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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

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CANBERRA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Tuesday, 23 March 2021

Members in attendance: Senators Antic, Canavan, Ciccone, Davey, Faruqi, Gallacher, McCarthy, McDonald, McKenzie, Patrick, Rennie, Rice, Sterle, Whish-Wilson [by video link].

AGRICULTURE, WATER AND THE ENVIRONMENT PORTFOLIO

In Attendance

Senator Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Industry Development

Senator Ruston, Minister for Families and Social Services

Department of Agriculture, Water and the Environment

Executive

Mr Andrew Metcalfe AO, Secretary

Mr Dean Knudson, Deputy Secretary, Major Environment Reforms Group, Environment and Heritage Group

Ms Cindy Briscoe, Deputy Secretary, Enabling Services Group

Ms Lyn O'Connell, Deputy Secretary, Water, Climate Adaptation, Natural Disaster and Antarctic Group

Mr David Hazlehurst, Deputy Secretary, Agricultural Trade Group

Ms Rosemary Deininger, Deputy Secretary, Agriculture Policy, Research, and Portfolio Strategy Group

Mr Andrew Tongue, Deputy Secretary, Biosecurity and Compliance Group

Agricultural Policy Division

Ms Joanna Stanion, First Assistant Secretary

AGVET Chemicals, Fisheries, Forestry and Engagement Division

Ms Emma Campbell, First Assistant Secretary

Ms Julie Gaglia, Assistant Secretary, Agvet Chemicals and Forestry Branch

Ms Emma Cully, Assistant Secretary, Ag2030, Covid-19 and Engagement Branch

Mr George Day, Assistant Secretary, Fisheries Branch

Australian Bureau of Agricultural Resource Economics and Sciences

Dr Jared Greenville, Acting Executive Director

Biosecurity Animal Division (including Australian Chief Veterinary Officer)

Dr Robyn Martin, First Assistant Secretary, Biosecurity Animal Division

Dr Mark Schipp, Australian Chief Veterinary Officer, Australian Chief Veterinary Office

Dr Beth Cookson, Assistant Secretary, Animal Biosecurity Branch

Dr Narelle Clegg, Assistant Secretary, Animal Health Policy Branch

Mr Wayne Terpstra, Assistant Secretary, Animal and Biological Imports Branch

Biodiversity Conservation Division

Ms Cassandra Kennedy, First Assistant Secretary

Mr Steve Costello, Assistant Secretary, Program Delivery Branch

Biosecurity Operations Division

Mr Colin Hunter, First Assistant Secretary

Ms Lee Cale, Assistant Secretary, Assessment and Client Contact Group

Ms Barbara Cooper, Assistant Secretary, Border Controls Branch

Mr Rick Hawe, Assistant Secretary, Inspections Group

Biosecurity Plant Division (including Australian Chief Plant Protection Officer)

Dr Chris Parker, First Assistant Secretary, Biosecurity Plant Division

Dr Gabrielle Vivian-Smith, Chief Plant Protection Officer, Australian Chief Plant Protection Office

Biosecurity Strategy and Reform Office

Ms Jo Laduzko, Head of Office, Biosecurity Strategy and Reform Office

Compliance Division

Ms Peta Lane, First Assistant Secretary

Corporate and Business Services Division

Mr Lionel Riley, Acting First Assistant Secretary

Mr Troy Czabania, Assistant Secretary, Governance and Parliamentary Business Branch

Climate Adaptation and Resilience Division

Ms Maya Stuart-Fox, Acting First Assistant Secretary

Mr Anthony Bennie, Assistant Secretary, Natural Capital and Markets Branch

Drought and Bushfire Response Division

Ms Kerren Crosthwaite, First Assistant Secretary

Mr Travis Bover, Assistant Secretary, Drought Preparedness and Policy Branch

Ms Courtney Bryant, Acting Assistant Secretary, Bushfire Response Branch

Mr Andrew O'Sullivan, Assistant Secretary, Financial Policy and Business Support Branch

Environmental Biosecurity Office

Dr Robyn Cleland, Chief Environmental Biosecurity Officer

Exports and Veterinary Services Division

Ms Nicola Hinder, First Assistant Secretary

Mr Dennis Way, Assistant Secretary, Veterinary and Export Meat Branch

Finance Division

Mr Paul Pak Poy, Acting Chief Finance Officer

Ms Rachel Short, Acting Assistant Secretary, Funding and Revenue

Ms Tanya Howitt, Assistant Secretary, Financial Management

Ms Sophia Farmakis, Acting Assistant Secretary, Financial Operations

Information Services Division

Mr Mark Sawade, Chief Information Officer

Legal Division

Ms Alice Linacre, Chief Counsel

People Division

Mr Neal Mason, Chief People Officer

Ms Kylie Barber, Assistant Secretary, Safety, Antarctic and Parks Branch

Ms Robyn Black, Assistant Secretary, People and Policy Branch

Ms Jill Mand, Assistant Secretary, Integrity Branch

Mr James McGlynn, Acting Assistant Secretary, Safety, Antarctic and Parks Branch

Plant and Live Animal Exports Division

Dr Melissa McEwen, First Assistant Secretary

Mr David Ironside, Assistant Secretary, Plant Export Operations

Portfolio Strategy Division

Mr Nick Blong, First Assistant Secretary

Trade, Market Access and International Division

Mr Chris Tinning, First Assistant Secretary

Trade Reform Division

Mr Matthew Koval, First Assistant Secretary

Portfolio Agencies

Animal Health Australia

Ms Kathleen Plowman, Chief Executive Officer, Animal Health Australia

Dr Samantha Allan, Executive Manager, Emergency Disease Preparedness and Response Services

Mr Adam Pate, Executive Manager, Government and Industry Relations

Australian Fisheries Management Authority

Mr Wez Norris, Chief Executive Officer
Ms Anna Willock Executive Manager
Mr John Andersen, Chief Operating Officer

Australian Livestock Export Corporation

Mr Troy Setter, Chairman
Mr Sam Brown, Chief Executive Officer

Australian Wool Innovation

Mr John Roberts, Chief Operations Officer
Mr Stuart McCullough, Chief Executive Officer

Horticulture Innovation Australia Ltd

Ms Julie Bird, Chair
Mr Matt Brand, Chief Executive Officer
Dr Alison Anderson, General Manager, Research and Development

Inspector-General of Biosecurity

Mr Rob Delane, Inspector-General of Biosecurity

Regional Investment Corporation

Ms Karen Smith-Pomeroy, Chair
Mr Bruce King, Chief Executive Officer

Rural Industries Research and Development Corporation

Mr John Harvey, Managing Director
Mrs Kay Hull AM, Chair

Wine Australia

Mr Andreas Clark, Chief Executive Officer [by video link]
Dr Michele Allan, Chair

Committee met at 09:01

CHAIR (Senator McDonald): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2020-21 and related documents for the agriculture, water and the environment portfolio, excluding the environment. All questions on the environment go to the department's appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice. The proceedings today will begin with an examination of corporate matters within the Department of Agriculture, Water and the Environment. The committee has fixed Friday, 7 May 2021 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business on Thursday, 1 April 2021.

Under standing order 26 the committee must take all evidence in public session. This includes answers to question on notice. 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.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall be given 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.

I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. An officer called to answer a question for the first time should state their full name and the capacity in which they appear, and witnesses should speak clearly and into the microphones to assist Hansard to record proceedings.

Could I please remind everyone present to switch off their mobile phones or render them inaudible. Senators, departments and agencies have been provided with advice on the arrangements in place to ensure the additional estimates 2020-21 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

Department of Agriculture, Water and the Environment

[09:05]

CHAIR: I now welcome Senator the Hon. Jonathon Duniam, the Minister for Fisheries and Forestry. Later Senator the Hon. Anne Ruston, Minister for Families and Social Services, Mr Andrew Metcalfe, AO, Secretary of the Department of Agriculture, Water and the Environment, and officers of the department. I also welcome my colleagues who join us here this morning and I look forward to you being here all day. Minister Duniam, do you or Mr Metcalfe wish to make an opening statement?

Senator Duniam: I don't, but I believe the secretary does.

Mr Metcalfe: Firstly, I'd just like to note of course the severe weather event occurring across parts of eastern Australia at the moment, with more rain expected today and in coming days. The event of course is not only impacting severely on the central New South Wales and Sydney areas but also southern Queensland. I think rain is now expected on this side of the divide as well. Our thoughts are very much with all people impacted by the floods, including of course many primary producers as well as indeed some of our own staff. We've been in touch with our counterparts in the departments of primary industry in Queensland and New South Wales to offer any assistance that we can, particularly in relation to management of livestock and with the veterinary capabilities we have.

Just over a month ago the department marked one year since we came together as one department with a single purpose—a department to regulate to enhance Australia's unique agricultural environment and heritage and water resources. It's worth while just very briefly reflecting on what we've done over the last year, despite the unprecedented challenges as we seek to be a truly integrated organisation supporting Australia's efforts to care for our country. This of course would not be possible without the incredible hard work of our diverse workforce of over 7,000 staff right across Australia that I have the pleasure to lead. I'd just like to formally note before the committee my appreciation of the service of my staff to the Australian community during what's been a very challenging time.

Our frontline staff of biosecurity, export officers and veterinarians across the country have been instrumental in supporting COVID responses such as facilitating the importation of our critical COVID vaccines and working alongside industry to assist with workforce shortages, maintain export channels and keep the economy going. Our national parks workforce across the country are working closely with traditional owners to provide stewardship over our precious environmental and cultural assets within our six Commonwealth national parks.

Our Canberra workforce of course in partnership with others delivered immediate action through this time of crisis such as a range of initiatives needed to support recovery from the Black Summer bushfires, through to the long-term transformation seen with the development of the nation's first National Plastics Plan and the implementation of the government's plans around Agriculture 2030. Of course, even though it's more for the other committee rather than this committee, we can't forget our southern based and very remote workforce based on Macquarie Island and our three bases in Antarctica, supported by our colleagues in Tasmania who are delivering world leading science that will help us ensure our programs, policies and investment are based on the most relevant and robust scientific evidence. Finally, the department stands ready of course to assist the committee through today and this evening. Thank you.

CHAIR: The committee joins in also acknowledging your staff and the work they've done in the last year and particularly this flood event at the moment. Thank you for raising that. Senator Sterle, will you lead us off this morning.

Senator STERLE: I wrote to the department requesting a range of information in relation to funding across the agriculture portfolio. Are you able to provide the committee with that information?

Mr Metcalfe: Yes. We received your letter on Friday afternoon. We will be able to provide much of the information as we come through the various parts of the day. I don't have it all in one place, but officers do have your letter and they are expecting to respond to the request for information you provided. The advice I have is that we'll be able to provide much of what you've asked for. If not, we'll be able to get it to you as soon as we can.

Senator STERLE: Thank you. It was a bit late. I acknowledge that. There has been a bit going on around this place lately.

Mr Metcalfe: Yes, and you'll appreciate we were before the other committee yesterday. We had a similar letter from Senator Green as well to respond to yesterday.

Senator STERLE: Before I do go into questions—it's timely now—can I take this opportunity to welcome back Senator McCarthy to this committee, which is great news. She is a magnificent advocate for the bush. Welcome back. It's great to be working along side you again.

Senator McCARTHY: Good to be back.

Senator STERLE: Can the department confirm the total funding for the financial year across the agriculture portfolio?

Mr Pak Poy: Total departmental resourcing for the department for 2021 is \$1.917 billion, which can be found on page 14 of the PAES document.

Senator STERLE: Could you please provide the funding for each of the programs and other measures?

Mr Pak Poy: I could take you through each of the outcomes and each of the programs, the measures in the PAYS xx document if you'd like?

Senator STERLE: Yes.

Mr Pak Poy: As I think we've explained previously to the committee, this is the document that we reconcile our expenditure back to.

Senator STERLE: As you're going through it, rather than coming back to it, I will ask how much is allocated to that and how much has been spent. Is that easier?

Mr Pak Poy: The spent amount for this financial year—

Senator STERLE: So, the allocation and the spent amount, yes.

Mr Metcalfe: In actual agriculture, the figure that we provided just then, \$1.917,599, is for the entire department. That does include our water and environment functions as well.

Senator STERLE: Can you break those three up?

Mr Metcalfe: What I'll ask Mr Pak Poy to do is pick out those parts of the document that refer more specifically to the agriculture science, biosecurity and whatever.

Senator STERLE: Thank you.

Mr Metcalfe: In relation to expenditure to date, we'll need to provide the best information we can I think as we get to each of those program areas, because the relevant officers will be the best ones to advise as to where we are on particular areas of expenditure.

Senator STERLE: You're right; it is just agriculture that I am interested in.

Mr Pak Poy: I'll direct your attention to page 49 of the PAYS xx document, which details the departmental expenses available for outcome 3, which is related to agricultural policy. The 2020-21 revised estimate departmental total of \$142,660 million is available under that outcome.

Senator STERLE: So, that's what's allocated?

Mr Pak Poy: That's what's allocated, and departmental expenses.

Senator STERLE: How much has been spent?

Mr Pak Poy: I don't have a to date spent, but in terms of our internal budgeting we budget to spend all of that this financial year.

Mr Metcalfe: As we work through each of the outcome areas, the senior officers will be able to talk to you about basically where they're at in relation to that.

Senator STERLE: That's easier than doing it all now?

Mr Metcalfe: We are obviously planning to spend all the money allocated to us by the end of the year, but when we come to discuss trade or when we come to discuss biosecurity or whatever, the relevant deputy secretaries will be able to have a discussion with you about expenditure.

Senator STERLE: Thank you.

Mr Pak Poy: I would direct your attention to page 55 of the PAYS xx, which details the expenses available for outcome 4, which is our biosecurity outcome. You'll see the departmental total revised estimated expenses for 2020-21 of \$733,337 million.

Senator STERLE: The relevant dep secs can tell us what the spend is when we get to that outcome?

Mr Metcalfe: That's right. They will be happy to talk about the money being spent.

Senator STERLE: What is the total funding across the forward estimates for the agriculture budget? Do you have that figure?

Mr Metcalfe: I think those tables that we just referred to were going to provide that information. We're just on page 55. You will see for outcome 4 the forward estimates are in the right-hand columns. I'll get Mr Pak Poy to take you through the specifics.

Mr Pak Poy: Staying on page 55, as the secretary said, the forward estimates are detailed there and you'll see there's a column for 2021-22, 2022-23, and 2023-24. For 2021-22 the departmental total forward estimate is \$752,309 million. For 2022-23, for this outcome, outcome 4, the forward estimate is \$725,603 million. For 2023-24 the forward estimate for outcome 4 is \$670,769 million.

Mr Metcalfe: Have you got a copy of this?

Senator STERLE: No, I haven't got it in front of me. There's no reason for me to doubt you.

Mr Metcalfe: Rather than having to write numbers down—

Senator STERLE: I haven't got it in front of me.

Mr Metcalfe: I'm sure the secretariat will be able to give you one.

Senator STERLE: Thank you.

Mr Metcalfe: That was just for the biosecurity outcome. You need to come back to outcome 3. This is page 49 of the PAYS xx document. For outcome 3, the 2021-22 forward estimate is \$142,149 million. The 2022-23 forward estimate is \$127,958 million. You'll see the 2023-24 forward estimate for the department for outcome 3 is \$125,262 million.

