared through without picking up any concern but subsequently we think that perhaps there was a risk there that we had not identified. We do measure constantly the effectiveness of our interventions at the airports.

We have also got additional specific in-flight announcements, particularly on flights coming in from New Zealand, about the risk of didymo and all airlines are required to play our quarantine videos and flight announcements about quarantine risks as they are coming to the airports. We have put up additional material in the airports drawing specific attention to didymo as a risk, again so that people get another opportunity to be reminded as they are coming through the airport that these are risks that we are concerned about. Additional passenger hall announcements are again focused around when flights are coming in from New

Zealand in particular, so that people are reminded again that this is something that we want them to declare or at least to talk to us about.

**Senator NASH**—Obviously in all the time we have been discussing this we have been focused on New Zealand. Are there any other countries that are a particular threat with this kind of work? If you are not able to answer that now I would appreciate if you could take it on notice.

**Ms Gordon**—I will take it on notice but my understanding is that a number of countries throughout the world do have the didymo but our particular concern with New Zealand is because of the number of Australians who would go there, or New Zealanders who might come to Australia as visitors, who go into those areas in New Zealand, into the rural areas particularly for fishing and other aquatic sports where didymo is in New Zealand and who are likely to bring it back on equipment, on their boots. It is about the nature of the algae itself and how long it can survive on the equipment.

**Senator NASH**—How long can it survive? Is it an issue with any of those countries that are a longer flight haul or is it just simply not an issue because of the time elapsed?

**Mr S Hunter**—We will invite Ms van Meurs from Biosecurity Australia to assist you with that.

**Ms van Meurs**—Just to reiterate the answer, the didymo is a native of North America so, with the New Zealanders, although it was never confirmed, it was thought that maybe it came through via the various fishermen coming through from the US. But, again, we could never confirm that. It is particularly in North America. It is a concern more to New Zealand because of the short time period between the flights. In North America because of the time difference it is not as much of a risk but we have advised AQIS of that for North America to make sure that is targeted as well.

**Senator NASH**—Have you acted on that advice from Biosecurity that it is still an issue within North America, even though there is that longer flight haul time?

**Ms Gordon**—Yes. Basically any passenger coming through the airport would be asked to declare what goods they are carrying. If they are carrying any fishing equipment, fishing rods, kayaks, all sorts of goods coming into the country, we would inspect them and be taking into account the advice that Biosecurity has given us about the indicators of a heightened risk. If products are not dry or if there are any indicators that they are not clean, they will be inspected and sent for treatment. We are taking the risk of this particular pest quite seriously. It is not just focused on passengers coming in from New Zealand. The same sorts of goods that passengers would be bringing in from anywhere would receive attention. It is obviously the numbers of people coming in from New Zealand and, as Ms van Meurs has said, the shortened time period in flights from New Zealand that means that we pay particular attention to those flights.

**Senator SCULLION**—Do you know how much longer it takes to get from North America to Christchurch or to Sydney?

**Ms van Meurs**—It is usually about 19 hours. It depends on whether you are coming from the west coast or the east coast.

**Senator SCULLION**—What would be the differential flying from there to Sydney or from there to Christchurch?

**Dr O'Connell**—It would be 10 to 12 hours difference.

**Senator SCULLION**—If it was on a felt boot—that would be pretty much the thing we would be looking for, the worst item, from someone walking on didymo rocks with a felt boot, which is a standard wader used in North America—how long would we expect it to last and be viable?

**Ms van Meurs**—I would have to take that on notice, but it is about 24 hours.

**Senator SCULLION**—Or until it dries out, I understand.

**Ms van Meurs**—That is the main issue. It has got to be dry.

**Senator SCULLION**—If it is in a plastic bag it can last for a lot longer than that?

**Ms van Meurs**—That is right.

**Senator SCULLION**—Do we have a list of countries that currently have didymo as an endemic pest?

**Ms van Meurs**—Yes, we do.

**Senator SCULLION**—Do each of those countries sign a passenger card the same as the passenger card I have here that you sent me the other day? This is a copy of the new card.

**Ms Gordon**—That is the new card that for the moment is only distributed on flights from New Zealand. It will be about October of this year before we will be able to have sufficient cards and new cards printed to distribute to passengers on all flights coming into Australia.

**Senator SCULLION**—What is the reason behind that? Is it that it is just a different language?

**Ms Gordon**—It is simply a matter that the cards are managed by the Department of Immigration and Citizenship and when you make an amendment to the card and they have to undertake a print run, it is a matter of how quickly they can gear up to do a large number of cards and we can get them onto all aircraft coming into Australia. Because of the heightened risk of didymo coming in from New Zealand, again because of the short distance and the large number of travellers that go between Australia and New Zealand that will go into risk areas, we moved quickly to get the limited run of cards printed and onto flights coming in from New Zealand.

**Senator SCULLION**—I accept the logic about getting New Zealand done first. I think it is quite wise. I have to say that if I were in your shoes I would be feeling a degree of frustration with something that has such an impact on Australia that we are having to wait for another department for another six months. This will just expose Australia clearly for a further six months because of some bureaucratic process about critical mass of printing or something along those lines.

**Ms Gordon**—It is not that we are not paying attention to travellers coming in from the US, and certainly the sort of equipment that is likely to carry didymo is the sort of equipment that we would be looking for in our inspections either when we open people's bags or when we

talk to them in the line and discuss with them what materials they have got or where they might have been. So certainly for passengers coming from any other country where we thought this was one of the risks we were concerned about we would still be questioning them and we would still be looking for these sorts of goods in their luggage or baggage. It is just that for the moment they do not have the amended card with the very specific questions on it, but the more general questions are there and the interventions that we take are very much the same regardless of where the passengers are coming from.

**Senator SCULLION**—As I indicated at the last estimates it was only my view that I thought there were some substantial holes in that process, principally because of the way we have gone to technology now. Many rods, particularly since graphite or breakdown rods, go in a little box that is all very neat for people for the convenience of travelling. They are as good a rod, particular with fly rods, as any of the full-length rods used to be. What if you are coming over and there is no in-flight, as there is now from New Zealand, which is fantastic—you really cannot come here and say, ‘Whoops, I made a mistake,’ because it is pretty full noise, as it should be. But in terms of the other countries, the risk is the same, or I think it is, and it just does not appear that anything else has been done. I am concerned that for six months, when we know there is a risk and we know we can close that risk substantively, other things could not be done.

**Ms Gordon**—Might I just add that if a passenger had fishing equipment, even though they had broken it down et cetera into their bags, all their bags go through our X-ray machines, so the chance of us not picking that up is fairly low. I appreciate the point you are making, but we do have a range of intervention methods at the airport, not just relying on people self-declaring where they have been or what they have been doing.

**Senator SCULLION**—Because you do not need the process of immigration, actually having some flight announcements is extremely effective, particularly because it does not involve the department of immigration—bless their socks, but they have another agenda somewhere else answering questions tonight. Do you think it would be reasonable to say that you could do those other things? I would have thought having in-flight and in language announcements would be a significant step forward in the interim before the full suite of issues can be brought forward.

**Ms Gordon**—We will certainly look at doing that. But, as I mentioned earlier, we do have up in all our airports now quite extensive new posters and public announcements. For the whole range of measures that we have got, no one measure is going to guarantee that people are aware, but we do have a range of measures and we are not just relying of people’s self-declaration. So while the focus has been on New Zealand to get this up and moving there very quickly with the amended card and the in-flight announcements, they will be following in the not too distant future for all other flights coming into Australia, and in the meantime there is a heightening of awareness among our officers. We do have information up around all the airports and we are continuing to focus on our other intervention methods for all quarantine risks, including equipment that might in itself constitute a risk.

**Senator SCULLION**—It is probably self-evident but I would have thought the highest demographic risk is going to be Australians returning, simply because anyone returning to the country will have most recently used the fishing equipment, one would assume. I just

wondered if it was possible to extend perhaps your advertising. I am aware the fishing world is getting bigger but, like most fanatics, you can find them in certain places and there are a number of television shows and the obligatory magazine you have got to buy every month. So whether or not you can plug into the TV shows and whether it is just a bit of philanthropy for them because it is very much in their interest, it would be good to at least get Australians talking about it because they are the most likely demographic to be going overseas and then returning.

**Ms Gordon**—I agree with you, it is the people who are travelling abroad for fishing purposes who have actually proven to be our strongest critics when they do not believe we are being strong enough in terms of our interventions. Even though they acknowledge that we are doing quite a lot, they keep telling us where they think we could improve and they give us advice. But we do have a lot of information up around our airports now. We are contacting most of the special interest groups that involve people who participate in fishing and other aquatic sport activities. So I think it is those groups, the people who are actively involved among those, who are our strongest critics, as I said, but who are also our strongest supporters in terms of what we are doing. I am reasonably confident that people who are party to those community groups and recreational groups are very aware of the risks that are involved and have been very helpful in focusing us on the issues that we need to look at.

**Senator SCULLION**—I look forward to what advances have been made in that area at the next set of estimates.

**Senator McGAURAN**—Can you tell me if the reports confirm that the Mexican feather grass plant, better known as the Texas tussock, was sold at 18 Big W stores across Victoria recently?

**Mr Aldred**—I would happy to take that on notice.

**Ms van Meurs**—I can partially answer the question. From what I understand, the particular grass was found for sale in 18 Big W stores across Victoria, and the Victorian Department of Primary Industries' officers have seized hundreds of plants of the prohibited weed and are currently investigating the source of those plants.

**Senator McGAURAN**—They would be imported, wouldn't they?

**Ms van Meurs**—No, it is probably not likely. It is likely that they have been propagated within Australia. The range of the particular weed is under official control in New South Wales, so it is in parts of areas of New South Wales. It is under official control in Victoria, South Australia and Western Australia and it has limited distribution. So it is in Australia already but it is under official control.

**Senator McGAURAN**—What is the official control of a banned weed? What is it being used for in the other states?

**Ms van Meurs**—I am not sure, other than to know that it is under official control. The definition usually is that the state departments have legislation in place that stops the movement of that particular weed within the state or into other states, depending on whether the particular state has banned that weed or not. The weed is in Australia, but it is under limited distribution.



**Senator McGAURAN**—To what cause is it distributed? Are you saying that is it being sold through nurseries in other states?

**Ms van Meurs**—No. I am not sure, other than the plants that were actually found for sale in Big W, which means it has been propagated in some way. The Victorian Department of Primary Industries is investigating what has happened there and whether somebody has produced that from seed or what.

**CHAIR**—Senator McGauran, which weed are we talking about?

**Senator McGAURAN**—It has got two names, the Mexican feather grass plant and the Texas tussock. We will call it the Texas tussock.

**CHAIR**—Thank you. We thought as much but just missed your first sentence.

**Senator McGAURAN**—It has two names. It is a banned, noxious weed, right?

**Dr O'Connell**—In Victoria.

**Senator McGAURAN**—Only in Victoria?

**Ms van Meurs**—No.

**Dr O'Connell**—And other states.

**Ms van Meurs**—I understand it is under official control in New South Wales, Victoria, South Australia and Western Australia.

**Senator McGAURAN**—What does official control mean?

**Ms van Meurs**—Official control means that it is in some parts of each of those states but they have determined that they do not want it to be distributed any further so they have put on restrictions. It is usually under the legislation that they put restrictions on the movement so that it does not get out of that particular area into other areas or other states.

**Senator McGAURAN**—In that particular area, what is the Texas tussock being used for? Are they smoking it?

**Ms van Meurs**—I would imagine that it is being used as an ornamental plant. Big W has tried to sell it, from my point of view, as an ornamental plant.

**Senator McGAURAN**—So it is able to be sold as an ornamental plant in restricted areas. But the moment you sell it to someone it is out the door.