Senator STERLE: Yes, that's a lot easier. Thank you for that. I will pass to Senator Ciccone

Senator CICCONE: I just had a few questions with respect to the Building Landcare program. I don't know if we do this in corporate or later on.

Mr Metcalfe: I think we were going to cover that later when we get to the right area.

Senator CICCONE: What outcome would that be?

Mr Metcalfe: Outcome 3. As you're aware, because of restrictions on numbers in the room I've actually got the corporate team with me at the moment. Other colleagues are in the waiting room and can come in if needed and we will have others who are probably back in the department who will come to Parliament House later in the day as we work through issues. This is because of the limitations on the numbers.

CHAIR: Ideally we'll do corporate matters now, because it assists the other senators who may be coming and going.

Senator CICCONE: My questions seem to be best suited to outcome 3.

CHAIR: Senator Canavan, you had a question for this section.

Senator CANAVAN: I had some questions about the specific labour options and seeking quarantine arrangements for them. It's a little unusual.

Mr Metcalfe: Outcome 3, Senator. I do know that officers from that outcome are available. Depending upon what questions—

Senator CANAVAN: It depends on whether others have corporate questions. I might just check this as well. I presume pineapple imports would be in biosecurity?

Mr Metcalfe: That would be biosecurity, outcome 4.

Senator CANAVAN: And I had live export fees—

Mr Metcalfe: Yes, live exports will be also under outcome 4.

Senator STERLE: I think we're done. We have no questions for corporate.

CHAIR: I believe that corporate may now be released. I'm looking for the members for outcome 3. We are now examining outcome 3 from the department. Senator McCarthy is going to lead off.

Senator McCARTHY: I'd like to go to questions around the mouse plague. Firstly, obviously this is a terrible time for many of our farmers in terms of what's going on out there. I wanted to go to a couple of questions in relation to that. Going to the National Farmers' Federation target of \$100 billion by 2030—and there is also the government's Delivering Ag2030 plan that was released in October last year—can the department explain how the government is going to achieve its Ag2030 plan with a 14-page plan?

Mr Metcalfe: The plan released in October last year was, as you say, a high-level plan, pointing to particularly the seven pillars of activity that we see happening over many years. It was really trying to be a positioning document that indicated that, of course, the government shares the NFF's aspiration to significantly grow agricultural output. How the government can contribute to that is described in the high-level plan. It's our expectation that that plan will be built upon and developed as further initiatives are brought forward over the years ahead. The plan is also significant because it not only outlines activities in this portfolio, which has primary carriage of the Ag2030 initiatives but, of course, flags that there are many other portfolios across the Commonwealth government that contribute to agricultural productivity. The industry portfolio is very significant. CSIRO, of course, as one of the world's leading scientific organisations is critical. They are very focused on the future of farming and water use. The department of infrastructure has water responsibilities and general responsibilities. There's a team effort, effectively. The plan as I've said is a start, not a finish, and it's intended to provide a high-level structure for lots of work that's currently underway and will continue over the decade and beyond.

Senator McCARTHY: There are seven themes of action included in the government's plan. Can I just confirm the seven themes—trade and exports, biosecurity, stewardship, supply chains, water and infrastructure, innovation and research and human capital?

Ms Deininger: That's correct.

Senator McCARTHY: Can I just get an understanding of how much funding has been allocated to each of those themes?

Ms Deininger: As at the 2020-21 budget, for the first theme you mentioned, trade and exports, there was additional funding of \$706.1 million over the forward estimates. Theme 2, biosecurity, \$312 million over the forward estimates. Theme 3, stewardship, \$174.8 million over the forwards. Theme 4, supply chains, \$111.2 million over forwards. Theme 5, water and infrastructure, \$472.4 million over the forwards. Theme 6, innovation and research, \$94.5 million over the forwards. Theme 7, human capital, \$94.5 million over the forwards. There's a very substantial investment by government across each of the themes. As the secretary mentioned, not all of that work is being undertaken in our department. It's also being undertaken in other departments and in partnership with industry, because industry also has a very important role to play in growing the sector and making sound investment decisions to support the growth of the industry.

Senator McCARTHY: How is the government measuring this seven themes in delivering that Ag2030 plan, just to ensure the target is being met?

Ms Deininger: As the secretary mentioned, the target is ambitious. The current level of production and the value in the sector is about \$66 billion. That was obviously on the back of a very significant year in terms of grain production and generally improved conditions following the recent drought. It will take a substantial amount of improvements in productivity to increase that \$66 billion to \$100 billion, and that is why a range of these areas are needed for focus. For example, a substantial proportion, 70 per cent, of what Australia produces in ag is exported. About 90 per cent of the food consumed in Australia is grown and produced here. We really need to grow export markets and grow prices in order to be able to, for example, seek to move to that \$100 billion. We can't just supply the domestic market more, for example, and expect to grow the sector.

Mr Metcalfe: In the vernacular, we're not going to eat our way to \$100 billion, because we feed ourselves. We need to trade our way to \$100 billion. We need markets to trade into and we obviously know that those markets are choosy. Australia produces a couple of per cent of world agricultural production. There's fierce competition from other countries. We need to have really high-quality food and commodities being exported into countries. A lifting lift in premium and productivity trade opportunities are all the sorts of issues envisaged to help us get to that \$100 billion and hopefully beyond. At the same time, as we all know, Australia as a continent has variable weather, our climate issues significant and water availability is significant. Biosecurity is a major area of focus for us. There's a series of countervailing factors as well that could impeded progress. We've had a fantastic year. While not everyone has shared in that benefit, many farmers have had a really good year off the back of the La Nina event. The rain we're having in parts of Australia now is setting us up for another good year for winter cropping. Beef prices are at a record high, and so on. We can't be complacent. What we've tried to do in those seven themes is to really lay out the structure to provide thinking and guidance for continuing activity and investments over several years.

Senator McCARTHY: So, it's a good stage in terms of the domestic situation. There is such a reliance on the export situation. I'm just obviously familiarising myself with this portfolio again. What has happened in terms of exports because of COVID? Has that had an impact on our farming areas in terms of the export of those products?

Mr Metcalfe: We've had a very good year for exports as well. Deputy Secretary David Hazlehurst is here and he can talk in more detail about this. Again, because we have so many commodities and so many markets, there are different stories to tell, but if you aggregate it up it's been a good year for agricultural exports as well, which has contributed to the growth in the sector of up to \$66 billion. At the same time it's fair to say that we had issues with our largest export market in relation to a series of commodities. That's an issue that the department has been very focused on as well to assist agricultural producers and exporters to diversify their markets areas as well.

Senator McCARTHY: What has been the problem?

Mr Metcalfe: You'd be aware of various actions taken by China in relation to barley, certain meat establishments, wine, certain seafood and timber products. That's been an area of significant focus for us.

Senator McCARTHY: How have you been meeting those challenges?

Mr Metcalfe: I'll ask Mr Hazlehurst to join us and he can talk in a bit more detail. We have some very senior staff in the Australian Embassy in Beijing and they work within the embassy closely with the ambassador and senior trade commissioner. We of course seek to ensure that the requirements being asked by the Chinese authorities are met. They largely go to whether or not products have contamination or other quality issues associated with them. You'd be aware that the original suspension of four meat establishments in the middle of last year was associated with concerns about quality. Those meat establishments have worked through those issues and we can be confident that they produce very high quality food. You'd be aware of the decision in relation to barley, which Australia has now taken to the World Trade Organisation because we completely disagree with the Chinese position. You'd be aware of the issue in relation to wine and tariffs being imposed on wine. It's very much the view of Australia that we are not dumping wine in China, but the Chinese authorities have taken a different view. That's not yet at the point of an issue that can be taken to the WTO, because the Chinese have not yet issued final determinations. That is clearly an area of major concern to us well. Of course, there have been other actions taken by the Chinese in relation to export of lobsters, timber products, and so on. Mr Hazlehurst can provide more detail, if you wish, but the short answer is that China traditionally over the last few years has grown to become about 30 per cent of our export market.

Senator McCARTHY: Is that across-the-board?

Mr Metcalfe: That's across all products/commodities. Of course, some are more significantly involved with exports to China; others less. We've been very focused on working with our companies and producers. We're working very closely with Austrade. The government announced an initiative—the Agricultural Business Expansion Initiative—at the end of last year. Austrade and we are working closely with major exporters to explore alternative markets and to diversify their markets so that they're not exposed to issues in one particular market, which is just sound business practice. That's a general overview. If you have any more specific questions, I will ask Mr Hazlehurst to answer.

Senator McCARTHY: Is there anything you'd like to add?

Mr Hazlehurst: Briefly, just in relation to the start of your question which related to the COVID impacts on trade, overall trade was down a little bit in 2020, from a rolling average of the previous three years of around \$54 billion down to around \$48 billion. Many commodities were affected by that fall.

Senator McCARTHY: What were they?

Mr Hazlehurst: I can go through all of them, or I could even—

Senator McCARTHY: Would you like to table them?

Mr Hazlehurst: I can table something in the first break or something like that.

Senator McCARTHY: Thank you.

Mr Hazlehurst: There were some commodities that actually did better last year. For example, beef and veal was up about \$690 million to—

Senator McCARTHY: So, up by \$690 million?

Mr Hazlehurst: Yes, that is right. That went up to \$9.66 billion. In general, staple commodities fared fairly well during the COVID period, but premium products suffered a little, particularly because, for example, in many markets, hospitality and restaurants, et cetera, weren't functioning in the same way. Similarly, there were falls in demand for—

Senator McCARTHY: When we talk about stable—

Mr Hazlehurst: Staples, as in wheat, for example.

Senator McCARTHY: Staple commodities. So, we're talking about wheat? What are we talking about?

Mr Hazlehurst: Many grains. By contrast, things like woodchips that relate to other finished products, where demand fell overseas because of COVID—those softened. Overall it was still a strong year, but there was a fall in trade. We're expecting that to rebound in 2021.

Senator McCARTHY: Mr Metcalfe mentioned in terms of China the challenges that are obviously still existing there at the moment. What impact is that having for farmers across the country at the moment?

Mr Hazlehurst: Again, it varies. For some products demand remains really strong from China still. Of course, China still remains our No. 1 export destination—30 per cent as a whole. But for some products, such as greasy wool, it's about 83 per cent. Demand remains pretty strong from China. There are disruptions that affect some whole commodities. For example, as Mr Metcalfe talked about, barley and wine are both the subject of additional tariffs into China and have been particularly affected. There has been a range of disruptions that have also been quite specific to establishments or companies. Mr Metcalfe referred to meat processing. There are several companies that were suspended because of labelling and other issues and several that were suspended because of the effects of COVID on their employees.

Senator McCARTHY: What's the timeline in terms of challenging what's going on with China, if Australia's taking it higher? What's the timeline there and what is actually going to happen?

Mr Hazlehurst: The detail of the challenges through the WTO are the responsibility of the Department of Foreign Affairs and Trade, but in broad terms—

Senator McCARTHY: Yes, but you must be briefed on what that timeline is?

Mr Hazlehurst: In broad terms now action is now being taken to bring an action in the WTO in relation to barley. That will take some time to work its way through the system. It won't be something that is resolved in the next six months, for example. In relation to wine, we are in the final stages of interacting with China around their actual determination. Their initial determination was just an interim one. They've subsequently, last week, provided further information around their claims in relation to wine. It's either at the end of this week or early next week that we have to respond as a country to those claims. Then there will be a further step for us to then determine, in consultation with the industry, whether WTO action might be pursued. But there's been no decision about that.

Senator McCARTHY: What communication is going out to producers as to that timeline? If we're looking at six months at a minimum, clearly it will probably be most of the year, possibly.

Mr Hazlehurst: I probably won't be resolved for years.

Senator McCARTHY: What kind of communication is going out to producers across Australia?

Mr Hazlehurst: So, that communication—

Senator McCARTHY: And advice as to where they should be looking next?

Mr Hazlehurst: There were two parts to that question. As to the first part—in relation to information about the action itself, we and DFAT are in constant engagement with industry groups and they then provide the information to their members. That's happening on a weekly basis. It's a very tight set of working arrangements around whether or not it will bring an action in the WTO. It's not something the government does on its own, it's done in direct consultation with the industry, the wine industry.

In relation to your second point, Mr Metcalfe referred to the Agribusiness Expansion Initiative, which was announced by the government at the end of last year. Just to put that into context, that initiative is also about what you referred to earlier, the Ag2030 initiative. In that context, I am mindful that in order to get to the \$100 billion target for domestic farm gate production we need to trade a lot more. The Agribusiness Expansion Initiative is about how will trade in general and the value of trade in general be increased to support that target. One immediate challenge is the challenge facing producers and exporters associated with the disruptions in the China market. The initiative is not just about that. In broad terms what is happening there, as Mr Metcalfe suggested, is that there's the role for Austrade, which is working with the individual producers and exporters. That's if you like a key account strategy, where Austrade is working directly with affected exporters. Our role is a little different. We're focusing more on industry sectors as a whole. For example, there's one part of the program, which is \$18.4 million over the next couple of years, to extend what's referred to as the Agricultural, Trade and Market Access Cooperation Program. This is about partnerships with industry to explore alternative markets, alternative market strategies, research and development, cooperative arrangements with the industries in those other countries as well. Our major focus is in relation to those partnerships. In addition, we've got a reasonably significant investment in additional scientific resources. A lot of what needs to happen when we're exploring market access at a technical level is scientific analysis about how we can best meet the food safety and other requirements of that

other country. We've also been provided by the government with \$6.8 million in additional scientific resources to accelerate that. We have a range of scientists already on tap, but as you'd appreciate the demands on those for opening up new markets and new opportunities are quite high and this provides us with greater capacity to expand.

Senator McCARTHY: You do have an ambitious target. You have one of the largest trading companies going now with you to the WTO to enhance our export opportunities. What is your plan B if that doesn't work?

Mr Metcalfe: I think Mr Hazlehurst has been describing the plan. It's understandable why China has become such an important export market for us. The population has a very large and emerging middle-class, with a desire for high-quality and safe products. We've seen, for example, milk powder for children is something incredibly desirable in that market. Of course, our exporters, our producers, get a significant premium price in exporting to China. It's entirely logical why we have such a strong involvement with China as a market. It remains very important. We of course continue to do everything we can to work with the Chinese authorities to ensure if they do have issues or concerns they are able to be met in a proper scientific manner. We're very much based on the science of the quality of food, and that's where our department has a key role.

It's a big world out there. There's an increasing middle class and increasing affluence across many countries elsewhere in Asia. As I've said, we're a relatively small player in global agricultural production, but we can be very proud of the quality of the products that we offer. One specific example, I think, of diversification—we've all had concerns about the impact of the barley decision by China. But Australian companies haven't been sitting around doing nothing about that. CBH, a major company in Western Australia, has exported, the last I checked, about 35,000 tonnes of Australian barley to Mexico. That will be produced to make beer in Mexico. All I can say is if you are interested in drinking imported beer, not Australian beer, then Corona is my recommendation. That's just one example of the fact that we have very good producers, very good export companies who are deeply engaged. Later today as we come to some of the research and development corporations, they will have a very good understanding of issues in the particular industry—Wine Australia and others. This Agribusiness Expansion Initiative is very much focused on growing markets generally and diversifying markets generally.

Senator STERLE: We've read a lot about the success of finding another market to backfill. I am led to believe it is at a considerably reduced income to our barley farmers; we should recognise that, too?

Mr Metcalfe: Yes. That's the issue. China I think is well known as a premium price market. That's why people have been developing the market. You get good returns. That is a very logical business position. To a certain extent, expectations as to price will need to be adjusted and there will be a whole lot of discussions. Issues like barley—they're global commodities, global markets, and we're competing against other countries. To a certain extent, we're always going to be a price taker, not a price maker, unless we are talking about really niche products as well.

Senator McCARTHY: Can I go to the mouse plague? What areas of Australia are affected by the mouse plague?

Mr Metcalfe: Certainly, the plague is most significant in the central west of New South Wales. The major impact is in the central west of New South Wales. My department does not have a direct on-the-ground responsibility. That is largely the responsibility of the state government Department of Primary Industries. We do have a role, and particularly the Australian Pesticides and Veterinary Medicines Authority has a role, in licensing the use of certain chemicals and baits that are being used to treat the mouse plague. I'm not sure whether the APVMA is being called today. To the extent that we can assist you on this issue, I will ask Ms Deininger to provide some more detail. Of course, it's a by-product sadly of what's been a very good year. We get this type of plague after there has been a lot of rain and good conditions that allow the mice to breed up, in the same way we've also had a locust issue across southern Queensland and New South Wales.

Senator McCARTHY: What role is the federal department playing in this? I know you mentioned the state department. What role is the federal department playing in assisting with the mouse plague?

Ms Deininger: We have a senior industry engagement officer who regularly engages across all of our industries, not only in relation to crises like the mouse plague but generally as to how industry is faring at present. That engagement has been around making sure we're aware if there were any supply chain disruptions. I think at the beginning, similar to when the drought broke, there were isolated examples of where there was insufficient fertiliser and so on. Stocks in suppliers were low; because of the drought there was no demand. There was a short time where there were some limited disruptions in the supply chain for fertilisers. Similarly with the mice bait, we needed to make sure that the baits were available and producers were aware of the application rates. There were some instances we heard of through that engagement of short-term supply gaps in bait.

Senator McCARTHY: Whereabouts was that occurring? What kind of interruption was there?

Ms Deininger: It was individual companies and individual suppliers. There was excess demand for the bait. It was about making sure that the suppliers were able to increase supplies from the manufacturer and on sell them.

Senator McCARTHY: Were there any problems?

Ms Deininger: That was initially and we haven't heard more recently that that is an ongoing issue. The market has effectively responded to the demand for those supplies of baits. We understand the baits have been put out. As the secretary mentioned, New South Wales DPI is working on the ground to help producers.

Mr Metcalfe: As is Queensland. The plague has been in southern Queensland as well.

Senator McCARTHY: You just said central west New South Wales.

Mr Metcalfe: Yes, I said that initially, and that's where the current reports are, but the plague has also been in parts of the Darling Downs. I'm not sure whether Senator Rennick has firsthand knowledge. There are reports of major impact in southern Queensland around Dolby. Effectively the mice have moved south and there's a very large focus in New South Wales as well.

Senator McCARTHY: Is there any additional funding for farmers and rural communities to assist with this plague?

Ms Deininger: I'm not aware of whether there are any emergency provisions in New South Wales. I am not aware of any Commonwealth programs that assist farmers in managing rodents or other pests. There may be programs at the state level.

Senator McCARTHY: When was the last time we had a mouse plague in these areas?

Ms Deininger: I'm happy to take that on notice. Obviously not for some time.

Mr Metcalfe: The Commonwealth department does not provide usually that sort of on-the-ground type of response. That is the responsibility of the state government department. We work very closely with New South Wales DPI. As Ms Deininger said, our primary responsibility is around trying to ensure that everything is working smoothly, and particularly the APVMA has a role in ensuring that licensing of the use of baits and various issues is done as quickly as possible.

Senator McCARTHY: Is it impacting exports?

Mr Metcalfe: It's probably too early to tell. As we heard earlier, we're actually having a bumper year for cropping in many parts of southern Australia. The impact on late summer crops and preparation as farmers get ready for winter planting is obviously now an issue. The impact ultimately on exports is probably too far away to tell at this stage. I should put on the record that we understand the very real human impact of plagues of this nature on farmers who are directly impacted by it. From what we've seen, this is a significant occurrence and obviously causing real distress to many producers.

Senator CANAVAN: As flagged, I wanted to ask some questions about arrangements to bring in Pacific labour workers, especially for the horticulture industry but all agricultural sectors. In particular, I wanted to understand the arrangements put in place with Queensland to manage quarantine arrangements with Pacific workers. What are the arrangements right now for a grower seeking to bring in Pacific Islanders to Queensland?

Ms Deininger: The federal government has a program called the Pacific Labour Scheme and the Seasonal Worker Scheme run out of DFAT and DESI. Typically, an employer will be facilitated through the program by those departments. They indicate the number of workers that they need and the timeframes in which they're needed. At the other end, if you like, of the process there's a process whereby DFAT engages with various countries in our Pacific region to prevet people. Once the employer has been identified and gone through the various registration vetting processes, the workers can be facilitated to fly to Australia and then go through the quarantine process. In Queensland they have trialled some on-farm quarantine arrangements as well as quarantine arrangements in what you might describe as capital city areas.

The government in consultation with the states at National Cabinet recently agreed that they would start to work towards in-country quarantine for countries like Fiji, for example, whereby the workers would quarantine in country. That means that when they come to Australia they are able to immediately work rather than needing to quarantine for that time. Of course, for those workers who were quarantining on farm in Queensland, there's also an opportunity to work during that time, provided the various requirements of the Queensland Health Department and the Chief Medical Officer are met in terms of social distancing and COVID-safe requirements.

Senator CANAVAN: On quarantining in country, that's still being discussed; it's not in place right now? Is that right?

Ms Deininger: That is right. National Cabinet has agreed that Australia would pursue that with the neighbouring countries who are amenable to that. I understand early discussions between South Australia and Fiji have started. It's in the early stages, but to the extent that would then free up our quarantine facilities, whether it's on farm or in our capital cities, it would certainly potentially help with bringing in more foreign workers.

Senator CANAVAN: I'm particularly interested in Queensland. Is the Queensland government of a mind to allow in-country quarantine?

Ms Deininger: It was only agreed by National Cabinet, I believe, early in March. I'm not aware that Queensland has engaged on that as yet.

CHAIR: My understanding is that we are; horticultural growers are doing charters to Queensland. As long as they have at least 30 employees, they've been able to quarantine and work successfully.

Ms Deininger: Certainly, Senator McDonald. That's correct. I was speaking then about the in-country quarantine.

Senator CANAVAN: That's the Fiji quarantine.

Mr Metcalfe: Quarantine in Fiji as opposed to here.

Ms Deininger: In fact, Queensland was an early adopter, as was the NT. Given the seasonal patterns, of course, they were early adopters of those seasonal worker arrangements.

Senator CANAVAN: The issue for many Queensland growers that I speak to is that they struggle or cannot, or they don't have the facilities, to allow for quarantine on farm.

Ms Deininger: Yes.

Senator CANAVAN: And my understanding—you might have mentioned this—is that the people in quarantine have to actually work in separate teams in Queensland.

Ms Deininger: Yes.

Senator CANAVAN: What steps are being put in place to help the smaller growers who can't house 30 or more people on their farms and don't have the separate work teams or big enough farms to allow for separate and social distancing work during quarantine?

Ms Deininger: Certainly, small farmers have been raised as an issue, not only in Queensland but in other areas, and obviously there are many in the horticulture sector that are very significant. What DESE and DFAT are doing is seeking to move workers between farms. So, once some workers come in, they may complete their work at a particular business and then they can be shared with other businesses. What the government is seeking to do is, I guess, have a number of entry streams. We might eventually have an entry stream that has quarantine in country, and then we have an entry stream that has quarantine on farm, and then an entry stream that has quarantine in a capital city. Only the larger farms would generally have the facilities available to accommodate workers in a COVID-safe way in the numbers that they need.

Senator CANAVAN: Do other states have the same stringent requirements as Queensland, in terms of quarantining on farms?

Ms Deininger: I'll need to confirm, but I think Queensland has been the only jurisdiction that has adopted on-farm quarantine. The other jurisdictions have relied on quarantine in the quarantine hotels or in specific locations.

Senator CANAVAN: This is my final line of questioning. Someone who has contacted me is proposing quarantine arrangements at Grantham, which is near Gatton in Queensland, just west of Brisbane. Are you aware of that proposal? They're seeking feedback. They haven't had much response from either yourselves or the state authorities.

Ms Deininger: I'm not familiar with that proposal. I'm happy to get the advice from your office. It might be that, if it's an on-farm quarantine proposal, it would have gone to the Queensland health department.

Senator CANAVAN: It's not on farm. It's near farm, if you like.

Mr Metcalfe: My ears would have picked it up if I'd heard anything, because I'm from Toowoomba and I know Grantham very well. I haven't heard anything. We'll check whether we do know. We might just make a phone call.

Senator CANAVAN: I think they're just looking for a response.

Mr Metcalfe: We'll make a phone call to our Queensland colleagues and see if they can let us know anything.

CHAIR: Senator McKenzie, do you have a follow-up question?

Senator McKENZIE: Thank you, Chair. In my home state of Victoria, 80 per cent of the national pear crop is out of the Goulburn Valley and there is some great horticulture, but, to Senator Canavan's point, smaller landholdings. They're really struggling to get a seasonal workforce when the state government's refusing to get quarantine arrangements in place. Can you update me on the discussions you've had with Victoria? I don't care whether it's on farm or in some hotel in Melbourne, but we just need some workers.

Ms Deininger: Certainly, Senator McKenzie. We understand that Victoria was entering into negotiations with the Tasmanian government so the foreign workers would quarantine in Tasmania and then come across Bass Strait and work in Victoria. I'll provide an update later in the hearing about the status of that.

Mr Metcalfe: On the issue of what discussions have occurred, this has obviously been a major point of discussions through several meetings of agriculture ministers. When the pandemic was at its height, through the first half into the middle of last year, ministers were regularly meeting in a virtual way. I convene a fortnightly phone hook-up with my counterparts in each state and territory—the Agriculture Senior Officials Committee. There's also a working group on agricultural labour across our departments as well. This is an issue that's been well and truly discussed. We've made every piece of information we possibly can available to our state colleagues about the facilities that we have been able to arrange with Foreign Affairs, Border Force and foreign governments to have workers available, and, of course, each territory and state has responded to that in different ways.

Senator McKENZIE: Victoria managed to get a closed-loop quarantine system for the Australian Open but can't seem to get a closed-loop system for our agricultural workers. My understanding is that there's been a proposal from Aspen Medical on the Premier's desk since last October. Has that been raised in any of your discussions?

Mr Metcalfe: Not that we're aware of. Our role has been very much to say, 'Here's what's available,' and each state government has then chosen to avail themselves of it in particular ways. The Northern Territory was very much the beginning and the leader, and other states have responded in different ways. We don't have the detail of what may have happened within a state government in response to particular proposals they may have received.

Senator McKENZIE: I thought, Acting Deputy Secretary, you nodded your head?

Ms Deininger: In relation to the facility, there have certainly been media reports that the Victorian government had received this proposal. I've seen those reports, but, as Mr Metcalfe mentioned, that's not something that we're involved in discussions about. I might also mention that South Australia has recently announced a facility that is perhaps similar to the one you're describing, Senator McKenzie, which is a regional quarantine facility that could be used for workers, as opposed to quarantining in hotels—

Senator McKENZIE: In Tasmania.

Ms Deininger: Or in Tasmania.

Senator CANAVAN: I forgot to ask about the Calliope proposal. You might know of that one. The Premier had suggested Calliope as a location for all returning workers. It's a large 1,400-bed camp near Gladstone. It's a largely unused camp. You're not aware of that?

Ms Deininger: I'm not aware of that.

Senator CANAVAN: That's something I've suggested to various ministers.

Mr Metcalfe: We'll check whether we have been informed of it, but it's not something that rings a bell.

Senator CANAVAN: So it's not being discussed for Pacific islanders?

Mr Metcalfe: I'm aware of some discussion around a facility near Gladstone.

Senator CANAVAN: Yes, that's the one. That would be it.

Mr Metcalfe: That's probably from media reports, but we can check to see—

Ms Deininger: I can check with Ms Stanion.

Ms Stanion: We are aware of the proposal. It's being considered by the Queensland government. There have been some discussions, but nothing formal has been decided.

Senator CANAVAN: Is it being discussed specifically now for agriculture? I believe the Queensland government has dismissed it for returning Australians. Is there any discussion about it being used for Pacific islander quarantine?

Ms Stanion: Certainly, that's the proposal. Whether it's been formally considered, I'm not aware, but we can check.

Senator FARUQI: Good morning, everyone. I have a few questions on the national horse traceability register. Could the department provide a quick update on the status of the creation of this register.

Ms Deininger: There are a number of things in train in relation to animal welfare, and Queensland and Victoria were leading on those. Certainly, the horse traceability register is being run out of Victoria and Queensland. I'll see if I have any information about the latest on that.

Senator FARUQI: Could you check on that, and maybe you could provide it on notice if you don't have it now.

Ms Deininger: Sure. Yes.

Senator FARUQI: On 23 December the minister responded to some questions on notice that I put regarding the working group for creating this register. The questions were about money committed to the working group. The minister responded that 'no specific funding commitment has been sought or made to date.' Could you tell me: since then, has any funding been sought or committed to by the Commonwealth towards the creation of the register?

Ms Deininger: I'll have to take that on notice as well. The horse traceability work is run out of a different part of the department.

Mr Metcalfe: We're just trying to see if we can get the right people available. Ms Deininger is being helpful but doesn't have the information, I think.

Senator FARUQI: You have no information on the horse traceability register?

Ms Deininger: No, but colleagues in a different outcome may well.

Senator FARUQI: I thought this was the policy division—

Ms Deininger: I think it's run out of Exports. We'll take it on notice. We'll see what we can provide during the course—

Mr Metcalfe: Yes, we might be able to come back after the morning tea break or something like that.

Senator FARUQI: I have other questions as well—

Mr Metcalfe: Perhaps if you could give them all to of us, and we'll try to answer all of them.

Senator FARUQI: Maybe you could answer some. They are about the money. I know that the working group is bringing together a range of stakeholders and experts on a regular basis, and facilitated workshops are going to happen. That's why I'm interested in the funding, otherwise how will those workshops and things be run. So, I'm really interested in the funding. Also, within those questions on notice, the minister stated that the 'expected timing for the working group to report would be mid- to late-2021.' I recently saw a communique from the chair, Mr Stuart McLean, dated 17 February 2021, that the date for the report to AGMIN is now stated to be early-2022. That's quite a long time away. I want to know what's changed, especially because no meetings of the working group were held between 23 December and 17 February. So, who decided that the time line would change? That's another question. My last one is: have the members of the working group been asked to sign confidentiality agreements, and is this usual practice in these sorts of working groups?