**Dr O'Connell**—We might just try and clear up some confusion here with Dr Roberts.

**Dr Roberts**—We are getting a little mixed up with distribution and distribution, to put it bluntly. What we are talking about is that clearly it has been introduced and released in Australia at some time.

**Senator McGAURAN**—Illegally?

**Dr Roberts**—No, not necessarily. It was almost certainly brought in, probably as a garden ornamental or something, at some stage. We can probably check when. It may well have been introduced 100 years ago, for example, as some of these plants have. But I do not know that. We will take that on notice. What has happened is that it is growing in certain states but it is not throughout those states.

**Senator McGAURAN**—I am sorry to keep interrupting you, but is it cultured or is it growing wild?

**Dr Roberts**—It is probably a garden escape plant. A lot of these garden ornamentals have been brought in at various times and some escape over the fence, if you like, and spread. Quite a number of these end up on state governments' noxious weeds lists and so on, so that is an official requirement and an official control system. Normally, depending on the level of the state declaration as a noxious weed, a landholder might have to do certain control actions. There are all sorts of levels from you having to get rid of it to you just stopping it from spreading and doing your best. There are various levels.

In this case the official control and limited distribution means that it has not spread to the full extent it could within a state; in other words, it is only distributed in certain areas. So that is not someone carrying it around; it means it just has not spread to the full ecological range. Almost certainly, the material sold in Victoria was propagated from plants that were present somewhere in Australia, presumably by some nursery operation, and it was then sold to that supermarket chain. So we are not talking about a breach of our international borders. You would not know unless you looked at the details, but it is conceivable that it was a breach of a state legislation in regard to movement of noxious weeds.

**Senator McGAURAN**—You would think that Big W would know better, wouldn't you.

**Dr Roberts**—I cannot speak for Big W, but large supermarket chains buy and distribute material all around Australia, so it is possible that there is no constraint on growing this particular weed in certain states and they may well have bought it in good faith and did not realise that they could not sell it in Victoria.

**Senator McGAURAN**—They say 100 of the 300 plants were sold. Do you know if they got 100 back, or part thereof?

**Dr Roberts**—The action is underway under state legislation. It is not an international border operation, so we are not aware of the fine detail of the particular case.

**Senator HOGG**—Can that still be imported?

**Dr Roberts**—No. The designation that was referred to as under limited distribution and under official control is an internationally recognised status and that allows Australia to take international controls to stop that plant crossing our border.

**Senator McGAURAN**—Still in Victoria, and on probably on a more serious issue, is the fruit fly outbreak. Who should I speak to on that? I notice the budget papers have allocated funding for a national fruit fly strategy. I have probably two questions to begin with. Didn't we have one prior to this and doesn't that give credence to Senator Milne's initial concern that there has to be an opportunity for the Commonwealth to step into seemingly state issues or jurisdictions? The fruit fly would be a classic case. We now have a national strategy, Senator Milne, in regard to fruit fly. Has that been legally imposed or is that a cooperative strategy?

**Mr Aldred**—It is a cooperative strategy. It has been under development by Plant Health Australia on behalf of a number of states and the Australian government has participated. It is still in draft form and we would expect that it would proceed for endorsement by the Primary Industries Ministerial Council in October this year.

**Senator McGAURAN**—There has been no national strategy prior to this to date at all?

**Mr Aldred**—No, there has not. This strategy has been under development for a while.

**Senator McGAURAN**—Can someone give me some background, particularly in regard to the Victorian situation, of the gravity of the matter?

**Mr Aldred**—The relevant officer is not here at the moment, so I will take it on notice and try to give you some further information.

**Senator McGAURAN**—How far into Victoria has it penetrated?

**Mr Aldred**—I am not the expert on it, but there are different zones that cross into Victoria. I am not aware of the specifics of your questioning about how far has it penetrated.

**Senator McGAURAN**—Victoria has a fruit fly-free status and it trades off that. It is very proud of it. At what point will it lose that fruit fly-free status? How bad is this outbreak?

**Mr Aldred**—I will take that on notice.

**Senator McGAURAN**—Is it just on the borders, or is it in the markets of Melbourne?

**CHAIR**—I think Ms van Meurs can answer that for you, Senator McGauran.

**Ms van Meurs**—Sunraysia is considered to be an area free of fruit flies, and that is where we export a lot of product overseas based on the area freedom arrangements for fruit flies for Sunraysia. It is a very significant market for Victoria, and it is a very significant area in the Sunraysia area, where there is a lot of horticultural products. There is a big export market but there is also a big interstate trade based on the area freedom for Sunraysia.

**Senator McGAURAN**—So there has been no fruit fly found in the Mildura area?

**Ms van Meurs**—There has been in the past. I do not think there is an international outbreak considered at the moment but I would have to take that on notice. Countries have different outbreak criteria, so some countries are similar—

**Senator McGAURAN**—States or countries?

**Ms van Meurs**—Both states and countries have different outbreak criteria so it depends on the country that you are dealing with. You might have an outbreak for New Zealand, for example, where New Zealand will not allow that product into New Zealand unless it is cold treated because you have an outbreak in New Zealand. But, on the other hand, the USA might not consider that an outbreak, so you might be allowed to export to the United States.

**Senator McGAURAN**—Have you had any interest or concerns from our international markets such as the Asian markets in regard to this outbreak?

**Ms van Meurs**—I am not quite sure which outbreak you are referring to or whether there is an outbreak. We will have to take that on notice. As far as I am aware, I do not think Sunraysia is—

**Senator McGAURAN**—You do not think there is a fruit fly outbreak?

**Ms van Meurs**—It depends, again, on the export market that you are referring to. It might be an interstate outbreak. The Riverland might consider it an outbreak, New Zealand might or the USA might, but I am not sure. We would have to take that on notice as to which fruit fly

outbreak you are referring to. It is actually considered a free area until you find a particular fly or a larvae and then it is considered, depending on the international rules or that particular country's concerns, and they will either consider it an outbreak and not allow that product in unless it is cold treated or—

**Senator McGAURAN**—We are talking about a fruit fly outbreak in Victoria attacking our fruit.

**Mrs Hunter**—Ms van Meurs is referring to the implications of a fruit fly outbreak for our access to markets overseas. What she was saying is that the arrangements that we have with other countries vary from country to country as to the criteria on which they would judge a situation to be one of fruit fly outbreak. I do not think that we have the information—

**Senator McGAURAN**—Let us just establish whether we have a problem in Victoria and Queensland—and probably the others, including New South Wales—in regard to fruit fly. Have we got a fruit fly outbreak?

**Ms van Meurs**—Can I clarify that? Are you talking about an exotic fruit fly, because the area freedom arrangements are for Queensland fruit fly and Mediterranean fruit fly? We do not have an outbreak for an exotic fruit fly in Australia. I think that is what you are referring to.

**Senator McGAURAN**—What have we got?

**Ms van Meurs**—There may or may not be an outbreak considered for Queensland fruit fly within the Sunraysia area because the area freedom within Sunraysia is for Queensland fruit fly, the endemic species, and Mediterranean fruit fly, which is only found on the west coast of Western Australia, in a small pocket within Western Australia.

**Mr Quinlivan**—Senator, it sounds like you have some information. It might be helpful if you shared that with us and we can perhaps respond in a more informed way.

**Senator Sherry**—Which fruit flies are we focusing on?

**Senator McGAURAN**—My information has predominantly come from the *Weekly Times*. Do you read it, Minister?

**Senator Sherry**—Yes, occasionally I do.

**Senator McGAURAN**—Very occasionally, I suspect.

**Senator Sherry**—I read the *Advocate*, which is my local.

**Senator McGAURAN**—The *Weekly Times* mentions: '33 outbreaks of Queensland fruit fly across the state to date'. That is Queensland fruit fly across the state of Victoria. Are you aware of that, or is this incorrect reporting?

**Mrs Hunter**—We do not have this information available to us.

**CHAIR**—There seems to be this great chasm between your outbreaks, Senator McGauran, and the department's advice or the department's information. The officials have said that they will take it on notice. This just seems to be going round and round in circles.

**Senator McGAURAN**—It does, indeed.

**CHAIR**—Everyone is looking very confused on the other side of the table. I do not know how I am looking.

**Senator HOGG**—Chair, could I suggest that Senator McGauran get a private briefing on this. I think it would be most valuable.

**CHAIR**—It may help, Senator McGauran, to get to where your questions may be answered.

**Senator HOGG**—I am sure the officers would jump at the opportunity.

**Senator McGAURAN**—You can put it down as much as you like, Senator Hogg. Obviously you are not a Victorian.

**Senator HOGG**—I am not putting it down. I am just saying that there is a disparity between your information and their knowledge.

**Senator McGAURAN**—Indeed, there is. I will be happily wrong if there is not a problem, but there happens to be a budget allocation to a national fruit fly strategy for the first time. Why is that?

**Senator Sherry**—For the obvious reason: your government did nothing.

**Senator McGAURAN**—It is because there is a problem right now.

**Senator Sherry**—It is the obvious answer, Senator McGauran, incorrect though it may be.

**Senator McGAURAN**—Tell me if this is misreporting.

**Senator Sherry**—You have referred to the lack of a strategy.

**CHAIR**—Can we have a little bit of order. The banter is very entertaining but it is 10 minutes to nine.

**Senator McGAURAN**—This is not a small matter.

**CHAIR**—Senator McGauran, I understand your frustration with your line of questioning. We are sitting here trying to get what is going on between your article in front of you and the department's advice. They said they will take it on notice and I am just saying that the more the question is asked, the more confused people seem to be getting from both sides. That is not belittling your argument at all.

**Senator HOGG**—That is why I suggested that a private briefing might be the right way.

**Senator NASH**—I think that it is quite interesting that there is a very significant article about it, and I think the issue is whether or not it is an issue that is being reported on that the department was not aware of.

**Mrs Hunter**—I am not sure that we can add much more to what we have said. We are happy to take the question on notice.

**Senator NASH**—But my question is: right now, sitting here, nobody had any knowledge that this was reported?

**Mrs Hunter**—I am aware of reports but that is as much as my awareness goes to. Would you like us to take it on notice?

**Senator McGAURAN**—Is this your job or is it the state's job?

**Ms van Meurs**—If it is to do with a number of outbreaks in Victoria, from what I can gather from the little that you have told me, it is probably to do with interstate outbreaks, so it is an interstate issue. If it is to do with international outbreaks, as far as I am aware, Sunraysia is still free and able to export to a number of countries based on their area free status.

**Senator McGAURAN**—So, this is a matter for the states to handle, yet you are coordinating a national fruit fly strategy. If you ask me, I do not think you know what you are doing. What is the point of it?

**Senator Sherry**—I think that is a bit over the top. We will take it on notice. I will talk to the minister about it and at a convenient time to the committee we will get some more information for you. You well know that we do not always rely on reports in the media for accuracy in a whole manner of our activities. But we are happy to refer that to the department, get some detailed briefings and come back to the committee. In the absence of the officers knowing any more detail tonight, I think that is the most positive course I can suggest.

**CHAIR**—I do not think you could be any clearer or more conciliatory there, Minister. Senator McGauran?

**Senator McGAURAN**—In regard to this national fruit fly strategy which you are attempting to cobble together, will border checks be reintroduced like there used to be in the old days when they used to pull the cars up?

**Mr Aldred**—That is a matter for the state governments. It may be something that they wish to discuss. In terms of the fruit fly strategy, I reiterate that it is being coordinated by Plant Health Australia on behalf of a number of governments, so it is not one that we are cobbling together. Once this strategy is in a reasonably final form, the various parties will put together an implementation committee that will look at the various strategies and develop an implementation plan that we would expect to also be considered by the Primary Industries Ministerial Council in October. It is work in progress. I think there has been reasonable progress, but it does not have an endorsed status nor a formalised investment plan at this stage.