Mr Metcalfe: We'll endeavour to answer all of them as soon as we can. If we can't do it today, we'll do it on notice. But, if we can answer them today and put it on the record, we will.

Senator CICCONE: I want to follow up some questions from Senators McKenzie and Canavan about seasonal workers. I know we touched on AGMIN. Is it correct that that's where the Agriculture Workers Code was adopted, or was it at the national cabinet level.

Ms Deininger: That was adopted at the national cabinet.

Senator CICCONE: Have all the states and territories adopted that code—

Mr Metcalfe: It was developed by ag ministers, and it was then taken up to the national cabinet for the first ministers to agree on.

Senator CICCONE: What's been the practical effect of that code? Has it been enacted now by all the states and territories?

Ms Deininger: At the time it was. The intent of the Agriculture Workers Code was that it would facilitate the movement of agriculture and related workers—veterinarians, agronomists and important staff like that—across state boundaries. I'll check my record, but my recollection is that not all the states at the time agreed to the ag workers code, and it has not come back onto the agenda of the national cabinet again. Of course, since the ag workers code was enacted, there have been fewer border restrictions than were experienced earlier in the year.

Senator CICCONE: Obviously, there have been AGMIN meetings since then. I was just curious about this, following up from earlier questions, given that there have been quite a few issues in our home state of Victoria with the lack of—

Senator McKENZIE: [Inaudible] program.

Senator CICCONE: That's a bit rich. But, in trying to work out solutions that the states can also work with the Commonwealth on in terms of quarantine, have there been any proposals put to you or your department about quarantine workers elsewhere—for example, up north, in Australia, as a quarantine centre, through the Pacific islands that participate in the Seasonal Worker Program? Have there been any discussions in that area?

Mr Metcalfe: There have certainly been extensive discussions. In terms of the role of our department, the way I put it is that we don't actually have our hand on any of the levers; we have to influence others. In relation to the entry into Australia of workers from overseas—

Senator CICCONE: Don't underestimate your influence, Mr Metcalfe!

Mr Metcalfe: We work very closely, of course, with the department of foreign affairs, the Department of Home Affairs and the department of employment, who are effectively the agencies that regulate or assist. We, of course, are aware of the special workforce needs in the agricultural industries. Ag ministers and ag secretaries and directors-general have focused on this, and, indeed, there's been a working group that Ms Stanion has been involved with at the detail level through this. The Northern Territory, certainly, through the use of the Howard Springs facility, was able to bring in workers first. So it had that available facility that it had been using for quarantine purposes more generally, and it was able to bring in workers from the Pacific. That also coincided with the fact that, effectively, the first need of the last harvest season was for mango crops in the territory. As I'm sure you're aware, effectively the harvest season moves south as the summer progresses. I'm not sure if Ms Stanion can add to my answer at all and whether there was any particular further information around the use of quarantine facilities.

Ms Stanion: There was a lot of discussion early on about using Howard Springs, and Victoria was considering whether that was a possibility, but in the end they brokered a deal with Tasmania.

Senator CICCONE: Has there been any discussion on having quarantine in some of the Pacific Island nations?

Mr Metcalfe: Yes, there has. Ms Deininger mentioned before that National Cabinet recently focused on the issue of what's called in-country—in the source country—quarantine arrangements and how that could assist in ensuring that effectively when people arrived in Australia they were precleared.

Senator CICCONE: Where are we up to with those discussions?

Ms Deininger: As I indicated earlier, South Australia has indicated an interest in this concept of quarantine in country. There are discussions underway with Vanuatu and Fiji, facilitated by our foreign affairs department, to try and set that in train, but of course we need to work through all of the quarantine arrangements. As I mentioned before, it's also important that the approved employer arrangements are set up and we know what the demand is for those workers. Certainly work is underway, both within South Australia and working with employers and also working with the host countries of those workers.

Senator CICCONE: Is it still the case that we've got around 20,000 to 25,000 potential workers ready to go from those Pacific Islands?

Ms Deininger: Yes. There were prevetting arrangements that have been in place.

Senator CICCONE: What were those prevetting arrangements? Can you explain what that means?

Ms Deininger: The idea of prevetting is that there are checks that are undertaken in country, so that those potential workers are more readily able to come in more quickly, rather than needing to find, through expressions of interest and so on, workers who would be able to come to Australia.

Senator CICCONE: Who's doing those checks? Is it Australian officials, or are we relying on the foreign nations themselves to do their own checking?

Ms Stanion: It's managed through the Pacific Labour Facility that DFAT manages.

Senator CICCONE: So DFAT would be vetting these individuals?

Ms Stanion: They've contracted out the Pacific Labour Facility.

Senator CICCONE: Who do they contract out to?

Ms Stanion: That's best to ask DFAT. I'm not sure who the provider is. They manage all that.

Senator CICCONE: I suspect it wouldn't be Australian officials checking. That's alright.

Mr Metcalfe: I think it would probably be best to talk to Foreign Affairs about it. We can check, but it's probably more efficient to talk to them directly. Of course there are then issues about ensuring that the health reporting and testing system in the country itself is in fact of high quality, so that if there were to be in-country quarantine it was such that you could be absolutely sure that when someone arrived there was not a chance that they might be carrying the virus. So health officials and advice have been important in this as well.

Senator CICCONE: Correct. I think that's been the number one priority for all governments, whether it be the federal or state governments. Just to look back at the code, have the state and territory chief medical officers all endorsed the code?

Ms Deininger: The code was discussed at National Cabinet. I can come back to you on the query I wasn't able to respond to immediately earlier. New South Wales, Victoria, South Australia, the Northern Territory and the ACT signed up to the code. Queensland, WA and Tasmania did not. As I mentioned, there's not been a reversion back to National Cabinet of consideration of the code. Other arrangements are continuing.

Senator CICCONE: What does that mean, that those three jurisdictions haven't signed up?

Mr Metcalfe: This, of course, was when we had state border restrictions all over the place. The work we did with state officials was to try and ensure that critical workers could cross borders, whether it was farmers themselves who had farm businesses across a state border, or those critical contributors, veterinarians and others, people in the supply chain and whatever. It also sat next to the fact that there was a transport workers code, I think, and I'm told anecdotally that many farmers became truck drivers for the purpose of getting across the border where those controls were in place, because the transport workers code was up and running.

Since that time, of course, thank goodness, many of the border controls have been able to come down and therefore the prohibition on movement has ceased. That is probably why the states that didn't take it up initially have seen no need to further consider the issue. So hopefully it is a historic issue and not one that we have to face in the future, particularly as vaccines are rolled out and more people are able to—

Senator CICCONE: This code doesn't have an expiry date, does it?

Mr Metcalfe: No, but it was certainly something that was very important at the time. What it did mean was that the New South Wales Victoria border and the Victoria South Australia border were effectively able to be opened up. Queensland didn't sign up. They obviously had a particular view based on the advice of their chief health officer.

Senator CICCONE: The code is still in effect, is it?

Mr Metcalfe: It's still in effect, yes.

Senator RICE: I want to ask some questions about forests and forestry. That won't be a surprise for the minister sitting there.

CHAIR: Senator Duniam is returning later to do forestry.

Senator Ruston: I know Senator Rice wants to talk to me. It's her favourite time of the day.

Senator RICE: I may be talking to Senator Duniam as well, both of you.

Senator Ruston: I think Senator Duniam actually wanted to be here for that.

Senator RICE: Maybe we should take an early break then. It's generally in outcome 3.

Senator Ruston: If it would assist, Chair, could I suggest that I organise for Senator Duniam to be here immediately following morning tea, and Senator Rice can do that then?

CHAIR: That would be terrific. Senator Ciccone, do you want to keep going?

Mr Metcalfe: Could I add to the answer I gave to Senator McCarthy before? We were talking about mouse plagues. Through open source reporting I've been advised that the last major mouse plague was in 2011, so it was at the end of the last drought before we got into the most recent drought, the end of the millennium drought. It is obviously associated with growth after rain and mouse plagues growing up. Of course they've been a feature of the Australian landscape since the 1800s, in the same way that rabbits have similarly bred up as well. Sadly, it is a recurring event. Just to confirm, I have checked the New South Wales DPI website. They have extensive material there in relation to facilities and advice available to the farmers. There have been some quite disturbing scenes where humans have been impacted directly by mice as well, not only in terms of their drinking water but grocery shelves being attacked in Gulargambone and whatever. We would look to the state DPIs as the primary response agency, both in Queensland and New South Wales, but we provide support as we can, particularly in relation to

those issues around the availability of baits and chemicals, which is an issue that I know the APVMA has been very focused on.

Senator CICCONE: I want to touch on the national agricultural workforce shortage issue. Recently the National Agricultural Workforce Strategy has been made public. Can you confirm how much funding has been allocated to the strategy?

Ms Deininger: There was a budget measure and there was some funding allocated to pay for the committee. I will ask Ms Stanion to find that.

Senator CICCONE: While you're looking for that, how much funding was allocated to the advisory committee for it undertake the work, as well.

Ms Deininger: The work of the committee was what the funding was spent on.

Senator CICCONE: Were members of that committee paid?

Ms Deininger: Ms Stanion, are you able to answer that?

Ms Stanion: Yes. There was \$1.9 million allocated for development of the strategy.

Senator CICCONE: Were committee members paid? Did they receive remuneration?

Ms Stanion: The chair was paid. I'll just confirm for you Senator. I think the deputy chairs were also paid. The members were also paid. The chair was paid a daily fee of \$1,200, the deputy chairs \$1,000, and the members \$700, when they were working.

Ms Deininger: These are in accordance with the Remuneration Committee arrangements.

Senator CICCONE: Of course. Can the department outline what the government is doing to address the immediate needs, in terms of ensuring that the farmers are now getting the workers on the ground as part of this strategy? There were quite a few good recommendations that came out of the report. Now that it's been made public, where are we up to in terms of progress on the recommendations?

Ms Deininger: The way I would describe it is that there are two streams of work. There's an immediate stream of work around trying to address the immediate shortages of workers in the agriculture sector driven by the COVID border restrictions. We've talked about a number of initiatives, such as the Pacific Labour Scheme and the Seasonal Worker Program and the Ag Workers Code, to try and facilitate movement. In addition to that, there have been incentives such as relocation assistance to encourage people who are already in Australia, whether Australians or visa holders, to relocate to take up seasonal work. The states and territories have their own programs to try and encourage people to take up seasonal work. And, in addition, for visa holders who are already in Australia, there have been extensions provided to allow them to stay on and continue to work. There are quite a number of initiatives that the government and the state governments have undertaken to seek to meet those workforce needs in a time of border closures and the COVID response. The workforce strategy is designed to have a focus on the medium to longer term around underlying skills and attracting people to the sector over the medium term, for people to move into skilled jobs and undertake tertiary and certificate training to work in those areas. The government received the report at the end of last year, in October, and is considering that report. We're in the midst of the budget context, so I expect that the government will report on the recommendations in due course.

Mr Metcalfe: Senator, I think it would be worth putting on the record our thanks to Mr Azarias and the committee. They consulted widely, they thought deeply, they worked very hard. I know they were very well supported by a team from the department as well. They've clearly thought about the long-term issues associated with agricultural workforce requirements in Australia, from a training and education perspective, availability and whatever. I would like to put on the record our thanks for their hard work and commitment to a really important topic.

Senator CICCONE: That's right. I agree with your remarks. The only criticism, I think, was the make-up. They were lacking people on the committee that were actually farmers. That's been the feedback passed to me. That shouldn't take away from the work.

Mr Metcalfe: I know that they consulted extensively on a number of occasions with many people—the National Farmers Federation and others, of course, right through the place. I work with many people who conduct reports and inquiries, and everyone comes to those issues with a strong commitment to hard work, but I was very impressed by the real level of engagement and commitment to the issues that was displayed by this committee.

Senator CICCONE: Since the report was finalised in October last year until it was made public in, I think, February this year, has the department or the minister's office engaged with any stakeholders with respect to that report?

Ms Deininger: When the report was received by government, there was obviously a process of government consideration and departmental consideration. A roadmap has been released. With the release of the workforce strategy, a roadmap has been released, and that is what we will have limited consultations on, and that will then inform the government's response.

Senator CICCONE: Are you able to provide a list of the stakeholders that were consulted in that period?

Ms Deininger: I can take that on notice. We only just released the roadmap in the last few weeks.

Ms Stanion: The consultation is starting now—

Senator CICCONE: Consultation?

Ms Stanion: on the roadmap, seeking targeted views of industry on the strategy. That started only this week.

Senator CICCONE: So we're consulting on the report that consulted stakeholders about the issue?

Ms Deininger: What we're consulting about are the specific recommendations that have been made and the particular areas of focus. But, as I said, the government is actively considering the Azarias report, the workforce strategy.

Senator CICCONE: If you're a farmer watching this today, you'd be thinking: 'How much consulting are you doing? Can you just get on with it and actually help us with the labour issues that are facing ag at the moment?' I've spoken about this numerous times over the last 18 months, but it's such a pressing issue for farmers right now. I don't have to tell you, but we have fruit and veggies that are going to rot and we don't have the people on the ground picking and packing our great, wonderful produce. It feels like government keeps talking about the issue rather than actually doing something.

Ms Deininger: As I mentioned earlier, there is a range of initiatives from the Commonwealth and the state governments to seek to meet those immediate needs of producers—not only horticulture producers but also abattoirs—to access these programs, such as the Pacific Labour Scheme and the Seasonal Worker Program. That work is continuing, and there were measures in the MYEFO at the end of last year and more recently, and there are already some measures that the government has taken—for example, reducing the cost of agriculture degrees. That has seen an increase in the number of people seeking to undertake those courses. So there is work already in train. The consultations that we're undertaking on the roadmap are targeted to inform the government's consideration of the specific recommendations.

Senator CICCONE: I have one other thing, Chair, before we go to the break. You touched on the relocation allowance. It's fair to say the uptake's been fairly low. Has there been any analysis by the department or other departments? You might be talking to others about why there's been a low uptake. There's \$6,000 on the table for someone to relocate to the regions, but we've had virtually nobody pick it up.

Ms Deininger: The Department of Education, Skills and Employment run that program, so they might have done some analysis. It's fair to say that there hasn't been enormous uptake of those incentives, but I think it is important that we try different incentives and different means to support the agriculture and processing sectors. DESE might have some information on uptake that they might be able to provide.

Mr Metcalfe: Senator, I'm also aware that at least one state, I think Victoria, has provided similar incentives as well.

Senator CICCONE: They have.

Mr Metcalfe: I've only heard reports of that. I haven't looked at it in detail. Again, this is an area where state departments are focused on workforce issues and we're obviously focused on what we can do.

Senator CICCONE: I think theirs had a better uptake because of the way it's been designed.

Mr Metcalfe: I suspect that people are getting both Commonwealth and state assistance.

Senator CICCONE: Has there been any funding allocated to the workforce roadmap?

Ms Stanion: That will be decided through the budget process.

Senator CICCONE: Thank you, Chair, for being very patient.

CHAIR: Thanks, Senator Ciccone. We will go for a break.

Proceedings suspended from 10:33 to 10:45

CHAIR: We're going to recommence. But, just before we restart questions, Secretary, Animal Health Australia will now no longer be required, if you would let them know that they can stand down.

Mr Metcalfe: They were on last thing tonight?

CHAIR: That's right.

Mr Metcalfe: We'll let them know that they don't need to come along.

CHAIR: Senator Whish-Wilson has joined us by video link. Senator McKenzie is going to go first, then Senator Rice and then, depending on how we're going for time, Senator Whish-Wilson, and then we'll go back to Senator McCarthy.

Senator McKENZIE: I've got some questions on trade and market access.

Mr Metcalfe: We'll have to get the right people. We have the forestry team here.

Senator McKENZIE: I know. I have two series of questions—one on forestry and one on trade.

Mr Metcalfe: While we're getting them to the table, I have information that Senator McCarthy asked for earlier on about the exports of our 10 major commodities last year compared to previous years. If the committee is happy for me to do so, I can table that.

CHAIR: Great. Thank you.

Mr Metcalfe: It is on the trade and market access issue, actually.

Senator McKENZIE: My questions relate to the *Overseas posts network review*. It highlighted that stakeholder views are quite divergent on the benefits and risks of agriculture counsellors taking on environmental responsibilities—that's around page 25. Industry and DFAT officers at Australian missions expressed concerns that counsellors' roles could be 'diluted' if environmental responsibilities were added to their current responsibilities. It's something I feel strongly about. I think our ag counsellors should be traders, not diplomats or environmentalists. On the other hand, there would be benefits in mature markets to assist with environmental issues related to agricultural production and trade. I want to understand if the agriculture counsellors network has the capacity to take on environmental responsibilities.

Mr Metcalfe: The short answer is that they won't be doing that. I can reassure you on that point. We did think it was timely last year—given that additional funding had been provided for an expansion of the counsellors network a while back and also given trading patterns—to look at whether we had the right people in the right places at the right level. I asked a former deputy secretary of the department, Mark Tucker, who had also undertaken the industry engagement role for us when COVID hit, to undertake the review. We absolutely understand the importance of the role of our agriculture counsellors. Indeed, as Mr Hazlehurst indicated earlier, we've been given additional funding by the government to provide additional capability in this area. On the very important work undertaken internationally on environment matters, that's work that we undertake here from Canberra, and, in the virtual world, that happens a lot. Of course, we work closely with the Ambassador for the Environment and with Foreign Affairs more generally, but the ag counsellor's role is focused on ag, and it will continue to do so.

Senator McKENZIE: Has there been any examination of their role or sometimes the conflict between the diplomatic pursuit of Australia's interests versus their role to facilitate trade and to grow trade?

Mr Metcalfe: I'm not quite sure I understand what you're saying.

Senator McKENZIE: Sometimes those two roles can be in conflict.

Mr Metcalfe: We would always ensure that within the department we are able to reconcile any conflicts. Indeed, we obviously work very closely with our cabinet ministers, should there be any view of conflict. The Australian government overseas represents the Australian government position. The role of our agriculture counsellors, though, is very much focused on trade and market access. They are involved in everything from assisting our negotiations around the proposed free trade agreements with the UK and the EU right down to the detailed level—as you know better than most people—about the highly technical aspects of certificates and how they appear, the phytosanitary requirements and various other issues. The short answer is that, were there to be a conflict, it's not something they're going to get caught up in.

Senator McKENZIE: I guess ag counsellors are now career public servants rather than them being taken from agriculture industry specifically, as they may have been in the past, and having been traders themselves. The review recommended the preparation of these counsellors to include 'direct experience of agricultural production activities relevant to their post' prior to posting. I think it's an excellent recommendation. How are you going to pursue the implementation of that, given that they have historically been career public servants rather than people with direct experience in trading and market access?

Mr Metcalfe: That's a very good point. My experience is that usually our officers who are posted overseas have been with the department for some time. So, although they may not have been traders themselves, they've been working extensively with the industries that we regulate, and, of course, they are supporting—

Senator McKENZIE: Sorry, Secretary, the review actually recommended their preparation include 'direct experience of agricultural production activities' relevant to their posting. I don't think that includes working for two decades in the department of agriculture in Canberra, as wonderful as our department is!

Mr Metcalfe: I was going to go on and say that I therefore welcome the advice in the review. You know me, and I believe that our department needs to constantly do more about actually engaging with our farmers, our producers and our exports than maybe we did some time ago. This is an example of that direct experience. I'll get Mr Tinning to explain what we're going to do.

Senator McKENZIE: I want to understand how you can make this happen. I want to do know what you're going to do.

Mr Tinning: We will be investing in a substantial preposting program for each of the officers who are selected to go overseas. That will include systematic engagement with each of the major stakeholder groups. They will be going out and visiting—

Senator McKENZIE: On the ground?

Mr Metcalfe: On the ground.

Mr Tinning: On the ground. On farms.

Mr Metcalfe: Dirt under the fingernails!

Senator McKENZIE: There we go! Now they're talking! Practical experience.

Mr Tinning: We'll be working with peak bodies to make sure that they will have exposure to abattoirs, will be visiting farmers and will be doing all the things that will help them understand the practical issues.

Senator McKENZIE: More than just a school excursion, Mr Tinning?

Mr Tinning: We'll be relying on organisations such as the peak bodies for wine and meat and grains—

Senator McKENZIE: MLA, GrainGrowers—

Mr Tinning: That's right—to help us put together a program that will give the right exposure to our counsellors so they understand the business.

Senator McKENZIE: Good, good. Industry has previously raised concern about the timeliness of information being relayed from the broader ag counsellor network. It seems to be quite delayed. They're keen to get their product to market, but that communication back to industry itself doesn't seem timely or responsive, in their view. Could you outline what strategies are being developed or implemented to overcome the issue. How is industry going to be kept up to date in real time about what is happening at post?

Mr Tinning: We're doing it as part of the Agri-Business Expansion Initiative, which was mentioned earlier in the day. What we're doing is we're systematically capturing all the very good intelligence we get from across our counsellor network, compiling it so we can analyse that information easily, and then we will have a communications plan to get it out quickly to stakeholders.

Senator McKENZIE: When will that be rolling out?

Mr Tinning: It should be rolled out in the next couple of months.

Senator McKENZIE: What will be the time lag between you getting the intelligence, analysing it, putting it in a document and then emailing it out to actual producers?

Mr Tinning: It will depend on the nature of the information. It's information that is time relevant—

Senator McKENZIE: If it's like 'We need barley to make beer in X'—

Mr Tinning: We will be aiming to get it out basically as soon as we receive it. If it's something like a change in a law in a country that's going to impact on exporters, we will get that information straightaway.

Senator McKENZIE: Great.

Mr Metcalfe: The other point I should add to that is that the other part of the agricultural business expansion initiative is the fact that Austrade, with whom we work extremely closely, will be working more closely with major exporters—Mr Hazlehurst talked about that this morning—really almost getting embedded into those exporters to ensure that they have right up-to-date ideas about market access and market initiatives. Effectively we're seeking to bring much more closely together the Australian government resources in the department and Austrade with our exporters and to ensure that we are able to work with those exporters to take advantage of market opportunities. At the same time, of course, our exporters are very savvy people, and they themselves are working—

Senator McKENZIE: We want to be offering them value—things they can't get done themselves.

Mr Metcalfe: Exactly. It's the insights particularly—

Senator McKENZIE: I think sometimes having Austrade embedded with Foreign Affairs, that's where—I like traders to be able to trade and not have to worry about other issues. I think that's the beauty of the agricultural counsellors.

Mr Metcalfe: As you know, the Australian government coat of arms on a business card opens doors and provides opportunities, particularly in relation to regulatory requirements, which is exactly what our role is about. To coin a phrase that's been used before, it is about Team Australia and how government and industry work together to provide the best opportunities. I think Mr Hazlehurst was going to say something.

Mr Hazlehurst: Just to expand slightly on your point about getting the intelligence directly to businesses—

Senator McKENZIE: In a timely manner.

Mr Hazlehurst: One thing we will leverage off is the relationships that Austrade has with those businesses directly. Often our relationship is with the industry body and communication goes through the industry body. We will continue to do that, but we are also tapping into what Austrade are doing, which is the direct engagement, both digital and with their key accounts, which they're going to ramp up in the ag space as a result of that initiative.

Senator McKENZIE: Good.

Mr Hazlehurst: It won't be sending newsletters.

Senator McKENZIE: Good.

Mr Hazlehurst: It will be about snippets of information. So when something comes through—

Senator McKENZIE: When something happens we know about it in real time.

Mr Hazlehurst: Exactly. It's more like a feed.

Senator McKENZIE: Fantastic. I have another series of questions just briefly on forestry.

Mr Metcalfe: We will get the forestry team at the table.

Member of the committee interjecting—

Senator McKENZIE: The three of us will lead beautifully together. Finally, someone in the Labor party that supports the forestry industry. They are few and far between, brother.

Senator Duniam: In fairness, there have been a couple.

Senator McKENZIE: I want to understand how Professor Graeme Samuel turns up with a recommendation around the regional forestry agreements that was not foreshadowed in his interim report and that blindsided—I don't understand how it's arrived at. I want to know what we're going to do about it and what level of consultation the department is going to undertake. I also want to understand whether you saw this coming.

Mr Metcalfe: The people here today apart from myself are from the agriculture side of the department. Yesterday in the other committee we had the people there who had been working with Professor Samuel in relation to his report. I think we had evidence from Mr Tregurtha about the development of that report. So I suspect that my colleagues here can't answer your specific question.

Senator McKENZIE: Minister?

Mr Metcalfe: What we can talk about is forestry policy.

Member of the committee interjecting—

Senator McKENZIE: You're the first to complain about consultation or lack thereof in any process undertaken by the government. The fact that in developing this independent report—I think it should be independent of government—he took submissions, produced an interim report, and lands a recommendation to destroy what's been two decades of functional and effective forestry agreements with state governments, and that is flagged nowhere. He has not gone back and reconnected and engaged with industry at all to see what the implications of this recommendation would be. So give me a break. Minister, do you have a view?

Senator Duniam: What I'd say about Graeme Samuel's review is that it is just that, a review that's been undertaken and provided to government. Government will now make decisions on how it responds. As the assistant minister for forestry, my view is that we stick with RFAs. They are something that's provided certainty and strength to a wonderful, world-leading industry. We'll look at what the review says, but in terms of consultation and the government response, it needs to be led by industry, because this is about those who actually manage the resource and do so in a world-leading way. So thanks to Professor Samuel for the work he's done; we

appreciate that; but now it's over to us and industry to work together to make sure we have a strong future for the forest sector moving forward.

Senator McKENZIE: Do I take it from your comments, Minister, that the government will reject Graeme Samuel's recommendation around regional forestry agreements?

Senator Duniam: I'll be working with Sussan Ley on formal responses to the recommendations. I've already had a roundtable with the forestry industry with Sussan Ley. My commitment at that roundtable is that our pathway forward will be guided by industry. They will tell us what they need and my job is to deliver for them, that is providing them the security. My view is to maintain the RFAs, broadly speaking, in their current forms. There are some things industry have said we can strengthen up, and we'll look at those things as we move forward. I look forward to working with them on making sure the future is stronger and brighter.

Senator McKENZIE: Was it your understanding that the review would examine regional forestry agreements?

Senator Duniam: I didn't have any insight into what would be coming out of the review, but suffice it to say that I had industry saying to me, 'Please make sure, moving forward with the government's reforms to the EPBC Act, that RFAs and the forest industry are dealt with fairly and that certainty is provided into the future.'

Senator McKENZIE: So when Samuel said, 'There is insufficient Commonwealth oversight of the RFAs and the assurance reporting mechanisms are weak', is that your view?

Senator Duniam: No, I don't agree with that at all.

Senator McKENZIE: When you had that roundtable with industry, they were very keen to see RFAs continue?

Senator Duniam: Correct. I've had a series of meetings with forestry stakeholders from other parts of the country as well, outside of that one that I mentioned before with Sussan Ley. They are very keen to see RFAs continue. Of course there are things that can be improved, and we'll work with them on that over time.

Senator RICE: I've got a series of questions that I'll start where Senator McKenzie left off. Minister, you said you've had a roundtable guided by industry, you're going to deliver for them, and you're going to maintain the RFAs.

Senator Duniam: Yes.

Senator RICE: Have you also met with any forest ecologists?

Senator Duniam: Which forest ecologists would you like me to meet with?

Senator RICE: In the same way that you've had an industry roundtable post the Samuels report, have you had a similar roundtable with forest ecologists?

Senator Duniam: What I have done is I've met with stakeholders from a range of groups as part of this roundtable, and I'll be taking their advice.

Senator RICE: So which forest ecologists have you met with?

Senator Duniam: Would you like me to have a roundtable with forest ecologists?

Senator RICE: I think that would be a very valuable thing.

Senator Duniam: I will meet with the people that I think have an understanding of how this industry works and what it needs for future.

Senator RICE: You are the minister for forests and forestry.

Senator Duniam: Forestry.

Senator RICE: Forests and forestry.

Senator Duniam: No, it says 'forestry'.

Senator RICE: Obviously, in meeting with the industry you are fulfilling your requirements as minister for forestry. In terms of being a minister for forests, what role do forest ecologists and forest ecology play in your work? These are publicly owned.

Senator Duniam: Senator Rice, there are a couple of points here. One is that I believe you're a forest science denier, and I think it's incumbent upon you to apologise to the hardworking men and women of the industry and record the body of research you cited and your colleagues cited around forestry operations causing bushfires. You've not done that yet. I invite you to do it today, if you want to apologise to them for besmirching them, by hanging your hat on the Jen Sanger report, which was withdrawn from publication. The University of Tasmania announced that all of its staff are undergoing training in scientific accuracy and disclosing conflicts of interest

following the retracted report. It's a report you and your colleagues cited as evidence that forestry is bad, so will you apologise for citing that?

Senator RICE: No.

Senator Duniam: Why?

Senator RICE: Because it is a legitimate report.

Senator Duniam: It was withdrawn.

Senator RICE: You know as well as I do why it was withdrawn.

Senator Duniam: Because it was riddled with errors.

Senator RICE: No, it wasn't. You are besmirching the name of Jen Sanger and the authors of that report.

Senator Duniam: I'm citing some facts, Senator Rice.

Senator RICE: If you were saying this without parliamentary privilege, you would be able to be sued, Minister.

Senator Duniam: I've said this based on fact, Senator Rice—all facts.

Senator RICE: No. You and I will have to differ on this, and I don't think it's a productive thing to take up the time of estimates on.

Senator Duniam: Up to you.

Senator RICE: Absolutely. Minister or the department, I want an update on where the Victorian major events review is up to. It was announced last December, post the massive impact on forests in particular in the 2019-20 fires.

Ms Campbell: The major events review in Victoria is part of the Victorian RFA. Ministers Duniam and D'Ambrosio, in Victoria, agreed that late last year and announced the commencement of the review on 2 September. We now have an independent panel reporting and they've met, I believe, over three days, 4 and 5 March and again on 18 March, looking at how they're going to work together, what information is available and the public consultation that they want to undertake.