**Senator McGAURAN**—Speaking globally, has the 2008-09 AQIS budget been increased over the 2007-08 budget?

**Mrs Hunter**—I can answer that question at least in the broad for you. The revised budget for the year 2007-08 for AQIS, which includes a mixture of cost recovered and appropriation funds, was \$376,168,000, approximately. In 2008-09 the bottom line is \$388,895,000. So that represents a small, nominal increase.

**Senator McGAURAN**—Does that include a staffing numbers increase or decrease?

**Mrs Hunter**—As I mentioned earlier, our estimate—and it is an estimate—of the staffing increase in AQIS in the year 2008-09 from 2007-08 is a total of 70, made up of 20 staff working on ICON, 15 on compliance and investigation, 18 associated with cost recovered programs and 17 associated with mail programs.

**Senator McGAURAN**—Get back to me on the fruit fly. I would not like to see Victoria lose its fruit fly free status while you are still cobbling together your national strategy.

**Senator Sherry**—If we can cobble together a brief for you, will you be willing to accept it? I do not want to go to the minister if you are not interested and you think we are cobbling it together.

**Senator McGAURAN**—I am most interested.

**Senator Sherry**—Thank you. I will pass the request on.

**CHAIR**—I have one very quick question. Ms Gordon, how is the fight against the cane toads going?

**Ms Gordon**—Cane toads are the responsibility of the state and territory governments. It is not a—

**CHAIR**—Say no more. That is fine.

**Senator Sherry**—They have not reached Tasmania yet.

**CHAIR**—It is all right. You can say ‘no’ in one word; that is easy. Thank you, Ms Gordon. Senator Milne, there are five minutes to go. Senator Siewert has not had a go yet, so do you want your colleague to go? You can sort it out between yourselves.

**Senator MILNE**—On notice, when you come back on the national fruit fly strategy, I am interested to know whether the increased minimum temperatures in parts of Australia where fruit fly was never a risk before are now being identified—whether you are cross-checking with the climate data on changed minimum temperatures.

**Mr Aldred**—Some of the work that is being done or envisaged over the next 12 months or so is essentially setting baselines for us to do just that work.

**Senator SIEWERT**—I want to ask about weeds. Can you remind me how many weed species you have on your lists?

**Mr Aldred**—Depending on the nature of the questions, we are probably better off dealing with those either in the natural resource management area or in the department of environment. I will flag that.

**Senator SIEWERT**—You will flag it, okay. I can ask under NRM.

**Mr Aldred**—If you ask us a couple of the questions, we will just make sure that that is the case.

**Senator SIEWERT**—I want to know how many species you have on the weed list. I know WWF has prepared a list of what they consider weed species which went into the thousands. I am wondering if you have done an analysis against the list that they have prepared and what is on your list.

**Mr Quinlivan**—Senator, could you clarify if you are talking about the so-called weeds of national significance, which are here, or weeds that we should be wary of, which are not here yet? What is the nature of the—

**Senator SIEWERT**—I think they are weeds that are here already.

**Mr Quinlivan**—That sounds like the NRM program. They will be on tomorrow sometime.

**Senator SIEWERT**—Yes, I know. I am looking forward to them! I will ask then.

**Senator McGAURAN**—Just while we have a few minutes, in regard to the draft quarantine plan for our stone fruit imports from the US—

**Mrs Hunter**—That would be one for Biosecurity Australia, Senator.

**Senator HEFFERNAN**—What is the relationship between this department and the fruit fly circus? Is there any licensing arrangement?

**Senator Sherry**—That is a harsh critique of estimates.

**Senator HEFFERNAN**—I reckon we ought to knock off for smoko, Chair. I want to go to BSC but we will do that tomorrow.

**CHAIR**—Senator Milne, there are 3½ minutes left for a question. Do you want to ask any more?

**Senator MILNE**—No.

### **Proceedings suspended from 8.57 pm to 9.14 pm**

#### **Export Wheat Commission**

**CHAIR**—I welcome representatives from the Export Wheat Commission. Mr Watson, would you like to make a brief statement?

**Mr Watson**—Thank you. Given the changes to the wheat export arrangements in 2007 and those now being introduced into the parliament, it would be useful for me to outline the activities of the commission since I became chairman on 1 October 2007. The EWC has three functions or outputs outlined in the portfolio budget statement 2008-09. The first is to monitor, examine and report on the export performance of AWB International in relation to wheat exports and the resulting benefits to growers. The EWC reported to the minister, growers and the wider industry last December through the *Growers report 2007*. I am pleased to report that we are currently finalising the follow-up reports to the minister, growers and the wider industry. The public version of the *Growers report 2007* addendum will be available in mid-June. The reports focus on AWBI's performance in managing the 2005-06 national pool and other wheat export issues.

The second output is the control of bulk wheat exports. Since the EWC last reported in the *Growers report 2007*, the minister has approved an additional 450,000 tonnes of bulk wheat exports by companies other than AWBI. The third output is the administration of the non-bulk wheat quality assurance scheme. Since the deregulation of container exports in administering the scheme, the EWC has accredited 62 packers with 102 locations and 12 laboratories and superintendent companies with 43 locations across five states. The EWC has subsequently received and processed around 4,000 notifications from accredited exporters and laboratories since the scheme commenced. This high level of activity in container wheat exports is further reflected by EWC statistics published monthly on our website. The EWC statistics to 30 April showed that during the first eight months of deregulation more than 1.5 million tonnes of wheat had been shipped in containers to 37 countries by Australian exporters. Compared with 548,073 tonnes exported during the same period in 2006-07, this represents a threefold increase.



Looking ahead, the EWC will be replaced by a new regulator—Wheat Exports Australia—with new functions to be described under the new legislation. The EWC has been working on the transition to the new body and was tasked by the government to consult with grower groups and exporters in the development of the new wheat export accreditation scheme. A meeting of EWC commissioners will consider the draft scheme next week prior to an exposure draft being released for industry comment. As this will be my last appearance as chairman of the EWC before the committee, I would like to wish all industry participants well for the future. Thank you.

**CHAIR**—Thank you very much, Mr Watson.

**Senator NASH**—Thank you very much for that, Mr Watson. Of the funding that has been allocated for 2008-09, and taking into account all the changes that will happen with EWC to the WEA, do we assume that that funding will just transfer to the new body?

**Mr Watson**—Yes.

**Senator NASH**—Given it seems that it is not entirely clear how that new body is going to operate, how was that funding figure arrived at? Given that it is roughly half of what it was this year, how was that allocation arrived at?

**Mr Woods**—This is in the PBS?

**Senator NASH**—Sorry; in the PBS, yes.

**Mr Woods**—Funding is being looked at at the moment. I think that might be a question for the department. I think it is a policy one for us going forward as a new organisation, and seeing that we are not them—

**Senator NASH**—I think you are probably quite right.

**Mr Watson**—I misunderstood your question. All of the assets—in other words, any cash that is left over in the accounts of EWC—will be transferred to the organisation because it will be the successor organisation. The way the new organisation will fund itself will be different to what the EWC has been doing in the past.

**Senator NASH**—I will flick to the department to try to get this a bit cleared up. Once the new body comes into place, will there be a reassessment of the funding allocation?

**Mr Mortimer**—Senator, the government at this stage has agreed to continue the wheat export charge at the level of 22c a tonne, but the actual question of what will be needed for the organisation is still to be finalised. That is being worked through by DAFF. The government will make a decision on that shortly. There is no provision for that in the budget papers in front of you now. It is a decision the government will make when it has settled what it is confident will be the extent of activities and the workload of the new authority. It will then make a decision on funding. That will be reflected in due course in the additional estimates.

**Senator NASH**—Okay. We will wait for the funding announcement. In outcome 2.1.1, you talk about the stakeholders that are kept informed of the operations. I am happy for you to take this on notice. Could we have a list of the stakeholders that are reported to?

**Mr Woods**—Our stakeholders for the Export Wheat Commission?

**Senator NASH**—Exactly. On the operations of the wheat export arrangements via high-quality and timely reports.

**Mr Woods**—Largely, the stakeholders from the Export Wheat Commission are the same as for the Wheat Export Authority, the previous organisation. Their annual report has just been made public. The stakeholders that we talk about for both organisations are growers organisations, exporters, government and whole-of-industry groups.

**Senator NASH**—And they are obviously in there.

**Mr Woods**—Individual farmers.

**Senator NASH**—Terrific. Can I just take you to the budgeted financial statements and the expense of employees.

**Mr Woods**—What page is that?

**Senator NASH**—I am sorry; it is 282. For 2007-08 it was \$3.486 million and in 2008-09 it is down to \$874,000. Can you just take me through what expenses are contained in those figures?

**Mr Woods**—The reason it has come down for 2008-09 is the forward budget. We were unsure where the organisation was going and how many staff we would have. Consequently, it is a little bit difficult to budget when you do not know where you are going.

**Senator NASH**—So apart from obviously salaries, do other things come under the expense of employees?

**Mr Woods**—Employees is all the add-on costs—super and all those sorts of things.

**Senator NASH**—You might be able to explain this for me; I am sure there is a simple explanation. Page 278 talks about the average staffing level. For 2007-08, it is 19, increasing by one to 20. So the staffing level is roughly the same and yet those employees expenses are significantly different. All I am trying to get at is: are there things other than that staffing level that are contained in that expense of employees?

**Mr Woods**—No. Currently we are looking at a full-time estimate of around about 19 we look at continuing. I actually cannot explain why, if we put in a full cast of 20, we have halved our budget for staff—for employee costs. It should have been approximately the same, so I would have to take that on notice.

**Senator NASH**—That, to me, would seem a significant point to be able to advise the committee on. If the staffing level is the same and it is for less than a quarter of the funding that has been allocated, there seems to be quite a discrepancy there.

**Mr Woods**—I would have to check. It seems like some incorrect numbers may have got transposed into here.

**Senator NASH**—Could you; it would be good if you could do that. Interestingly, in the non-financial assets, on page 283, infrastructure, plant and equipment is going up \$10,000 from 2007-08 to 2008-09. What infrastructure, plant and equipment does the EWC have?

**Mr Woods**—There are only computers and those sorts of things—office equipment. We have actually identified that it will be reducing, not going up, in the last couple of weeks with some write-downs on software from the non-bulk scheme and previous roles that we did—

**Senator NASH**—So those figures are actually incorrect—the increase by \$2,000?

**Mr Woods**—They are now. We have looked at them. In the last couple of days in moving forward, we have been looking at some of these things.

**Senator NASH**—All right. Well, could you then advise the committee when you have that finalised and correct that for us and advise the committee?

**Mr Woods**—Yes.

**Senator NASH**—Is there anything else, apart from those couple of things, that might be a bit wonky?

**Mr Woods**—I would not have thought so. When we presented the PBS, we thought it was correct at that particular time.

**Senator NASH**—If you could come back to us in a timely fashion, especially with those employee figures. We are here for another four days, so perhaps even over the next couple of days, if you could advise the committee, that would be very helpful.

**Senator ADAMS**—This question is probably to the department. It is a question on the Wheat Industry Expert Group. I would like to know if the final report from this group has been finalised. They had a discussion paper out. I have not heard any more about what has happened.

**Mr Mortimer**—The Wheat Industry Expert Group reported their findings. I understand it is on the departmental website, so we can certainly get you a copy of that.

**Senator ADAMS**—Right. Okay.

**Mr Mortimer**—It is with the minister, and the government will make a decision on its findings very shortly.

**Senator ADAMS**—Thank you. Secondly, on Wheat Exports Australia, I note that you have advertised for board members, and those nominations obviously have closed now. Could you tell me when we could expect to know the composition of the board?

**Mr Mortimer**—That is also being finalised and will be with the minister shortly, we think. The minister will make his decision and announce that as soon as he can.