Senator RICE: Who is on the independent panel?

Ms Campbell: The panel consists of three people: Dr Gillian Sparkes, who's Victoria's Commissioner for Environmental Sustainability, Dr Tony Bartlett, who was selected by the Commonwealth and agreed by Victoria, bringing a range of forestry policy and fire management experience to the panel, and Ms Katherine Mullett, as agreed by the Commonwealth and Victoria, who's the traditional owner representative on the panel.

Senator RICE: They've met three times, you say. What's their work to date been? What's the time period that's expected? What's the ongoing Commonwealth involvement?

Ms Campbell: The Commonwealth is working very closely with Victoria, which is doing the leg work for the review. We've attended all of those panel meetings. Really, at this stage, the panel is newly formed and coming together and working out how they're going to conduct the review based on the scoping agreements agreed by the ministers. The scoping agreements are fairly broad, so there are some real questions for the panel to look at how they're going to consult, what questions they want to ask and where they want to focus their major efforts on the review, and that work is underway. The panel is expecting to release a summary report which will summarise the impact of fires on forestry on the region. I expect that will be released shortly. It's being finalised as we speak.

Senator RICE: Is it still expected that the review process will take approximately six months, which is what was announced in the Senate?

Ms Campbell: That's my expectation.

Senator RICE: Is that six months from December or from when the review started?

Ms Campbell: Again, that is something the panel is looking at. The scoping agreement had a six-month review, but, as you say, it was going to start in December, so it is delayed.

Senator RICE: Sometime later this year?

Ms Campbell: Yes.

Senator RICE: Will all of the documents that are prepared for the review be public documents?

Ms Campbell: I expect many of them will be. As to whether that will be all, again, the panel hasn't decided what documents they are producing, but the first step, I expect, will be a public summary report which will talk about impacts of the fire on the RFA region.

Senator RICE: The announcement said:

The Review will support the continued delivery of the Victorian Forestry Plan which is phasing out native timber harvesting by 2030 and provides transitional measures towards a strong and sustainable plantation based industry.

I want to move on to any further discussions or negotiations between the Commonwealth and the Victorian government on the planned phase-out of native forest logging.

Senator Duniam: Fundamentally, as I'm sure you're not surprised to hear me repeat, Senator Rice, we don't support the Victorian government's plan to phase out native forest harvesting—

Senator RICE: I know. You want ongoing and continuous destructive logging in our native forests. I know that.

Senator Duniam: What you want, Senator Rice, is to force native forest harvesting to places like Papua New Guinea, where they displace native endangered species.

Senator RICE: No. That's a complete misrepresentation of my position.

Senator Duniam: That's what you would like to do, and end 52,000 jobs.

Senator RICE: You're just wanting to waste the time of estimates, accusing me of things that I don't say.

Senator Duniam: They're economically destructive policies. I just want to put on record what your policy—

Senator RICE: He's wanting to pick a fight today. He's decided that's what he needs to do today: pick a fight.

Senator Duniam: No fights here; just some facts on the record.

Senator RICE: I know the position of the Commonwealth and I also know the position of the Victorian government, and the Victorian government is planning to phase out native forestry. I want to know whether there have been some further discussions with the Victorian government on the implications of that for native forest logging in Victoria.

Ms Campbell: It's a Victorian government decision and we're not in negotiations with them. The RFA is the framework and we're focused on implementing the RFA, including through the major event review with Victoria.

Senator RICE: Can you give me an update on the establishment of the forestry hubs across the country?

Ms Campbell: Nine regional forestry hubs have been established and they're delivering on the National Forest Industries plan. Those hubs are in the north-east, central-west and south-west slopes of New South Wales, in Gippsland, the Green Triangle of Victoria and South Australia, the north and south-east of Queensland, the south-west of Western Australia, and the north and north-west of Tasmania, which has been expanded to deliver all of Tasmania. There have certainly been calls for additional hubs in the Northern Territory and Eden, and those are really a matter for government.

Senator RICE: Can you walk me through—I'm still a bit fuzzy—exactly what these forestry hubs are doing? And what level of resourcing has been put into these hubs? They're quite significant, aren't they?

Ms Campbell: Each of the hubs has been provided about a million dollars a year, before GST, through to the end of 2021-22. The hubs are working with the broad forest industries, state and local governments, stakeholders and the community, doing assessments of production forestry estate, looking at opportunities, processing capacity in the region, infrastructure needs, where we can put new farm forestry, and what are the barriers and constraints, for example, to that type of activity, and any limitations in that region.

Senator RICE: Can you tell me more about the work the hubs are doing on farm forestry?

Ms Campbell: Looking at new plantation opportunities, the need to look at the right trees in the right areas, adding value to existing infrastructure and processing capability, is there the right capability in the region, looking for new plantation, and also looking at community participation. Another role of the hubs has been working through the ERF on the water rule and whether there's carbon availability for plantation.

Senator RICE: Sorry?

Ms Campbell: Sorry—I'm losing my voice. Working with the ERF on where there are opportunities for carbon sequestration through the ERF methodology for plantations.

Senator RICE: I was going to ask a question about that methodology. What work is going on within the department in terms of the methodologies for carbon sequestration, particularly looking at plantations but also the potential for carbon sequestration by ceasing logging native forest.

Ms Campbell: Carbon sequestration is the responsibility of the department of industry. However, our Water Division, who are appearing on Friday, look at the water rule and how that applies to plantations. The hubs have provided areas of proposed plantations that might be eligible for the water rule and our Water Division assesses

that for consideration by Minister Pitt, as the minister for water, and ultimately Minister Taylor, as the minister responsible for the Emissions Reduction Fund.

Senator RICE: Is there any work going on in the department for methodology, which I've asked about at previous estimates—the potential methodology for carbon sequestration by ceasing logging of native forest?

Ms Campbell: Not to my knowledge in the department, but I can potentially take on notice if anyone else is working on it.

Senator RICE: I was recently told a story of an area of mature old-growth forest that was logged in Tasmania. Then there was the post-logging burn that went through it, and the land level dropped by a metre because of that post-logging burn, because of the level of burning of the soil, the peat—basically, the carbon that was in the soil. So, just think of that and think of the carbon that was released as a direct result of logging, let alone the carbon that was in the forest above the ground. I know that there is quite a lot of science around the world about the value of leaving forests intact. In fact, one of the key mechanisms that's being proposed for carbon sequestration across the world, globally, is to protect forests. Is there a reason why the department has not pursued work on developing a methodology for carbon storage through not logging native forests?

Ms Campbell: The development of carbon methodologies is really for the department of industry. That's their primary responsibility.

Senator RICE: I want to go to the forest plan, *Growing a better Australia: a billion trees for jobs and growth*, which, very commendably, has a very large focus on the need to establish more plantation forests. It says:

This amounts to a billion new trees planted to produce more timber and wood-fibre.

... ..

Growing the size of Australia's plantation estate will provide confidence to our forest industries that they will have the resource security...

It also says that farmers will play a role in the types of things that we've been talking about in farm forestry. It very much seems to me, from the thrust of *Growing a better Australia* and the focus on a billion trees and the need for more jobs in plantation forestry, that there's a recognition by government that the growth in the forest sector is going to be largely in plantations. Do you agree that that's the case?

Ms Campbell: There's certainly a place for plantations. My understanding is the industry's modelling is saying that there's not enough wood to meet growing demand and that plantations are the way to achieve that in the future.

Senator RICE: We're already in a situation where 90 per cent of the wood that comes out of Australia is coming from plantations. Native forest logging is a very small proportion of the forestry industry. Essentially your documentation, and the thrust of the plan, is saying that plantations are where the growth is. Are there different strategies and supports that are needed for plantation establishment versus native forest logging?

Ms Campbell: The forest plan includes a range of different strategies. The hubs are an example. That is primarily focused on plantation forestry. The government's commitment to plantation loans, for example, is another element that's focused on plantation forestry. Certainly there are differences.

Senator RICE: Finally, I want to go to the responses that I got to my question on notice about jobs in the forestry industry, which basically just gave me the ABS statistics that I already had. But it said that there was no additional work being done by the department to distinguish between employment in native forestry and plantations. I'm on the record, Minister, as supporting the plantation sector, which means that I'm on the record as supporting what 90 per cent of the forestry industry in Australia is. To me, it seems like there is a critical need to disentangle the issues, particularly the employment prospects, the job prospects, between the plantation sector and native forest logging. If we did that, we would have a much clearer understanding of what the future prospects for forestry in Australia are overall. So, I repeat my question as to whether there has been any consideration of doing that disentangling. We've got a plantation sector, which is largely uncontroversial. People think that it's a good thing and that it's helping to provide jobs and resources security and is supporting all of the forest products industries across the country. Is there any work being done in the department to do that disentangling?

Ms Campbell: Not to my knowledge, no.

Senator RICE: Minister, would you agree that it would be a useful thing to disentangle the plantation sector from the native forest sector? You could then trumpet the plantation sector, and you would have me standing next to you—and we would end the forest war.

Senator Duniam: Senator Rice, I've heard many Greens say the forestry wars would end if we did what the Greens said, and it's never ended.

Senator RICE: That's because you keep logging native forests.

Senator Duniam: The Tasmanian forestry peace deal, for example, was going to end the forest wars. Yet, I seem to recall the Bob Brown Foundation was locking themselves to machinery in the last fortnight.

Senator WHISH-WILSON: It's because your government—

CHAIR: We're not going to have cross-chat.

Senator Duniam: To conclude, I think our resources would be better spent actually growing all of the forest industry, not worrying about the stats and data you want to have at your disposal to make your political points to besmirch an entire industry. So, no.

Senator RICE: Minister, when 90 per cent of the industry is in plantations and 10 per cent is in native forest logging, I think it would be useful for good governance—

Senator Duniam: Senator Rice, I respectfully disagree with you, for good reason.

Senator RICE: to disentangle those two parts.

Senator Duniam: Thanks for your advice!

Senator RICE: Can I have one more question, please?

CHAIR: Very briefly, because everybody else is waiting.

Senator RICE: I'll put it on notice. It goes back to where we started, in terms of the catastrophic fires of 2019-20 and that climate change is very clear that that level of fires in our native forests is going to continue. I want to know what work the department is doing on taking account of climate change and the expected reduction, because of fire, in wood production—both in plantations and native forests—because of the impacts of climate change.

CHAIR: That's on notice?

Senator RICE: If I could have an initial response, but then they can take it on notice for a thorough answer. Could I see if there is an initial response first, please.

Ms Campbell: We're aware that climate change will have impacts, with fire and drying, on growth rates of the forest industry and forests across Australia—like impacts on many other sectors. There's some modelling on that, but I'll take the rest on notice.

Senator CICCONE: The Samuel review recommended quite a few changes, in particular the development of a new set of standards—the national environmental standards. What work or what analysis has been undertaken to determine what impact these standards might have on forestry operations in Australia?

Ms Campbell: We haven't undertaken that work. It remains government's policy—

Senator CICCONE: Sorry, you'll have to speak up.

Ms Campbell: We haven't undertaken work about what it would mean for RFAs. The government has been very clear that its first priorities in implementing the findings of the EPBC Act review are on approval and assessment decisions using those national standards, and RFAs are not a part of that framework. We're working with government and we'll advise government on the response.

Senator CICCONE: So no analysis?

Ms Campbell: No.

Senator CICCONE: Minister, can you provide any assurances to the many people who work in the industry that their jobs won't be put in jeopardy should the government adopt the new NES?

Senator Duniam: The new—

Senator CICCONE: The NES—national environmental standards.

Senator Duniam: Obviously, there are two parts to forestry management in our country. States and territories have their role with their policies that they set around what parts of the industry they support and what parts they don't. We've already canvassed some of those here. From a federal government point of view, we're pro forestry; we want to grow the sector. I will be having my say when it comes to future policies and anything like that to ensure that what we do does support the growth of the industry.

Senator CICCONE: Earlier you mentioned you'd be undertaking engagement or consultation with industry. Will that involve representatives from the CFMEU Manufacturing Division?

Senator Duniam: We will engage with everyone, including forest ecologists and union officials and any other interested party, as to the future of a strong forest industry, in line with the government's view that this is a world-

leading industry. Anyone who legitimately wants to have a say about the growth of the sector, I'll happily work with and listen to.

Senator CICCONE: The next one is probably better suited to the department. Is there an update in terms of the Leadbeater's possum case?

Ms Deininger: I'm happy to take that one. The Victorian government has appealed that case. It's still before the court, so it's not something we can comment on.

Senator CICCONE: When you say 'Victorian government', is that VicForests?

Ms Deininger: VicForests, yes.

Senator CICCONE: Did I see right that the Commonwealth might have been a party to that or supporting—

Ms Deininger: No, we haven't intervened in this matter—in the appeal.

Senator CICCONE: Was there any intention to? I seem to recall, last year—and they may have been comments that Senator Duniam made, either in the chamber or by media release—that there would be support for the appeal. I'm not trying to put words in your mouth; I'm just trying to see what role the Commonwealth might have.

Senator Duniam: We weren't party to it formally. Certainly, though, I did express my support publicly for what the Victorian government were doing through VicForests. That's probably where you've drawn that from. We're not party to that, but we're certainly watching with interest, because the future of that industry is important in Victoria.

Senator CICCONE: I note that Senator McKenzie is not here at the moment, but she's got a private senator's bill currently before the Senate. I think it's probably going to be looked at, I suspect by this committee, at a later stage. Does your government have any views about what's been put on the table by Senator McKenzie?

Senator Duniam: No, not yet. I understand submissions have closed for that particular inquiry. There will be a process. We'll see what report the committee generates and go from there.

Senator RICE: It's going to the environment committee.

Senator Duniam: The same answer applies, but with a different committee.

Senator CICCONE: As you know, Minister, there have been quite a few concerns by many in the industry, whether it's with respect to the EPBC Act or the Victorian code. Is government looking at addressing any of those issues that have been raised by those stakeholders?

Senator Duniam: As I say, through this consultation process, which has to start and has started early on in the piece, we want to make sure we understand all of those concerns so we do address them if we can. There are good practical ideas out there that help us build on our strong brand of good forest management and stewardship. We'll work with any stakeholder that has a good suggestion to help grow the industry.

Senator CICCONE: Is it right that the Samuel review looked at areas outside of its scope, in particular to do with the RFAs?

Ms Campbell: The Samuel review terms of reference were fairly broad-reaching. RFAs were never ruled out of the scope.

Senator WHISH-WILSON: Can I get on record, with Senator Duniam, the comment you just made about the Bob Brown Foundation chaining themselves to machinery in forests. Was it the Liberal government in Tasmania that campaigned on ripping up the peace deal and then legislated ripping up the peace deal—is that correct?

Senator Duniam: That would be a matter for the Tasmanian government.

Senator WHISH-WILSON: No. You just made out on the public record that somehow the conservationists were responsible for breaching a forest peace deal. So let's be very clear on the record: it was the Liberal government that had an election campaign, an election promise, to rip it up, and then you legislated as soon as you got government in Tasmania. So you are responsible for ripping up the forest peace deal.

Senator Duniam: If you're suggesting that the actions of the Tasmanian government have forced the Bob Brown Foundation and others to do what they do, I think you're gravely mistaken.