**Senator ADAMS**—This has probably been covered, but I am concerned about the costs that will be incurred by the new Wheat Exports Australia to process the extra accreditation demands of the applicants to export wheat. Have you any idea of the role that that accreditation scheme would follow?

**Mr Mortimer**—The role of the accreditation scheme is set out in the draft bill.

**Senator ADAMS**—I read that.

**Mr Mortimer**—Sorry. I did not mean to sound unhelpful there. Essentially, it will need to be assessed in the light of experience. We will make the best estimates we can beforehand, but

at the end of the day it will just unfold in terms of the job that is to be done, and the government will have to deal with that and respond to it.

**Senator ADAMS**—It was just for the reduction in the budget. I am thinking maybe that body will need specialised people and will have to hire consultants, perhaps, to help them.

**Mr Mortimer**—What I would say, Senator—

**Senator ADAMS**—There would probably be enough funding there for them.

**Mr Mortimer**—Mr Woods mentioned that the EWC developed a budget on the best information in front of it, and that is its perspective. The government will clearly have to deal with the funding requirement for the new authority on the basis of its assessment of what that will be. As I said earlier, that has not been finalised and there is no provision made for that in the budget as it stands. That will be dealt with once the arrangements are finalised by the government.

**Senator ADAMS**—This is for Mr Watson and comes from your report commenting on the first eight months of deregulation of the containers. How much of those 1.5 million tonnes of wheat came from Western Australia? Can you split it?

**Mr Woods**—We would have to check those figures. We do not break it down by state when we publish it. We publish total exports. We do it for the countries it goes to in the upcoming growers addendum. We would have to do a bit more analysis to say which states they came from.

**Senator ADAMS**—Would you be able to do that?

**Mr Woods**—Yes, we could.

**Senator ADAMS**—And let the committee secretariat have it?

**Mr Woods**—Yes.

**Senator ADAMS**—Thank you. At the last estimates, the issue of the chartering came up with the 2007 growers report and the anomalies published in there. Has anything further come to light since then? Have you made any further investigation? What has happened?

**Mr Woods**—The current EWA is undertaking some further analysis on chartering, but it is taking us quite a while to look at that and it will be a while before we publish any analysis on that.

**Senator HEFFERNAN**—So that is the extrapolation out to \$200 million? Yes.

**Senator ADAMS**—Will that be finished by 30 June, that particular analysis?

**Mr Woods**—At that stage, I would not think so.

**Senator ADAMS**—So will it just go off into the ether, or will the new body take it on?

**Mr Woods**—No. What we intend to do is publish a fact sheet on that once we do it. Because it is out of the cycle for the growers report, it will go into a fact sheet and be made public.

**Senator ADAMS**—It is very difficult for us at the moment with the bill actually still with the minister and not having been tabled. So questions that we probably want to ask may not even be in the bill coming up. I think that is the end for me, Chair.

**Senator McGAURAN**—I want some clarifications—but, first of all, what has the threefold increase in relation to containers been attributed to?

**Mr Watson**—There has been a cost benefit, particularly in backloading food-grade containers into the South-East Asian region. It will be interesting once we look at the numbers and break off Western Australia, because I suspect that the incentive for additional container traffic is more likely from places like Sydney and Melbourne, where there are large numbers of food-grade containers coming in. I know from having visited Western Australia a couple of months ago that they are really struggling to get sufficient containers of food-grade standard. The cost of refurbishing the containers is quite high. That is an issue in WA and also in South Australia. I suspect that, if they were able to access the containers that are available in Melbourne and Sydney, there would have been significantly more from WA and South Australia. Because they are backloading—they are basically going back to China empty anyway—there is a very economical charge.

**Senator McGAURAN**—So they are obviously taking advantage of a deregulated market?

**Mr Watson**—Yes.

**Senator McGAURAN**—When you had your 548,000 tonnes exported in 2006-07, was the veto still in place then? It was?

**Mr Woods**—The minister still has bulk veto.

**Senator McGAURAN**—On bulk. But not on the—

**Mr Woods**—That is only on bulk. There has never been a veto on containers and bags. We have always had to consult AWBI. But they have never had a veto on containers and bags.

**Senator McGAURAN**—Okay.

**Mr Woods**—Containers and bags were deregulated in August last year.

**Senator McGAURAN**—Okay. Can you just explain to me what you mean by packers.

**Mr Woods**—When wheat is packed into a container, a steel box holding about 25 tonnes, packers—people who have set up a business to actually do that—take it out of trucks or silos and put it in by various means, such as augers, spreaders, throwers, all sorts of stuff. They tip it up on its end and drop it in there so that it is packed in that respect. A container can only carry a maximum of 26 tonnes; otherwise, the gear cannot lift it. But most put about 25 tonnes in. They are set up all around the country.

**Senator McGAURAN**—All around the country. And 12 laboratories—what do you mean by the laboratories?

**Mr Woods**—A laboratory is an organisation that tests the wheat samples. When wheat is packed in the containers, samples are taken—one for AQIS and another for us. That sample is sent off for testing. The lab has to check the tests against what is written on the contract specifications. Then they supply that back to us and we check it against the contract specifications. So we are talking about protein screenings and moisture.

**Senator McGAURAN**—And do the accredited exporters include individual farmers?

**Mr Woods**—It does. Anyone who is exporting we would call an accredited exporter because it is deregulated in that respect, whether it is their own—

**Senator McGAURAN**—They have got accreditation for their own niche market that they have found?

**Mr Woods**—Yes. It is for their own wheat.

**Mr Watson**—Just to be clear, are you still talking about the container trade?

**Senator McGAURAN**—Yes. So you say you get 4,000 notifications?

**Mr Woods**—Yes. So, before they ship, they have to notify us. We have forms available on the internet. An exporter will fill out a form notifying us that they are going to ship. They provide when they are going to be packing, how much they are packing, the country it is going to and various other things, including a section out of the contract specifications. From that, they also notify the testing laboratory what to test for. Then, once it is shipped, the test results come to us and we compare them to see if they are similar or the same as on the contract.

**Senator McGAURAN**—You say 37 countries. Are there any new markets in there?

**Mr Woods**—There are some varying markets in that respect. It is quite an exhaustive list. There is Fiji. This is from April. Largely, Senator, by the end of April, from the stats I am looking at at the moment, since August last year there has been shipping right across all of those countries. I do not have the stats for the previous year to compare with that, but we could provide that easily on notice.

**Senator McGAURAN**—You have to come to the conclusion—at least I do—that once this market was properly deregulated, done and dusted, it just took off. It has just taken off. It is bursting at the seams, by the looks of it. If you can tell me there have been 4,000 notifications, a tripling of the exporting tonnage and 62 packers have set up right across five different states, this is a market that has completely exploded and taken full advantage of deregulation. Would you agree with that conclusion?

**CHAIR**—I would take it as a huge tick for a market. I will pass it on to him.

**Senator HEFFERNAN**—You can pay him off later!

**Senator McGAURAN**—Is this a market that may contract once bulk is, for want of a better word, deregulated?

**Mr Woods**—Senator, that is a very hard thing to quantify at this stage. One of the things that we are doing—and we will be releasing this; we have looked at it previously in grower reports and we are doing it in the next one—is comparing where the wheat from containers and bags is going to, which countries compared to bulk. There is a small overlap, but, when you look at containers at the moment, the top country is Malaysia, then it is Indonesia, Vietnam, Thailand and Taiwan. They are all the ones with good freight differentials for the container traders. The containers head back towards that region so that they can bring goods back into Australia. The bulk tends not to go to all of those countries. Certainly there is an

overlap. Indonesia is high up on our bulk export list as well. But we could not say what is going to happen once the market is liberalised with the WEA.

**Mr Watson**—Clearly, Senator, since the opportunity has arisen for more shipping in containers because of the availability of containers at an economical cost, there has been an ability to deal directly with a lot of small end-users that have perhaps not got a lot of storage. It actually suits their business to have containers brought in on the back of a truck and emptied at their plant. So it is a bit opportunistic in the sense that containers have been economically available. I do not think there is any particular evidence that this market has grown because it has been deregulated. It has certainly made it easier for the players in the market to be able to get out and service the smaller customers. When you look at the top five countries that the containers are going to—Malaysia, Indonesia, Vietnam, Thailand and Taiwan—they are typically countries that have got relatively smaller processing businesses. It really suits them to be able to get their grain in small quantities because it obviously suits their handling equipment, the smaller vehicles and the lack of storage on site, and their inventories are minimised because they are basically buying it in 25-tonne lots.

**Senator McGAURAN**—That is all.

**Senator HEFFERNAN**—I was very happy to receive it. I know of one person who is exporting; I will not say where up there. I think he was getting \$580 a tonne delivered up there. He went up there to apologise for the quality of his wheat because it was a tough year last year. It was small grain but it was still APW. He got up there to apologise and, of course, they put on a civic reception for him because they said it was the best wheat they had ever had. He said that, in the old scheme of things, he was told by the single-desk exporter that this type of wheat was not available. It is exactly what you say: one of these blokes had just wanted a few containers every month. He was happy. Given that you have identified the container trade, have you actually been able to identify the destinations of the 2.9 million tonnes that the Geneva desk acquired from AWB International and sold for the benefit of the shareholders through the Geneva desk? What were the destinations of that wheat? We asked this question last time.

**Mr Woods**—I think we did provide an answer to that. From memory, there are eight countries that they have provided that to. We are talking about vetoes. There were eight under Geneva sales of veto by AWBI. We provided that as an answer to a previous Senate question. As for 2½ million tonnes, I am not exactly sure which particular lot of wheat you are looking at. But certainly—

**Senator HEFFERNAN**—It all has to be ticked back, I realise, after the sale, which is stupid. Have you got a record of the destinations of those 2.9 million tonnes?

**Mr Woods**—We published destinations in our last growers report and the previous one.

**Senator HEFFERNAN**—The question I put on notice in May last year, to which we go the answer this February, was about how much was the throughput in the previous 18 months to May last year. That is 18 months from a year ago. The answer came back as 2.9 million tonnes or whatever. Do you have a record of where that wheat went? We were told there were all sorts of reasons why it was too risky for the growers through the pool to do it. They were making generous use of themselves to take the risk off the growers.

**Mr Woods**—We would have where that wheat has gone to.

**Senator HEFFERNAN**—Could you provide that on notice?

**Mr Woods**—Yes. I would be able to give a more comprehensive list on notice.

**Senator HEFFERNAN**—Thanks very much.

**CHAIR**—Are there any other questions of the Export Wheat Commission? If there are not—

**Senator McGAURAN**—Just to clarify, when I asked you about the veto AWB once had over bags and containers, you said they never did. But there was a condition that bags and containers could not impose themselves on an already existing market.

**Mr Woods**—That is still how we operate to date. In moving from bags and containers to bulk, this organisation needs to consider the national pool, their marketing strategies and the development of niche markets. That is in our guidelines and that is what we do. We provide recommendations to the minister on bulk. That is exactly what we did with containers and bags.

**Senator HEFFERNAN**—Under the new legislation, there is a question of how you come to terms with unreasonable discrimination in the la-la land of a voluntary agreement. That is not a question for you blokes, is it—up country?

**Mr Woods**—In the legislation that has not gone through anywhere?

**Senator HEFFERNAN**—Yes.

**Mr Woods**—Not for us.

**Senator HEFFERNAN**—Mr Mortimer, I realise you are earnestly trying to resolve how you come to terms with that.

**Mr Mortimer**—Quite so.

**Senator HEFFERNAN**—We are anxiously awaiting the outcome of that.

**Mr Mortimer**—I appreciate that, Senator. We are in the hands of the government and the government business committee et cetera. I am sure they will sort that out expeditiously.