CHAIR: I've given you some latitude to have a discussion about that, but would you mind returning to the estimates question, Senator Whish-Wilson? We don't have a lot of time today.

Senator WHISH-WILSON: On that point, I've got questions for ABARES and for the department. Which ones should I start with?

Ms Deininger: All the officials are here, Chair, so it's really up to Senator Whish-Wilson.

Senator WHISH-WILSON: Could I start with just the department in relation to the draft report of the independent review of the agvet chemicals regulatory system, which was released in December 2020. How was the make-up of the panel determined and how was the chair appointed?

Ms Campbell: The panel was a decision of government appointed by then Minister McKenzie. I don't have detail about how those members came to be. But Mr Matthews was appointed as the chair of that committee. I can take on notice the detail about how.

Senator WHISH-WILSON: If you could, and any process around who and how selection occurred.

Ms Campbell: Yes.

Senator WHISH-WILSON: In terms of Mr Matthews, can you tell us how much he's being paid for his position on that panel?

Ms Campbell: The sitting fees of the panel are—

Ms Deininger: In relation to the panel, the chair, Mr Matthews, receives a \$4,000 per day sitting fee, and the supporting panel member's fee is \$1,500 per day.

Senator WHISH-WILSON: And an estimate of how much that will cost over the review?

Ms Campbell: We've spent approximately \$878,000 to date, and we expect that by the time the review is completed it will cost \$1.29 million. I can come back to you—the department prepared a list of potential panel members, and those were provided for the minister, who has ultimately selected the four that were chosen to be on the panel.

Senator WHISH-WILSON: Just to be clear, the \$878,000 relates to the payments, the salaries, financial payments?

Ms Campbell: Yes, that's correct—the sitting fees for the panel members.

Senator WHISH-WILSON: Is it true that Ken Matthews is also chair of Agricultural Biotechnology Council of Australia, the ABCA?

Ms Campbell: That is correct.

Senator WHISH-WILSON: Is that disclosed on any government website, that he's also the chair of that agricultural lobby group?

Ms Campbell: That potential conflict of interest was disclosed to the department. It was discussed by the panel. It's been accepted and managed by the panel and the department throughout the process.

Senator WHISH-WILSON: Am I able to see the detail of those discussions?

Ms Campbell: I'll take that on notice.

Senator WHISH-WILSON: It has been brought to my attention by a number of key stakeholders around the country that there is certainly a perception of a conflict of interest. In his time working for the agriculture department—Mr Matthews was secretary of the department of agriculture at some stage?

Ms Campbell: That's correct.

Mr Metcalfe: That was a long time ago.

Senator WHISH-WILSON: What years was he secretary of the department of agriculture?

Ms Campbell: It was quite some time ago. I will see if the guys can send it through to me and get you back on that. It was the Department of Agriculture, Fisheries and Forestry, which was some time ago.

Senator WHISH-WILSON: How long ago?

Ms Campbell: I don't have that at hand. I'll get my guys to send it through and come back to you.

Mr Metcalfe: From memory it would have been probably the 1980s, but we can check and let you. We can probably do that pretty quickly. I'm thinking back over who's been secretary in recent years. My predecessor was Conall O'Connell back in 2013. He was there for five years. I think his predecessor was Jo Hewitt. It may well be that Ken Matthews was her predecessor. It was possibly the Department of Primary Industries and Energy at the time. We will check on that.

Senator WHISH-WILSON: In terms of his position on the ABCA, do you accept concerns, certainly the perception, that the chemical industry are effectively in charge of this inquiry, given his senior position on the ABCA?

Ms Campbell: Again, I think Mr Matthews declared his conflict of interest. I have seen some of the allegations that have implied that the industry would be happy with the review. We received over 70 submissions

from the review and those have been released on our website. I think people will see that maybe the industry is not so happy with some elements of the review. Those conflicts are managed and have been declared, and ultimately we will look at what the final review is post the submissions.

Mr Metcalfe: From open source material I've discovered that Ken Matthews was appointed secretary of the Department of Primary Industries and Energy—it had the wonderful acronym DOPI—in 1998. That became the Department of Agriculture, Fisheries and Forestry. In 1999 he became secretary of the department of transport, so he was secretary of our predecessor department for a year or so in the late 1990s.

Senator WHISH-WILSON: Can I ask why the protection of human and environmental health is no longer the primary focus of the regulatory framework under review? Do you accept that that is a valid criticism?

Ms Campbell: No, I don't accept that. The review and the panel have been clear that the protection of environment and health is a key fundamental priority of the review and of the agvet system.

Senator WHISH-WILSON: There've been some fairly high-profile comments made by people like Nick Minchin in relation to the links between toxins and cancer and chronic illness in the farming community. Certainly at my 30-year school anniversary—giving away my age there—

Senator Duniam: I was going to say, you don't look 40!

Senator WHISH-WILSON: Thank you, Senator! A number of the guys I went to school with told me their fathers had passed away from cancer—they were all farmers. Anecdotal evidence from them was that they believed that was linked to chemical use. Is this issue going to be reviewed during the process?

Ms Campbell: Australia's agvet chemical system has a risk approach which includes looking at the intrinsic hazard of chemicals but also the use of chemicals and the labelling and the guidance. One of the key findings of the draft review report—and, again, that's been out for public consultation—so I don't know what will be in the final, but recommendation from the panel is really looking at how chemicals are used in Australia, because that increases the risk if they're used inappropriately.

Senator WHISH-WILSON: In the overall picture, in what way is exposure to environmental toxins factored into the actual management of pesticides and environmental toxins in order to prevent harm to human or animal health and spiralling health costs?

Ms Campbell: When the APVMA looks at a chemical, they have labelling requirements, but the control of the use of those chemicals is the responsibility for the state and territory governments. The panel's focused on increasing regulatory controls and really looking at comprehensive monitoring of chemicals in the environment and ensuring that the use of chemicals is appropriate.

Senator WHISH-WILSON: I understand at least half of the observations made in the draft report are not referenced to factual or peer reviewed papers but are just opinions and personal remarks, and the panel's not composed of experts that can take a multidisciplinary approach to looking at the adverse health impacts of chemical usage. Do you feel the health department is well represented and actual science is driving this process?

Ms Campbell: The panel is looking at a range of stakeholders. They've received a number of submissions, as I flagged earlier. Some of those have called for greater referencing and clarity about where statements come from, and certainly the panel's looking at that in their completion of their final report.

Senator WHISH-WILSON: Will the proposed report cost things such as adverse health effects; loss of income for those affected; societal costs; costs incurred due to adverse environmental health effects—polluted soil and water; and how that affects sustainable agriculture, fisheries and forestry? Will those kinds of things be included in the report?

Ms Campbell: The report is looking at the agvet chemical system. It's looking at a fundamental principle that environment and health are a critical part of that system. It's certainly been considered. The detail of costing on that, I'd have to take on notice. I will say that three of the four panellists are scientists and experts in chemical usage.

CHAIR: Senator Whish-Wilson, just to flag: if you could make this your last question, please.

Senator WHISH-WILSON: Thanks, Chair. Will you be able to come back to me later for ABARES?

CHAIR: I'm sorry, I had forgotten about ABARES. Can you turn to ABARES now?

Mr Metcalfe: We might—

CHAIR: You don't have the right people in the room?

Mr Metcalfe: We'll need a slight change of people at the table. That's all.

CHAIR: We'll come back to ABARES.

Senator WHISH-WILSON: I have one last question, Chair, and, if you could back to me, that'd be great. Will the report be promoting greater access to agvet chemicals through increased reliance on industry self-regulation—third party rather than regulator assessment; exemptions from full assessment for many uses, including urban uses; and new product approvals, both primarily and overseas, for offshore assessments?

Ms Campbell: The draft report is in the public domain. The panel is still working through the public submissions, and so it will be premature to comment on what will be in the final report.

Senator WHISH-WILSON: Okay. I'll put more detailed questions on notice for you on these issues.

Senator McCARTHY: Thank you, Chair. I'd like to go to the delivery of perishable goods service by Australia Post. Can the department confirm whether it has briefed Minister Littleproud about the impact of Australia Post's decision not to continue its delivery of the perishable goods service?

Ms Deininger: I'm not aware of that issue or any briefing on that matter.

Senator McCARTHY: Are you not aware of it?

Ms Deininger: No.

Senator McCARTHY: I think it was June or July last year when Mr Littleproud put out a comment on his page in relation to perishable goods and the impact Australia Post's decision had to raise its prices for farmers and the ag sector. I will go through the questions. By all means, take them on—

Mr Metcalfe: We will check, Senator, but it's not something at front of mind at the moment.

Senator McCARTHY: Take these questions and let's see how we go.

Mr Metcalfe: Thank you, Senator.

Senator McCARTHY: If you have provided a briefing, could you provide the date of that briefing, and, if you haven't, has there been a request for it? Can the department confirm if it has engaged with any other departments, specifically the department of communications, on the agricultural impacts of Australia Post not continuing its delivery of perishable goods service?

Mr Metcalfe: We will take all these questions on notice.

Senator McCARTHY: All right. And, if you did, when did the department hold the meetings? Please provide dates.

Mr Metcalfe: We will take that on notice.

Senator McCARTHY: Can the department confirm if it has engaged with Australia Post in relation to this issue and the impact it may have on the ag sector?

Mr Metcalfe: We will check on that as well.

Senator McCARTHY: Is the department aware of any concerns raised or any correspondence from stakeholders about this issue and the impact Australia Post's decision will have for some businesses and primary producers?

Mr Metcalfe: We will take that on notice, Senator.

Senator McCARTHY: If you have received correspondence, could you please table that as well. Does the department know how many organisations or businesses across the ag sector currently send their perishable produce via Australia Post to domestic and international clients?

Mr Metcalfe: We will check on that as well, whether that is something that's under the department or is picked up by ABARES or other work, but, to the extent that we can answer that, we certainly will.

Senator McCARTHY: Perhaps you can provide details on that as well, Mr Metcalfe. Does the department agree that Australia Post cutting its perishable food delivery will impact on the ag sector and, if yes, can you provide details on that as well?

Mr Metcalfe: I'd rather not comment on that until I have had the chance to look at the material. I understand the questions you're asking and we will look at them quickly and closely.

CHAIR: Minister, did you want to say something?

Senator Duniam: If I could. In relation to your questions there, and perhaps more in my capacity as a senator for Tasmania, this issue came to my attention as well, because there were Tasmanian exporters, for want of a better expression, that were—

Senator McCARTHY: Were you briefed on it as well?

Senator Duniam: What I did, as a senator for Tasmania, is pick up the phone to the minister for communications office and ask if we could see that there might be some room to move on the end date for the service, because it was concluding at the end of March. That's been extended to the end of June for at least Tasmanian providers. That was off the back of a phone call from me as a member of the federal parliament, not in my ministerial capacity.

Senator McCARTHY: Sure. Was that last year?

Senator Duniam: No. That was when the announcement was made three or four weeks ago, whenever that announcement was made—as soon as I became aware. Subsequent to that, I engaged with stakeholders. They're working on a solution themselves, in partnership with two private entities—one on the mainland, one in Tassie—to get their goods to market. There is scope to be able to support these providers moving forward. The department of communications and Australia Post have the great range of data you've just asked about. I know that for a fact. So it may be best to ask them.

Senator McCARTHY: Absolutely.

Mr Metcalfe: I think that committee is meeting today. I saw some of those people here.

Senator McCARTHY: That's correct. Thank you, Minister. Mr Metcalfe, in your response to my questions on notice, could you also give us any indications in relation to the Northern Territory and any impacts on producers there?

Mr Metcalfe: Of course. That is probably a good example of the matter we were discussing earlier today. There are many issues that impact on agriculture, some of which sit in my department and some of which sit in other departments—communications is one example—or with state governments, but we will certainly check and we will take all those questions on notice.

Senator McCARTHY: Thank you. It's a good opportunity at estimates to ask right across different areas. Thank you. I'm going to go to climate change research.

Mr Metcalfe: I will just get the right people here, Senator. This is working far better than yesterday. I must commend the committee in making sure we have a waiting room next door, because, with the environment committee yesterday, our waiting room was downstairs. Several people got more than their 10,000 steps up, running up and down, depending on where the questions were going.

CHAIR: Mr Metcalfe, here at RRAT, we are an efficient, organised—

Mr Metcalfe: It's very professional—

CHAIR: professional show.

Mr Metcalfe: I commend the chair and the secretary for their assistance. I'll go to climate change research. Can the department confirm whether it's undertaking any measuring, modelling or analysis of the climate research that is occurring across the ag sector?

Ms Stuart-Fox: There is a range of research that we undertake on climate-change science and adaptation. We have the Climate Systems Hub under the National Environmental Science Program. That's a newly formed hub and that follows on from the hub under the previous National Environmental Science Program called the Earth Systems and Climate Change Hub. There is research also undertaken through the rural development corporations and a lot of that is focused on mitigation and adaptation technologies for the agricultural sector. We do research on both foundational climate science and opportunities for particular sectors to adapt to climate change.

Senator McCARTHY: Is there any funding that's associated with that research? I will have to look into the Earth Systems and Climate Change Hub that you referred to. This is an opportunity for me to refamiliarise myself with this portfolio area, so bear with me.

Mr Metcalfe: We're all here to help you, Senator. I was going to say that we can certainly provide advice as to what we're doing in the department. You mentioned the broader sector. Climate is a key area of focus right across the research and development corporations that fits within the portfolio. Indeed, we're seeing some of those later today, such as Australian Wool Innovation, Wine Australia and others. Just for your awareness, a really important development late last year was the 15 research and development corporations, which you will recall are part funded by levy payers and part funded by the taxpayer, a very substantial resource. The 15 research and development corporations have been focused on their own particular commodities: meat and livestock, grains, wine, cotton et cetera. A really important development has been the fact that the RDCs have come together, under the leadership of Minister Littleproud, and formed a joint body called Agricultural Innovation Australia. It is to pick up the big whole-of-agriculture issues that are common across all commodities. Climate is one of those, and indeed it's the first and most significant aspect. AIA is only in its infancy. It's still bringing together the company

structure, but it's a really important development in that, rather than everyone doing their own bit, there will be a national focus across our research and development corporations on this issue, and the department will obviously be in support of that. Indeed, I know it's an area more broadly across agriculture that state government departments and others are focused on as well—everything from plant breeding techniques and adapting crop and water use, and all that sort of thing. As far as the department is concerned, I'll get my colleague to provide some more details.

Ms O'Connell: Just before we do, I was going to mention, in terms of climate change and emissions and emissions reduction, the department of industry has the lead on that. There's a lot of commissioned research done that might be across sectors. It might also involve the ag sector. I just want to make mention that there's that at the much more broader level. Plus, they're responsible for many of the government investments—technology road map investments—into ARENA et cetera in terms of climate change and emissions. I think my colleague, Maya, was going to talk about some of the specific things we might be doing within the ag sector in all of that context that the secretary and I set out.

Ms Stuart-Fox: We can give you a list of the foundational climate research that we do. We provide that in a form for farmers so that they have a better understanding of what future climate change impacts are going to be. So we provide a range of climate services, if you like, that translate that basic science into something that land managers can use.