**Senator HEFFERNAN**—Because that is the one thing that is causing serious concern to our wheat growers—that, having experienced some of the recent market power in other inputs into agriculture, we might not get a dose of that from the monopoly situation with infrastructure.

**CHAIR**—Are there any other questions to the Export Wheat Commission? If there are not, thank you very much, gentlemen. We will call back AQIS. I am sure Senator Heffernan has a question to ask.

[9.43 pm]

#### **Australian Quarantine and Inspection Service**

**CHAIR**—I welcome back representatives from AQIS.

**Senator HEFFERNAN**—Where are we up to with BSE? I went to that meeting at the airport whenever it was—a year or two ago. Were you there?



**Mr Aldred**—No. All before my time.

**Senator HEFFERNAN**—It was not that long ago, was it? Would you like to give us an update on the risk analysis of BSE? Is it a declining risk?

**Mr Aldred**—I think it is generally considered to be a declining risk. The number of cases internationally are certainly going down. A number of countries have put different regimes in place to mitigate risk. So from that perspective, generally, downwards.

**Senator HEFFERNAN**—At the time, the great risk for us was if there was a reactor, given that we do not remove the SRMs mandatorily—we do remove them by way of routine to some markets, in our export markets—if there had been a BSE reaction, all meat would have come off all shelves in Australia. Is that still the case?

**Mr Aldred**—I am not sure that that is the case. If you are talking about SRM removal—

**Senator HEFFERNAN**—No. We do not mandatorily remove for the domestic trade SRMs, do we?

**Mr Aldred**—No, we do not.

**Senator HEFFERNAN**—So if we got a reactor in the domestic trade, all meat would come off all shelves. Correct?

**Mr Aldred**—I am not sure whether that is correct in a regulatory sense, but it is certainly likely.

**Senator HEFFERNAN**—Could we firm that up a little?

**Dr Biddle**—The present domestic response in the event of a BSE detection is set out in a number of plans. It is not automatic. The extent of the reaction depends on the circumstances of the particular case that might be involved. It could be a very circumscribed response which is limited in duration and extent and does not see food authorities in individual states or territories having to take severe action. Under a variety of circumstances, more rigorous action may be taken on their part. The duration of that response might be quite short or somewhat extended. But I think the important thing is that there are plans in place to respond comprehensively and to restore the country to its former status of being free from the disease. That is the emphasis that the planning is giving to the situation.

**Senator HEFFERNAN**—Dr Biddle, thank you for the answer. In the event of a reactor in Wagga, at Cargill's abattoir or somewhere, what would happen?

**Dr Biddle**—It would be investigated in depth. If that finding was confirmed after a very detailed laboratory investigation—and referral to an international reference laboratory would be the expected course of action—the response plans would be put in place. Obviously the circumstance around the history of that animal and its herd of origin would be very important and help determine the nature of the response that would be taken to stamp out the disease. It may not have spread to any extent. This could have been as a result of an animal imported many years ago and a linkage back to the original import within a very small number of herds or an individual herd. There may not be any involvement in the animal food chain to speak of. So it could be, as I said before, a very circumscribed, discrete action or it could be that there have been some wider factors at play. The extent of those factors would be scoped. That

would determine the nature of the response. In all these circumstances, there would be national consultative committees involving industry and state and territory governments, as per the plans established for emergency animal disease responses.

**Senator HEFFERNAN**—So if that is our response, given the application by the United States for meat to come into Australia from a country that does indeed have BSE, have we got a lighter touch view of the risk? You may recall the proposition that you could have imports from a BSE-free herd. As you know, the only way to know you really have a BSE-free herd is to kill the herd, because we do not have a live test, do we?

**Dr Biddle**—Not yet. But there are other approaches.

**Senator HEFFERNAN**—Other than a dead approach, what is the approach to determine that a herd is BSE free?

**Dr Biddle**—There are a number of issues you raise in your comments there. Firstly, going to the matter of the current import policy in relation to food for human consumption—that is, beef and beef products—there are certain policy settings presently in place that would preclude the import of beef and beef products from countries reporting BSE cases. That is this country's present position. Our domestic policy position is fundamentally not inconsistent in terms of the response that we take to an outbreak. We prevent at-risk product coming onto the market. We then work very hard to establish that we have stamped out the disease and we can return to our previous status.

**Senator HEFFERNAN**—I realise it is a difficult no-man's land in which some of this argument is being mounted and may be used against us. So you do not think that some of our trading partners would take a different view about us importing their meat when we say, 'If we got a reactor, we could still probably keep the meat on the shelves'?

**Dr Biddle**—I believe it is certainly true that a number of countries seeking to export beef to Australia that have had one or more cases of BSE and believe they have the disease under control in their own countries would wish to see Australia's present policy more closely reflect the international standard set by the OIE.

**Senator HEFFERNAN**—As you know, and it is well documented, I have a low opinion of the OIE—and you need look no further than that outrageous bloody Brazilian proposition. Were you at the meeting at the airport that day?

**Dr Biddle**—I was.

**Senator HEFFERNAN**—There was a proposition there to do a cost-benefit analysis of SRM removal. Has that been completed?

**Dr Biddle**—No, it is still work underway by Safe Meat.

**Senator HEFFERNAN**—By God they're slow!

**Dr Biddle**—Hopefully thorough, Senator.

**Senator HEFFERNAN**—When do you expect to get a report on the cost-benefit analysis of SRM removal?

**Dr Biddle**—I think it will be some months. The scope of the work is still a matter of some debate within Safe Meat.

**Senator HEFFERNAN**—It is. So how long ago was that meeting?

**Dr Biddle**—I seem to recall it was the early part of last year, the first quarter.

**Senator HEFFERNAN**—So it would be fair to say when it comes to the likelihood of a BSE reactor, which science might be saying is becoming less because of changed feeding habits et cetera, the Australian beef industry is at the present time self-insuring itself in the event of an outbreak? In other words, if you took the cost benefit of mandatorily removing SRMs, which occurs for some of our export markets now, we would be in a very safe position in the event of a reactor. But because we do not remove SRMs, the beef industry, whose representatives were there that day, have decided to think about the cost-benefit analysis. In the meantime, as it were, they have self-insured themselves—in other words, ‘We’ll wear the risk of a reactor and wear the consequences if there is one?’

**Dr Biddle**—I think it might be fairer to portray the range of preventative measures as contributing to the level of insurance, if you like, that is presently available. Those measures are quite extensive from the present animal quarantine settings and the food standards that apply to imports. Within the country, aside from the extensive planning and surveillance measures that are in place, there is a comprehensive ruminant feed ban—that is, restrictions on feeding risk material to ruminants which are nationally applied and audited. Those measures do provide a substantial level of ongoing benefit to the industry. I guess, as your comments alluded to, the matter of additional insurance and the costs associated with that is something that is the focus of the ongoing examination by Safe Meat. The extent to which the benefits and the costs fall out with additional measures such as a pre-emptive SRM removal is something the industry wants to be very certain about and have adopted a thorough approach.

**Senator HEFFERNAN**—I am aware of the debate with the ruminants et cetera. As part of the ‘maybe’ analysis in the event of a reactor—maybe we take the meat off the shelves—is that related to the age of the animal, like obviously with a downer cow type range of beef? Would the younger, under 28 months or whatever it was, be considered safe meat in the event of a reactor in an older cow?

**Dr Biddle**—Under the Australian Food Standards Code, there is an age definition for certain of the SRM tissues. The cut-off point, from memory, is something like two years for most of the tissues except for tonsils and small intestine. So that would be the standard that is applied in order that we accord with the Australian food standards in the event that we had a case. I would also add that there are plans in place ready to utilise for the immediate removal of SRMs in the event of a confirmed diagnosis of the disease. So that would be applied very rapidly as part of the response to such a finding. That, of course, would serve to greatly limit the extent of any risk that might be posed to Australian consumers.

**Senator HEFFERNAN**—But in that contingency plan you would still leave the meat on the shelves that is there?

**Dr Biddle**—As I mentioned before, that would be dependent on the circumstances around a particular event. Certainly it could be attached that it was a delimited event and that the amount of risk material had been tied up in the control measures taken.

**Senator HEFFERNAN**—So in the meat cycle—the shelf life of the meat—how long does it take to make that determination to send the thing offshore to get it tested? Does it take a

week or two days or two weeks? How long does it take you to arrive at the decision whether you should remove the meat from the shelves?

**Dr Biddle**—The initial diagnosis and confirmation should be fairly rapidly accomplished through the high-security laboratory at Geelong and then a few days to get that confirmed overseas. But the investigation—the delimiting testing—that might then need to follow, depending on the history around the animal that was diagnosed, could take some little time. But it is very difficult to say that in advance. It is dependent on the circumstances of the history of the animal in which the initial diagnosis was made. It may have a particular set of risk factors that means that it is an isolated event or relatively isolated.

**Senator HEFFERNAN**—I hate to say this. I think I will have to surrender. If there was a reactor that came through the Wagga saleyards and one of the butchers there was buying meat out of the Wagga saleyards, if I were a consumer in Wagga I would be pretty wary about going to the supermarket to buy meat when it came over the news there was a BSE reactor. Bear in mind that our testing regime is very light touch.

**Dr Biddle**—I think we have a very good—

**Senator HEFFERNAN**—Yes, we target.

**Dr Biddle**—A good diagnostic capacity within this country.

**Senator HEFFERNAN**—I agree with that.

**Dr Biddle**—And a good surveillance system. I think our traceability systems would allow us to get on to the job pretty quickly and—

**Senator HEFFERNAN**—I agree with that.

**Dr Biddle**—help to find the origin of the animal and, therefore, the risk factors around that animal and its herd of origin.

**Senator HEFFERNAN**—So if I went to Turvy Tops butchery I would just proceed as normal?

**Dr Biddle**—We would trust that our plans and procedures would be able to restore consumer confidence very rapidly.

**Senator HEFFERNAN**—Forget all that now. I just want to get a bit of an update to give me something to think about when I have got nothing else to think about. Where are we up to in terms of protecting our sovereign boundaries from an incursion, given the lack of supervision in some areas of the north? Is that a question you fellows can answer?

**Dr Biddle**—About our changing quarantine risks—is that a—

**Senator HEFFERNAN**—Yes. Obviously, if we have tens of thousands of feral cattle that are not tagged, that are not supervised, that are not fenced, what is the longer term plan to absolutely secure Australia's quarantine boundary from someone coming across in a canoe, as it were, or a fisherman landing on the beach, having a feed and leaving rubbish there for a pig to eat and take down to the paddock to the cattle or something? Given that there are thousands of cattle in the north that are still unsupervised and not subject to an NLIS, is there a plan to bring all of those areas under supervision and get a tag in their ear?

**Dr Biddle**—I did hear your questions earlier and, of course, they cut across a number of programs. I believe that mention was made about the Northern Australian Quarantine Strategy and other systems providing early warning. Within Australia there are surveillance systems that are designed to detect the emergence of disease, and hopefully that is done at an early stage. This country has just come out of, as you know, a very extensive tuberculosis eradication program, the final stages of which were conducted in Northern Australia. The knowledge and ability to control the northern extensive beef herds were enhanced off the back of that program. The beef roads program et cetera mean that we are far less of a frontier than we used to be.

**Senator HEFFERNAN**—I accept that, and we did actually destock a lot of country—

**Dr Biddle**—That is right.

**Senator HEFFERNAN**—Newcombar and places like that—

**Dr Biddle**—And succeeded in eradicating that disease.

**Senator HEFFERNAN**—However, at the present time, there is a new herd of feral cattle out there in the bush.

**Dr Biddle**—The provision of the ongoing surveillance systems is key. In terms of marketing cattle, as you say, that might be harvested out of relatively uncontrolled country, as I understand it the exemptions under NLIS no longer apply and animals being moved off those properties that might be harvested have to be tagged before they go to the abattoir. So there is a system of traceability. Whether unusual disease is detected in those animals at the slaughter process or during the handling and movement to slaughter, there are systems and there is obviously awareness of particular risks within the state animal health services that may have some of these extensive herds.

**Senator HEFFERNAN**—But my problem is that there is some country up there—millions of acres—that does not get mustered; it is just some sort of casual wild cattle catch. You could actually have something inadvertent occur there and it would not come to anyone's attention for 12 months. Do you reckon it would be a worthwhile exercise, as I suggested earlier, to do a—what was the name of the thing we did down here?

**Mr Aldred**—An exercise, Minotaur style.

**Senator HEFFERNAN**—Yes—say, in the gulf, in the cape or somewhere and just see how you get on?

**Dr Biddle**—Yes. In fact, such exercises have occurred in Queensland and one is occurring this year in the Northern Territory, involving wild pigs in relation to the disease classical swine fever.

**Senator HEFFERNAN**—Yes, but I was thinking more of something like foot-and-mouth.

**Dr Biddle**—Yes. You mentioned the role of feral pigs, wild pigs, before. This is an exercise with a slightly different but also highly contagious disease. I think all these exercises lead to building up of experience and knowledge.

**Senator HEFFERNAN**—So how do you get rid of 800,000 feral pigs?

**Dr Biddle**—In our response plans—we may have had a little discussion about this some years back—it is not necessary, in order to control a disease outbreak, to eradicate—

**Senator HEFFERNAN**—Yes, I appreciate that.

**Dr Biddle**—the feral animal population, but in some circumstances suppression of their numbers may be needed. In others there may not be any overlap between the vector and—

**Senator HEFFERNAN**—You will agree, I hope, that it would be very difficult to establish. In the event of a foot-and-mouth outbreak in Australia, it would be reasonably difficult to establish a foot-and-mouth-free zone with a serious load of feral pigs in the country. They do not stop at the gate overnight; they move.

**Dr Biddle**—The risks will vary across the country, dependant on the wild pig density and the degree of overlap with the cattle or sheep industries. Those factors are being worked on and factored into our planning. It is a complexity, but you do not need zero density of these vector animals in order to control the disease. In fact, the UK outbreak was controlled despite involvement of risk factors—in wild deer, for example.

**Senator HEFFERNAN**—Yes, but we are a lot less supervised than Great Britain, in terms of 17 million hectares at Cape York.

**Dr Biddle**—We do have a spectrum of cattle densities and other animal densities—yes.

**Senator HEFFERNAN**—All right, I would just like to think that we could sow the seed somewhere in the department that we should, for the sake of some further national benefit, do an exercise up there and see how we get on. Thanks.

**CHAIR**—Are there any other questions for AQIS?

**Senator SCULLION**—If NAQS falls under AQIS, yes I have. I have some on bees, NAQS and cane toads.

**CHAIR**—I can tell you now that cane toads are a responsibility of the states and territories.

**Senator SCULLION**—A quick question on cane toads: are you doing any work at all on cane toads?

**Dr O'Connell**—The issue is really managed through the environment department.

**Senator SCULLION**—Yes, but is the department doing any work on them?

**Dr O'Connell**—No, and we largely leave that to the environment department. It is predominantly an environmental pest.

**Senator SCULLION**—I understand that. I was just seeing whether or not you are doing any work on that. I would just like to ask a couple of questions on the Northern Australia Quarantine Strategy. That is with AQIS?

**Mrs Hunter**—Yes, it is.

**Senator SCULLION**—Just looking at the Ernst and Young report, recommendation 10 talks about having some effectiveness targets under quarantine border security. It talks about having some mandated intervention effectiveness targets. I can understand that across the rest of quarantine that would be relatively easy. They are all the sorts of benchmarks you would

normally set. With NAQS being fundamentally an investigation or a gathering process, I wonder what you have done to actually try to establish some sorts of targets for them so we would know that, in a regional sense, all the vectors that we are looking for and all the sentinel herds that we know the vectors will be present in have in fact been assayed, if you like. We could look, from time to time—a frequency of either six months or 12 months, whatever it is—at a map and say, ‘Right, across the NAQS thing, these are the regions that have been sampled; these are the ways; this is what they have been sampled for.’ That would be something that someone like me could look at and it would have the same sort of effect as any other series of benchmarks or measures. What sort of progress have we made in that?

**Ms Gordon**—I will just refer back to the Ernst and Young report and recommendation 10. The reason for the comment there, as you would probably well understand, is that the government did not mandate particular performance indicators, but what we have done within the program is set up indicators for ourselves to monitor the work that we are doing and how effective we are at the work we are doing. NAQS has got two broad categories of activity. One is interventions in movements down through the Torres Strait, and some of that is airline passengers coming down from the Torres Strait onto the mainland. We have set up indicators so that we are actually monitoring the number of passengers that we intervene and the amount of non-permitted product that we pick up, so we would be able to provide you with data on those interventions.

We would also be able to provide you with data on what surveys have been done domestically and surveys that have been done in countries to our near north where NAQS also undertakes work, and give you indications of the test on the samples that have been taken and the outcomes of those surveys.

**Senator SCULLION**—That would be very interesting and I am more than happy for you to provide that on notice as a lump. I would appreciate that. I was very interested in the surveys about how we are benchmarking that—not the end results or how we are going but what the process is. At the moment we have operations in Western Australia, the Northern Territory and Queensland. I understand they are all run out of Queensland now?

**Ms Gordon**—No, the program is managed out of Canberra like all our other programs. We have officers based in Northern Australia—Cairns, the Torres Strait, Darwin and Broome.

**Senator SCULLION**—In each of those areas do we have some sort of benchmark? For example in the Kimberley area where we have the Kalumbaroo sentinel herd, we shot 20 animals there including 14 donkeys. Plant pathology is consistently taken in Emu Bay, Double Island Bay and Bat Bay. Do we know that those same sentinel plants of interest to us have actually been taken? Do we have a level of confidence that we have covered those herds? As Senator Heffernan was indicating, you should be able to say: ‘We have tested them. We test them every six months. Just because they are wild does not mean we do not have the capacity to test them. We do test them. This is where the results are. This is where they can be found.’ It does not appear to me that I can find that information. I must say that I have not worked that hard to find it, but it is not evident. I do understand that much of that work is out there but I am wondering if you are moving to some specific benchmarking?

**Ms Gordon**—We would be able to provide that information. We have sentinel herds in various places around Northern Australia. We monitor fruit fly trappings on a regular basis. The people based across Northern Australia are engaged in consultative arrangements with their state and territory colleagues and with community groups there to identify the particular survey requirements year on year. We have specific target pests and diseases that we survey for. We also have particular requirements to survey and monitor incursions from illegal foreign fishing vessels as well as specific surveys for avian influenza. All of that data is available and we would be able to put together a fairly neat summary that might be of help to you.

**Senator SCULLION**—I am interested as well in the expansion into foreign fishing vessels. The normal notion would be that it is an opportunity for terrestrial things—things associated with fishing boats—to come across. What about—it has been a continuing interest of mine—those quarantine items that are on the bottom of the vessel? We often find the boats or bits of them ashore without people. I note you have received additional funding that includes the QBS, the AI and now foreign fishing. How are we going with the undersides and some sorts of really nasty pests?

**Ms Gordon**—When there are sightings of landings or other threats from foreign fishing vessels we schedule surveys to go out and look in the areas in which the sightings were taken. We work closely and also get funding for engaging with Indigenous communities, who are often our eyes and report what is going on out there. We monitor those sites where we know that there are particular risks and take action depending on what we find.

**Mrs Hunter**—We do look specifically for those things that cling to the bottom of boats as well as those things that might be inside.

**Senator SCULLION**—I bet your bottom dollar you do not take fins, goggles and a snorkel. I have not seen quarantine officers ever dive underneath and grovel around in these places underwater. It is just a culture and it is not a bad thing. I know of a number of sightings and I have read the reports of most of the sightings. There is a sighting where someone has been ashore and scraped the vessel; they go ashore and look, drive or helicopter around; they do all those sorts of things. But is there any move to have some sort of a sentinel place? We do it generally with marine pests and establishing marine pests. Down south we have little artificial reefs where you hang on a buoy midwater, so if there are any things they will quickly adhere to them and it can be sampled regularly. Even before coming to this place I talked with the department about it. In terms of the marine biosphere and the quarantine impacts, are we thinking about moving seriously into that space?

**Ms Gordon**—I have to take that on notice and come back to you with some further comment on it. By and large we do not employ people and ask them dive. When there are foreign fishing vessels, we work closely with our colleagues in other departments including Customs, and dives are taken on the boats to identify whether there are marine pests that we need to be concerned about. I think that what you are identifying, however, is where there are wrecks or wreckage and there might still be pests adhering to the wrecks.

**Senator SCULLION**—I understand the border control aspects of foreign fishing. I understand it well and that they are all dived on—unless you tow it into Darwin Harbour and



it sinks, as one did the other day, but we will talk to someone else about that. There are, as you say, bits washed up. When there is an incursion, quite normally, we respond to it in a terrestrial response. It does not seem over years that we have had the capacity to respond in any other way, but I would have thought by now that there are innovative ways. Certainly CRIMP, the Center for Research on Introduced Marine Pests, in Tasmania have done a lot of work on physical traps and those sort of things that they leave around the place for detection. Perhaps we should be looking to work with them. I will be delighted to hear more about that. I have a couple of questions again on bees but I am not sure whether you want me to leave that until Biosecurity. I think that was the deal.

**Mrs Hunter**—It depends on the nature of the question.

**Senator SCULLION**—I will start and you can tell me to go away if it is too silly. We have been talking about how we now have the varroa mite. It has been in New Zealand for some time. It appears we now need to know more about its potential impact in Australia. We know that it has the capacity to contribute to things like CCD, colony collapse disorder. I know there are a whole range of different views and science on what causes that, but clearly the varroa mite appears to be a contributor to that. How do we go about reassessing Australia's risk assessment of this? Do we do that every 12 months or five years? Are we currently doing one now? What is our risk assessment at the moment?

**Mrs Hunter**—I think that is a question for Biosecurity Australia.

**CHAIR**—That is pretty straightforward. Are there any other questions, Senator Scullion?

**Senator SCULLION**—No, not from me. Thank you.

**CHAIR**—Thank you to AQIS. We will now call Biosecurity Australia.

[10.19 pm]

### **Biosecurity Australia**

**CHAIR**—I welcome Biosecurity Australia.

**Senator SCULLION**—Mr Cahill, I know that you have been listening intently to my questions on honeybees in New Zealand. It has been an issue that has appeared more and more in the media quite recently. I have a longstanding interest in these things. What is the frequency for reassessing Australia's risk in regard to not only the *Varroa destructor* but also the bee tracheal mite? And there are a number of other issues associated with colony collapse disorder. I suspect that the questions will be directly related to the bee, rather than anything else. How often do we reassess that?

**Mr Cahill**—As a general principle that does not just apply to bees or bee imports, Biosecurity Australia would regularly review import risk assessments, based on new scientific information that has come to hand or changes in pest or disease status in countries that are exporting to Australia. We essentially maintain a watching brief on existing policies on the basis of those matters that I have just mentioned, as well as issues such as the detection of things crossing the border. The sharing of information that goes on between AQIS and Biosecurity Australia is important. On the specific matter of bees, we have been buzzing around endeavouring to find some information for you based on the earlier conversations in the day. Dr Martin may have some further information for you.

**Senator SCULLION**—When we are making an assessment of risk to Australia, it is in two parts: the risk of it coming here and the risk of what it will do when it arrives. That general risk assessment matrix in quarantine works roughly on those dimensions. While all the material that I have read suggests that the science is still questionable on this, the 1996 colony collapse disorder in the United States was associated with not only the Varroa mite but also a number of other circumstances, such as the cloudy wing virus and the tracheal mite—there is all this science. If you are assuming that this would have a potentially greater impact because that syndrome had not been well described, should we be more concerned? While it has been in New Zealand since 2000, should we now be more concerned? Should we be changing the way that we deal with border control in regard to bees?

**Dr Martin**—There are quite a lot of parts to that question. There are the import requirements we have, which are only for queen bees, and they have been discussed previously. As we said then, we do not import bees from the US. Varroa is recognised, as are other diseases, as being a risk. The queen bees, their escorts and their larvae are tested for various diseases. The queen bees never get out of quarantine. With the border, there is the National Sentinel Hive Program, which is—

**Senator SCULLION**—Can you explain to me again what happens to the queen bees? I understand that New Zealand completely banned them from being imported. We have other quarantine arrangements. Could you go through them again for my benefit?

**Dr Martin**—We have import requirements for queen bees. Queen bees can come in from certain countries. We have advised AQIS since the colony collapse disorder that they need to be assessed on a case-by-case basis. I am not aware of any import applications in recent times, but there have been in the past a very few imports of queen bees. The queen bees need to come in certified as coming from countries free of certain disease or from hives that are free of certain diseases. Then they come into quarantine. The quarantine facility is at Eastern Creek. They come in with a few escorts. Those escorts are then killed and checked for varroa and tracheal mites. There is a list of diseases. The queens produce some larvae; they are also tested. There is a whole testing cycle that is gone through. The queens never get out of quarantine; it is only the progeny that get out of quarantine.

**Senator NASH**—On average, how many queen bees come in in a year?

**Dr Martin**—Not very many. There have not been any to my knowledge for quite some time. We can find that out. I can talk to AQIS and find that out.

**Senator NASH**—Thank you.

**Mr Cahill**—Did you want to know about the escorts as well, Senator?

**Senator NASH**—There is not much point—they are not going far!

**Senator Sherry**—Are the queens escorts?

**Mr Cahill**—No.

**Senator SCULLION**—Please continue, Dr Martin.

**Dr Martin**—We import only live bees—we do not import packaged bees—just queen bees for their genetics. Regarding the National Sentinel Hive program, as we discussed before, the

product integrity area of the department now looks after that. Before Biosecurity Australia was set up the late Dr David Banks was instrumental in getting that going, along with the beekeepers and also the states. It was very much a cooperative program. That was set up in 2000 as an early warning detection system for varroa, specifically because we realised the risk with varroa coming through the ports. The Sentinel Hive program was set up in 2003 and 2004. Biosecurity Australia reviewed that program by having a look at about 20 of the then 27 ports and produced a report that was finalised in 2005. That had several recommendations in it about whether different counts needed to be done and whether the surveillance testing needed to be increased. Then the program went to the product integrity area in 2006. We actually have not been specifically involved in that since then.

**Senator SCULLION**—So in 2005 there were the recommendations of the report. Can you give us a thumbnail sketch of what those recommendations were?

**Dr Martin**—It was just looking at whether there should be an increased number of ports. It made some recommendations about which ports should be done and whether there should be an increase in the number of hives at the ports.

**Senator SCULLION**—Was there to be an increased number of hives at the ports?

**Dr Martin**—Yes, that is my understanding.

**Senator SCULLION**—And an increased number of ports to be covered?

**Dr Martin**—I think so.

**Senator SCULLION**—I will find out at some other stage.

**Dr Martin**—I can provide you with a copy of the report.

**Senator SCULLION**—So the question would be: how many ports currently receive, I suppose, any international visitation and currently do not have a sentinel hive?

**Dr Martin**—Biosecurity Australia does not look after that program anymore. At the time when that review was done there were 27 ports, but I am sure we can get—

**Senator SCULLION**—I understand the number may be 35.

**Dr Martin**—We can get that information for you.

**Senator SCULLION**—Perhaps you could take this on notice. For clarity, Dr O'Connell, I will repeat the question: how many ports currently have international visitation and are not covered with a sentinel hive? Do we have a response plan for the varroa mite?

**Mr Cahill**—That is a matter for Product Integrity, I think.

**Senator SCULLION**—I could perhaps put that on notice. Mr Aldred is always here; he lives here. Thank you very much, Mr Aldred. I am sorry that you are still here at this late hour.

**Mr Aldred**—That is fine, Senator. I will be back tomorrow night, I understand. I am advised that the answer is yes, and we can provide some details on that.

**Senator SCULLION**—Are you dealing with cloudy wing virus, tracheal mite, a number of other associated foulbroods and that sort of stuff that would go along with that, or is this plan specifically to deal with the varroa mite?

**Mr Aldred**—I will need to take some advice.

**Dr Garner**—We have AUSVETPLAN for a number of bee diseases, including foulbrood, varroa and probably one or two others. Bee diseases are included under the AUSVETPLAN arrangement and are subject to our full emergency disease preparedness planning process. I can get you a list of all the diseases that are covered; I think we have about three or four diseases which have been identified for the bee industry.

**Senator SCULLION**—Thank you.

**Mr Aldred**—The AUSVETPLAN will be available on the Animal Health Australia website.

**Senator SCULLION**—In fact, I am more than happy to go to that website myself and look for it. You have been most useful. Dr Garner, there is something that may not be particularly in your area but is of interest. There are areas of the world that can now produce bees that are completely free of diseases—particularly in terms of production, because much of the world has obviously been impacted by varroa and other diseases, and it is very important. I understand that we have American and European foulbrood in a number of states of Australia. Is that correct?

**Dr Garner**—Yes, for American foulbrood. I am not sure about the situation with European foulbrood but I can check that for you. I am not a bee expert myself.

**Senator SCULLION**—I understand that Western Australia was the last place to not have the hive beetle—

**Dr Garner**—The small hive beetle.

**Senator SCULLION**—and it has now been discovered. It is not currently in the Northern Territory. I was hoping that someone would be able to provide me with some technical advice on that. I really appreciate your answers on that.

**Dr Martin**—Just on the small hive beetle, it is restricted to Kununurra in Western Australia. There was an incursion in the south-west—

**Senator SCULLION**—It is all over Western Australia. It is a state that has it all over.

**Dr Martin**—but it has been eradicated. No, they assure us that they have eradicated it.

**Senator SCULLION**—All right. Thank you for that. On the response generally, I am not sure where I will have to get it from. Mr Aldred, given what I would see as a higher risk—the risk not so much of it arriving here but, if it did, of it being potentially more severe given some of the processes in the states in 1996 with the colony collapse disorder and some of the oblique science on that—do you think that we should change our current border control mechanisms to deal with that?

**Mr Aldred**—If you are asking my opinion on the border controls and the risk arrangements, then I will defer to Biosecurity Australia on that one.

**Senator SCULLION**—I thought he deferred to you.

**Mr Aldred**—Just to be clear, if we are talking about a risk analysis, then it sits—

**Senator SCULLION**—No worries, Mr Aldred.

**Mr Cahill**—Senator, on the face of it I think the arrangements that Dr Martin has outlined give us reasonable confidence in the risk management measures that are in place but, as we have indicated, we do keep them fairly constantly under review. But there is no move at this stage to make any dramatic changes to the current risk management measures.

**Senator SCULLION**—Mr Cahill, as Dr Martin indicated, in 2000 there was a review. I would imagine that that was triggered by the sudden arrival in New Zealand—it may not have been but it would coincide with that.

**Mr Aldred**—Senator, I might just interject there. If we are then talking about postborder control and the National Sentinel Hive Program, I think I indicated earlier today that when we go into discussions with parties about the future of that program we will, in fact, look at its extent and the overall operation of it.

**Senator SCULLION**—Indeed. Mr Cahill, my question goes to this: in 2000 this issue came up; in 2005 we had a review of that and we have simply dealt with those numbers. In that case, one would see that as quite a reasonable situation because of the circumstance of the mite and we were doing the best we could in terms of that particular issue. In 1996 and since then there has been quite a volume of work. Dr O’Connell I commend your good officers for providing some pretty interesting reading and some references in that regard. That indicated that the severity of that bee arriving in Australia is far worse than it possibly could have been in 2000. So in any quarantine matrix and the fact that the potential economic impact could be considerably more, the risk assessment in any quarantine assessment process will go up. So, Mr Cahill, are you telling me that you have not given consideration to the impact of a bee arriving being potentially far more severe than it was in the past or are you simply saying that we have not reviewed that situation for some time?

**Mr Cahill**—What I was saying was that we are continuing to monitor and review the adequacy of the risk management measures based on the information that we receive. On the face of it, the risk management measures that are in place would seem to be satisfactory in managing the risks that are presenting themselves. The fact that the potential consequence of a disease outbreak may have increased has to be looked at in terms of what the original assessment was in relation to the consequence anyway. I am happy to give further consideration to that based on the issues that you have raised here today, but Dr Martin may have something further to add. I think there is certainly no present intention to review in a more active way the risk management measures that are in place. If there is a need to do something with the Sentinel Hive Program, that to some extent is a separate issue that can be looked at as well, as it was in the report that Dr Martin referred to.

**Senator SCULLION**—I have some difficulty keeping separate the notion of a risk assessment with activities quite rightly put forth by Mr Aldred with regard to increasing our capacity to detect earlier and putting resources into that, because we now know and understand that we are not just a facing varroa mite; we are facing something that might be a larger calamity.

**Mr Cahill**—But if the risk management measures in place are intended to manage that risk anyway through the importation arrangements that Dr Martin outlined—

**Senator SCULLION**—Because they all travel on the same vector—is that what you are saying?

**Mr Cahill**—Yes.

**Senator SCULLION**—I am certainly looking forward to hearing more. You are just starting the process of speaking to other stakeholders with regard to how many bees and sentinel hives—that sort of stuff?

**Mr Aldred**—There were some initial discussions over the last six months or so but we will be continuing and ramping those up.

**Senator SCULLION**—My last statement to Dr O’Connell is that I still remain concerned about any tie at all between whether they are beekeepers or pollinators. We are waiting for some agreement with them. I should not have to remind the department that this is worth about \$1.8 billion of production to Australia and we have a \$140,000 program being questioned because of the nature of potentially a partnership input. I hope that by the next Senate estimates we are looking at a very different circumstance.

**Dr O’Connell**—As I mentioned right at the start of this, I immediately decided that it was sensible to fund this program for the year while we sort the issue out for the longer term. Quite clearly, we do need to sort the issue out for the longer term and that is what we will do. I am more than happy to keep you abreast of progress.

**Senator SCULLION**—I am always happy to hear those things. Thank you very much.

**Senator NASH**—I will very briefly return to the queen bees and the escorts. How do they meet their end? Do they hit them with a hammer? What happens?

**CHAIR**—Ethyl acetate.

**Mr Cahill**—That sounds like a technical question to me.

**Dr Martin**—I cannot say that I have seen that. We might have to take that on notice.

**Senator NASH**—Could you take that on notice? I am quite interested if they have a humane finish to their sad trip.

**Dr Martin**—They need to examine the bees under the microscope for the varroa.

**Senator NASH**—Thank you. If you could come back to us, that would be great.

**Senator McGAURAN**—At what point of the process is the quarantine plan to allow fruit imports from the US?

**Mr Cahill**—Are you talking stone fruit?

**Senator McGAURAN**—Yes.

**Mr Cahill**—We have released a draft import risk analysis report, which has been issued to stakeholders for comment. Stakeholders have until the end of June to submit comments.

**Senator McGAURAN**—It was reported that the following diseases are present in US orchards: apple maggots, fruit-boring moths, leaf rollers, mealy bugs and thrips. Are any of these diseases present in Australia?

**Ms van Meurs**—Some of the diseases are present in Australia. For example, oriental fruit moth is present on the eastern seaboard but not present within Western Australia, so we have taken into account the regional differences.

**Senator McGAURAN**—Are US stone fruit imports seasonally competitive?

**Mr Cahill**—They are largely counterseasonal. There is a small overlap, I understand, but it is largely counterseasonal.

**Senator McGAURAN**—Who would undertake the US orchard inspections that I believe are required in the draft quarantine plan?

**Mr Cahill**—I will ask Ms van Meurs to outline the risk management measures—the quarantine measures—that have been proposed in the draft report to deal with the risks of the pests and diseases that we have identified.

**Senator McGAURAN**—Generally speaking, has the draft quarantine plan been accepted by the US side?

**Mr Cahill**—The comment period has not closed yet, so we are waiting on comments and submissions from the US as well as domestic stakeholders.

**Senator McGAURAN**—Official ones, but you would have been in contact with them prior to this, wouldn't you?

**Mr Cahill**—I am not sure that we have had any bilateral discussions with the US since we released the report. It has only been out for a couple of weeks.

**Senator McGAURAN**—What is the market worth to the US, do you know?

**Mr Cahill**—I will have to take that question on notice.

**CHAIR**—If there are no further questions for Biosecurity, thank you very much.

**Mr Cahill**—I was asked a couple of questions on notice earlier today and I said I would come back to the committee on some of those. Two of them I said I would try and do in this session, and they were about the membership of the import risk analysis team for bananas. Of the two members that are no longer participating in meetings of the team, I mentioned that Mr Paton was taking extended leave and had travelled overseas. He has not attended meetings of the IRA teams since 18 March this year but has participated via email and by telephone for two of those meetings and we expect he will participate by teleconference in future meetings of that team. I mentioned that Dr Singh was no longer a member of the IRA team by virtue of no longer being with Biosecurity Australia. He has not attended meetings on and from 25 October last year, which was when the team started giving consideration to stakeholder submissions.

**CHAIR**—Thank you, Mr Cahill, and thank you, Biosecurity. I now welcome officials from the International Division.

[10.45 pm]

**Senator McGAURAN**—What steps have been taken to negotiate and conclude the entry into Taiwan of Australian stone fruits?

**Mr Morris**—The most significant step in the past four months has really been the provision to Taiwan of some research that was funded, largely by the government but also contributed to by industry, which provided new cold disinfestation research information for both stone fruit and cherries. That was provided to Taiwan about the middle of last year. We pursued them quite actively in the second half of last year for comments on that research and earlier this year we finally got a set of questions and comments from them on that research.

We sent a technical delegation over to Taiwan in April this year to have extensive discussions with them. That delegation included the main researcher on the research, Andrew Jessop, who worked at that time for the New South Wales Department of Primary Industries. The result of that meeting we had was that Taiwan asked several more questions to which we have been putting together answers, and we will submit those to them very shortly with a view to them, hopefully, finalising their consideration of that research.

**Senator McGAURAN**—What is the estimated worth of this market to the Australian industry or growers?

**Mr Morris**—We answered that question on notice last time, Senator. The figure, from memory, was that the market for stone fruit was worth on average about \$14 million per year, and that was over the course of a five-year period. Stone fruit was worth about \$1.7 million. That was answered on notice last time. I can spend a couple of minutes digging that out or we could refer to the previous question on notice that we answered.

**Senator McGAURAN**—Would I be right to say that the Taiwanese are frustrating our efforts to enter that market?

**Mr Morris**—We have been frustrated getting into that market. I do not know whether that means that they have frustrated our efforts, but certainly we have been frustrated in terms of our efforts to get into the market.

**Senator McGAURAN**—Is that frustration ongoing? Have we reached the end point?

**Mr Morris**—No, certainly we are continuing to pursue it very actively. Our desire is to try to get access as quickly as possible. Our aim is always, desirably, to get it done before the next season and as you may be aware the next season for stone fruit commences as early as October this year, so that would be our next objective.

**Senator McGAURAN**—By October this year. Would that be ambitious?

**Mr Morris**—That would be our ambition to get it; whether it is ambitious or not remains to be seen. We like to set ambitious objectives and hopefully we achieve them, but unfortunately it does not always happen.

**Senator McGAURAN**—What hurdle are the Taiwanese putting up? Is it a trade hurdle? Have they said to you off the record, or even on the record, that they want certain accesses to Australia as a quid pro quo?

**Mr Morris**—Certainly they have been asking for access for a number of products. Their highest priority has been for some time to get access into Australia for their preserved eggs. Biosecurity Australia completed an import risk assessment on preserved eggs last year—

**Senator McGAURAN**—What do you mean by preserved eggs?



**Mr Morris**—There are two types of eggs that they are interested in. One is a salted cooked egg and the other is often known as a 100-year-old egg or, more technically, as an alkalised egg, which is an egg that is not cooked. They are the ones that look the colour of tea. They are brown and the yoke is black and green inside. People know them commonly as 1,000-year-old eggs or 100-year-old eggs.

**Senator McGAURAN**—But they still have their shell?

**Mr Morris**—Yes, that is right. They are treated in an alkaline solution and that preserves the egg. It is a traditional Chinese delicacy—I do not know if that is the right word, but it is certainly an item on their menu.

**CHAIR**—Have you had one?

**Mr Morris**—I have tried many on behalf of the country!

**Senator McGAURAN**—What is the problem with allowing that into Australia?

**Mr Morris**—As I said, an import risk assessment has been completed—BA might best speak to this, but I will make a few general comments and perhaps if they want to correct me they can do so. Basically, there are no major problems with cooked preserved eggs because the eggs are cooked and any of the disease risks that we would be concerned about are removed by that cooking process. So at this stage AQIS is having discussions with the Taiwanese to put in place the import certification arrangements that would enable those eggs to come into the country. That may or may not involve auditing of plants and things like that. So those operational discussions are being finalised at the moment.

The alkalised eggs are a slightly different issue because some of the pathogens and diseases that Biosecurity Australia identified in the risk assessment would not be appropriately treated—or at least the science is not available to suggest that it would be appropriately treated—by the alkalising process. That means that BA would require either some sort of assurance that the eggs were coming from disease-free duck farms, and they would need appropriate arrangements in place to give us that assurance; although we would need some sort of equivalent level of protection to ensure that those eggs were not carrying any particular pathogens or diseases of concern. So at this stage we are waiting for the Taiwanese to respond to us as to whether they can meet the specified requirements in the import risk assessment that was completed last year.

**CHAIR**—Senator McGauran, we have five minutes remaining in today's session and a couple of your colleagues have questions. You are under no pressure at all, but if you are winding up and your colleagues can squeeze their questions out, I think the committee would accept going over for five minutes if it saves the officials from International Division having to come back tomorrow. Feel free; it is your call.

**Senator NASH**—No pressure!

**Senator McGAURAN**—I feel pressured.

**Senator Sherry**—Do not feel pressured. Just look at those questions and consider whether you need to ask them.

**CHAIR**—I was being a bit more subtle.

**Senator McGAURAN**—I found that fascinating. I was quite riveted by all that. The egg stuff was really interesting.

**Senator SCULLION**—Just answer the question. Keep going. You have the call.

**CHAIR**—You have the call.

**Senator McGAURAN**—On a point of clarification, does that mean that International Division will not be back tomorrow?

**CHAIR**—No, what it means is that if we can wrap it all up by five past and save the officials from International Division having to come back tomorrow morning, then that would be appreciated, I think, by the officials. But, if there are a lot of questions to go through, please take it. I will call stumps at 11 o'clock and we can come back tomorrow.

**Senator McGAURAN**—It depends on what you mean by 'a lot'. There are not a lot.

**CHAIR**—It depends on what I mean by 'a lot'? Okay. You have half a question, Senator McGauran. Keep going.

**Senator SCULLION**—Go for it.

**Senator McGAURAN**—I have a handful of questions for them.

**CHAIR**—That is all I need to know. We will close at 11 o'clock, so you have five minutes, and we will come back tomorrow.

**Senator McGAURAN**—Where were we?

**CHAIR**—Eggs. You were making up questions about Taiwanese eggs.

**Senator McGAURAN**—This is seemingly a small market for Australians in the bigger picture—the \$14 million—but to the stone fruit growers it spins on their profitability that they do get access to Taiwan. It is very important to this small industry. So what else have the Taiwanese put on the table as an access problem?

**Mr Morris**—Both countries have a number of issues in both directions. It is the same as our negotiations with any country; we quite often have a number of items that we are dealing with. In the case of Taiwan, they would like to get access into Australia for lychees and they also want improved quarantine arrangements for their orchid plants for access into Australia. They are the other two main priorities for the Taiwanese. We have access requests for them for citrus and other horticultural products as well, so it is very much a two-way set of priorities that we have.

**Senator McGAURAN**—I cannot see any problems with the Taiwanese lychees or orchids, considering that we access orchids and lychees from other countries. What is the problem with the Taiwanese lychees and orchids?

**Mr Morris**—With any request from any country, Biosecurity Australia needs to do a risk assessment of the pest and disease risks specific to that country. They need to complete that for Taiwan before we can be assured that there are not any risks to the lychee growers of Australia.

**Senator McGAURAN**—So this whole stone fruit access problem—which has been an ongoing problem—is all wrapped up in a whole lot of other access problems. Why can't you just separate it?

**Mr Morris**—We do try to treat each issue separately. As I said earlier, we are providing and have provided a lot of research on the stone fruit issue as a stand-alone issue, so we have very much been trying to handle that separately. But, as with any country, we also recognise that we need to be seen to be advancing their priorities in the same way as we would like to see them advance ours. So we try and maintain a relationship which reflects that approach.

**Senator McGAURAN**—Do you think that simply recognising the country's sovereignty would help the stone fruit issue?

**Mr Morris**—I think that is a question for DFAT.

**Senator McGAURAN**—Well, keep pushing that door on behalf of the stone fruit industry. It is very important to that industry. I guess that is all.

**Senator NASH**—I will just ask about the free trade agreement with Chile. I think this was raised in the February estimates, and I think that at that stage we had had the third round of negotiations. The fourth, I think, was supposed to be in April. Can you give us an update on what point that is at?

**Mr Bowen**—The fourth round of negotiations was completed recently, and the government is considering the outcome of those negotiations. They were meant to be the final round of negotiations.

**Senator NASH**—Do we have any indication of when the government might have a position or response?

**Mr Bowen**—I believe there will be one soon.

**CHAIR**—As there are no other questions for the International Division, I thank witnesses. You do not have to come back.

**Senator McGAURAN**—Sorry, what does that mean? I have a few minor questions to ask them.

**Senator NASH**—Why don't you put them on notice?

**Senator Sherry**—Why not just bring them in tomorrow?

**CHAIR**—How quick is 'minor'? If it is going to be a couple of minutes we will do it.

**Senator Sherry**—Put them on notice.

**CHAIR**—If it is going to be a half-hour thing, I am not going to ask Hansard and the secretariat to stay back. We will come back tomorrow morning. They put in a big day today. It is your call, Senator McGauran. Take your time; you have three seconds!

**Senator McGAURAN**—All right, I will be quick.

**CHAIR**—I will put it this way: at five past eleven, whether you are finished or not—I will give you the opportunity to plough through them, but it is not going to go to 10 past or quarter past 11—we will come back tomorrow morning. I think that is only fair, not only for the officials but for the staff too.

**Senator McGAURAN**—I just want to consult my colleagues.

**CHAIR**—Consult your colleagues; I will consult mine. Tick-tock, tick-tock, tick-tock, tick-tock, tick-tock!

**Senator McGAURAN**—Without wishing to be difficult, I think we would like them in tomorrow, even if it is for no longer than an hour or less.

**CHAIR**—Yes, whatever it is. I am sure the officials would love to come back. There are absolutely no dramas. In that case, I very much thank the officials, the staff and Hansard.

**Committee adjourned at 11.01 pm**