Senator McCARTHY: Is that a long list; is that a list you need to table?

Ms Stuart-Fox: In the climate science, there is a long list. I'm happy to go through it for you, or we can also table that information.

Senator McCARTHY: No, just table it. That will be fine. Is that okay?

Mr Metcalfe: We'll give it to you today.

Senator McCARTHY: Thank you. Has ABARES undertaken any modelling on what zero net emissions would mean for Australia's ag sector?

Dr Greenville: The question on the implications of net zero for the sector, we haven't done any specific work on that.

Senator McCARTHY: Will you?

Dr Greenville: Our core bit of work at the moment is we're looking at the adaptation challenge that's related to agriculture that's possible with a variable climate. We know that the sector is in various forms. There is the MLA with their CN30, and there's also the grain sector that's starting to work towards different emissions reductions and different targets. So I think there's a lot of uncertainty around what the impacts could be or whether the industry might even profit out of a situation where it moves or in the changing international landscape in that respect as well. We have done some work to outline some of the opportunities and challenges that the sector could face in trading in the low emissions future which I could talk to. But the focus for the on-farm impact is really to try and identify what some of the adaptation challenges are to link into some of the other work the department has been doing overall.

Senator McCARTHY: Can the department confirm if it's undertaken any measuring, modelling or analysis around excluding ag from the government's emissions strategy?

Mr Metcalfe: Not to my knowledge.

Dr Greenville: No, ABARES hasn't done work in that respect.

Senator McCARTHY: Can the department confirm if it's briefed the minister in relation to ag being excluded from the government's emissions strategy?

Mr Metcalfe: I'll check, but my understanding is that we haven't.

Senator WHISH-WILSON: My questions follow from Senator McCarthy. On 18 December last year there was a report in the ABC Rural news: *Climate change slashes more than \$1 billion from farm production value over past 20 years*. This report released by ABARES. I'll go through that with you very quickly. Cropping farmers' income you estimated had dropped by 35 per cent, or \$71,000, on average—is that correct?

Dr Greenville: Yes, that's rightfully correct.

Senator WHISH-WILSON: Are there updates on those figures since the release of that report?

Dr Greenville: The work hasn't been updated. That work was backward looking. It was effectively looking at the impact of climate variability and the difference in the climate that we've experienced over the last 20 years compared to a climate that was experienced on average over the previous 50 years.

Senator WHISH-WILSON: Just as a matter of interest, how did you quantify these losses from climate rather than excluding other affects?

Dr Greenville: We have model called farmpredict. We've got some details on our website. We've sought to get it peer reviewed externally. It is a model that makes use of our broad acre farm survey. So we've got a long record of individual farm performance, right down to the activities, the inputs they use and the like. It's what they term a microsimulation model. We can use that to abstract from some of the other broader changes that we've seen across the sector, such as consolidation and different changes of practices and things like that. We can ask ourselves the question: what if a farmer of today with its current technology, with its current inputs, with its production systems experienced a different climate? That's how that work was done. We said: what if it experienced the climate of the past? What would its outcomes be in terms of profits, income and the like?

Senator WHISH-WILSON: On that point, you obviously agree that agriculture is very sensitive to changes in climate or climate variability, as you say. At the last estimates the Bureau of Meteorology said the world is on track for 3.4 degrees of warming, under current global climate pledges, and that means up to 4.4 degrees in Australia. Are you doing any studies using this model to predict or anticipate what the rising temperatures mean for Australian agriculture?

Dr Greenville: As I mentioned, we are doing some work to look at the adaptation challenge that could occur. We're not the experts in terms of where the climate is headed or about the changes that might be occurring. We've made use of inputs from the Bureau of Meteorology and CSIRO about possible different futures in terms of climate path. At our outlook conference, which just concluded the other day, we presented some preliminary results on work that looks at two different scenarios and how that may play out across different sectors of agriculture. I think the shorthand takeaway from that is that for some areas the past 20 years is within the bounds of possible changes under those different warming scenarios but in others there's potentially a greater adaptation challenge. One of the other key results from that is there is a significant degree of uncertainty and high variability around what that could be. That's largely because there's a high degree of uncertainty around what would happen to winter rainfall patterns going out over time. There's much more certainty around temperature. When you think of impacts on livestock temperature is a key one. When you think about it in terms of winter crops and also pasture growth there's a significant degree of variability and uncertainty.

Senator WHISH-WILSON: One of my questions was going to be whether you were liaising with BOM or CSIRO and it sounds like you have a scenario there where you are. Can you name a greater threat to, let's say, the profitability of Australia agriculture than 4.4 degrees of predicted warming?

Dr Greenville: I would say it would certainly be a significant threat, if that were to occur. It's recognised by the push towards Ag2030 and \$100 billion. There are a number of constraints, potentially, to the industry's growth or to maintaining international competitiveness. And so that is why there is a strong focus on R&D, innovation, providing information. Our biosecurity system is also a critical underpinning. If we had a number of rare pests and diseases come in that would also pose a very significant risk to the sector.

Senator WHISH-WILSON: I heard you mention earlier that future climate scenarios or climate variability may provide opportunities to farmers. I'm interested in whether you've done any work to calculate the financial impact of carbon border adjustment mechanisms by the EU?

Dr Greenville: We haven't done any specific work around that. The work that we have done is to look at possible challenges or opportunities around trading rules internationally with respect to a move to a low emissions future. One of the key takeaways from that is that, with the Paris agreement, it allows for individual countries to undertake individual actions, so there could be a range of different rules that are applied. When we look at Australia's emissions intensity—although there's not good data on that—using the best available international comparisons, we sit front of middle, so to speak, in terms of where we compare to competitors, and we do better compared to a number of our other competitors. So, as a sector, particularly with industry efforts to reduce their emissions footprint, there are some significant opportunities there. It all depends on how that international trading rule landscape plays out, but we haven't done that specific work to say a carbon border adjustment tax could lead to X or Y.

Senator WHISH-WILSON: Based on the EU's current carbon price of A\$50 a tonne, are you able to estimate how that would translate into impacts on agriculture, forest and fishery exports into the EU as a case study?

Dr Greenville: I think there are quite a number of assumptions or technicalities still to be worked out. We do know that the EU hasn't specifically mentioned that it would apply such a mechanism to agriculture. There's also the fact that they aren't looking to embody agriculture within their broader schemes as yet either, and some of their longer-term planning documents about reaching carbon neutrality still have agriculture as an emitting sector,

given its inherent natural system approach. To try to model it would require a series of assumptions, and chances are that those assumptions, without the detail, would drive the result without specific meaning.

Senator WHISH-WILSON: What about Japan? Their Ministry of Economy, Trade and Industry is also vesting a carbon border adjustment tax on exports. Is that something you've look at as well?

Dr Greenville: We haven't done any specific work on that carbon border adjustment tax issue and the implications of specific regimes on the sector.

Senator WHISH-WILSON: I have a couple more quick questions. There is something that I am very excited about, and that's the potential to deploy algae in cattle feedstock to reduce emissions. I'm excited about that not just as an environmentalist but also as a Tasmanian who sees huge potential for seaweed commercialisation in Tasmania. Are you doing any work on how we could actually get a broadscale uptake of these kinds of technologies across farmers? How would you see that rolling out?

Dr Greenville: We're not doing any specific work in that area. I know that it's a key focus of MLA's carbon neutral by 2030 plan, and they are working quite closely with FutureFeed and others. There are a number of products on the market that potentially will reduce methane emissions, so they would be best placed to answer that question.

Senator WHISH-WILSON: Would you agree that, without a carbon price, it's going to be quite difficult to put incentives in place for farmers to add this to their feed? I'm sure many farmers out there—in fact, most that I know—do care about the environment and they do recognise climate change, but do you agree that some kind of carbon price would be an effective mechanism to get a broad uptake of this?

Dr Greenville: I think a broader uptake relies on a number of different incentives, as you say. One of the key things with FutureFeed and these other supplements, particularly in the livestock sector, is that they're generally coupled with productivity improvements because they shortcut an inefficiency in that digestion system and you convert what would be methane back into carbohydrate, which then gets metabolised, and you can put on extra weight. So there's an inherent incentive there. One of the things which is also really important is incentives around the market and farmers being rewarded for the efforts that they put in place, and there are always incentives around investments and the way that investors will take on an availability. So there are a number of different ways to incentivise uptake.

Senator WHISH-WILSON: These are the last questions from me and I can put the more detailed ones on notice. In relation to the study we started with, that was published online with the ABC. Can I just check if that study included cattle farming? Are there farming areas that you've identified as more susceptible, and which regions would be more exposed to future climate variability?

Dr Greenville: On the historical-looking one that you mentioned, there's a paper on our website under our insight series which breaks it down, and we did look at livestock as well. For livestock, over the past 20 years, the effect is really quite small, but there's uncertainty going forward. That paper also has a number of maps and relates the results to areas, so you can have a look at what we call the heatmaps of where the impacts on profitability have been. We intend to do something very similar for the future-looking and the adaptation challenge, because it's important to get it down to that more granular level about where it's occurring and the different industries. So we're looking to release something later on this year which will have that type of information.

Senator WHISH-WILSON: That's very exciting. Would that include quantifying potential future job or productivity changes or losses from climate variability?

Dr Greenville: We're not looking specifically at jobs, but there is the impact on farm cash incomes and profitability, yes.

Senator WHISH-WILSON: Thank you. The reason why I personally think this is very important is that we recently had a Nationals senator saying that climate action would destroy regional towns. I'd be very interested to see what climate change is going to do to these regional towns if we don't take action. Thank you.

CHAIR: Back to you, Senator McCarthy.

Senator McCARTHY: Mr Metcalfe, I have a couple of questions that you may want to take on notice about the rural research and development corporations.

Mr Metcalfe: We're happy to answer them now if we can, or we'll take them on notice.

Senator McCARTHY: They are just some general questions. Can you provide a detailed list of all the rural research and development corporations, including the CEO and EO positions, and the dates they were appointed, as well as the chairs and members of the corporations and when they were appointed?

Mr Metcalfe: We may well be able to provide that to you today, because it's all publicly known.

Senator McCARTHY: Great.

Ms Deininger: Can I just confirm, Senator—I apologise for interrupting you—that it was the CEO and the chair?

Senator McCARTHY: The CEO, the executive officers and, yes, the chairs and members of the corporations.

Mr Metcalfe: It may take a bit longer to get the executive officers, but CEOs and chairs we could probably pretty quickly respond to.

Senator McCARTHY: And the dates when they were appointed.

Mr Metcalfe: Yes. You'll be seeing a few of them today as well.

Senator McCARTHY: Yes. Could you also provide the total amount of funding that's allocated to the RRDCs, as well as a breakdown for each for the financial year of 2020-21 and across the forward estimates.

Ms Deininger: We'll see what we can provide.

Mr Metcalfe: Yes, that's right. As you know, Senator, the RDCs largely derive money from a couple of sources: from levies on producers and from the taxpayer through matched funding and other issues. We can obviously provide details of the matched funding. Some of them may have other income sources through commercial activities or marketing activities depending on the particular role of the body. Again, you'll be seeing some of them today and they can probably provide answers directly, but we'll take that on notice as well.

Senator McCARTHY: Thank you. I'd like to go to the Future Drought Fund. Can the department confirm that there's been an initial funding amount of \$3.9 billion allocated to the Future Drought Fund, with a target to grow this to \$5 billion?

Mr Metcalfe: I'll get Ms Crosthwaite to assist you.

Ms Crosthwaite: I can confirm that there was an initial investment of \$3.9 billion made from the Future Fund into a special account for the Future Drought Fund, with the intent that that will grow to \$5 billion.

Senator McCARTHY: How much funding is sitting in the Future Drought Fund now?

Ms Crosthwaite: I will be able to get that for you very shortly. Last I looked, it was \$4.1 billion.

Senator McCARTHY: Thank you. I understand that there's \$100 million available annually from 1 July last year—

Ms Crosthwaite: That's correct.

Senator McCARTHY: with programs having already been rolled out. How much of the first \$100 million has been spent so far since July 2020?

Ms Crosthwaite: The first \$100 million is in various programs which are at various states of expenditure. The amount that has been spent—and I'm being careful about the way that I describe it: rather than under contract, it's actually been spent—is around \$2 million.

Senator McCARTHY: Of the 100 million?

Ms Crosthwaite: Of the \$100 million. However, a significant proportion of the \$100 million is currently under contract with various providers to deliver those programs. So the money will be spent when they meet certain milestones.

Senator McCARTHY: When you say 'a significant proportion', what are we talking about?

Ms Crosthwaite: Just under half.

Mr Metcalfe: You will be aware, Senator, that with this first year there's been a gearing up of process, and the flow of funds basically depends on providers being identified, and so there have been selection processes in relation to that. Contracts are being put in place, money is then provided to them, and then they're ultimately spending it and demonstrating to us that they've actually spent it on the right things, which is why we're working through that process this year. But there are some very significant initiatives—in particular, the establishment of a series of drought hubs. We can talk more about those because we're expecting some significant announcements fairly soon. The key point is that all of that money is expected to be spent during this financial year, so a lot will be flowing out over the next few months now that those arrangements are in place.

Senator McCARTHY: How many farmers have participated as part of this funding since July last year?

Ms Crosthwaite: The programs for this first year of funding are not necessarily programs that will provide funding directly to farmers. If you're asking the extent to which they've participated in the development of the

programs, there was some very extensive consultation with farmers, farmer groups and other organisations before the development of the funding plan. So there's been a fair degree of participation already for those. A couple of the programs will have direct participation by farmers once they are rolled out, such as farm business resilience training which will be delivered by the states and territories, and \$20 million has been committed to provide that training for this financial year. That will actually put farmers through training courses which will be delivered by professional providers around building farm resilience, farm business planning, that sort of thing.

Mr Metcalfe: The drought fund is primarily in the programs being established at the moment about providing services to farmers and for farmers as opposed to direct payments to farmers. There's a variety of other mechanisms that have been in place for some time for direct assistance, such as farm household allowance and various other measures. There have been various payments made and grants in response to natural disasters, floods and so on and so forth. Indeed, that's happening right at the moment, given what's happening in eastern Australia. The whole idea of the Future Drought Fund is preparing for future droughts, so a lot of that is building up skills, capabilities, resources, science, methods, et cetera. So that's really what we're going to start seeing happening in large volume from now on.

Senator McCARTHY: I understand you're going to make announcements in the coming months and you've said you're going to have it spent this financial year. I'm just wondering, Ms Crosthwaite, whether we could get a list provided of the money that's already allocated.

Ms Crosthwaite: Yes.

Senator McCARTHY: If we can know the ones you're going to announce, that would be great.

Mr Metcalfe: We may be able to give you some of that right now, I suspect.

Ms Crosthwaite: Would you like me to take you through that now or would you like us to get that for you and table it?

Senator McCARTHY: If you can, that would be great.

Ms Crosthwaite: Certainly. For the research and adoption program, which includes the hubs that Mr Metcalfe has already discussed, \$16 million has been committed this financial year. We expect that in April this year that will be contracted—that full amount of \$16 million for this year. For the research and adoption investment plan which is related to that, we have \$500,000 allocated. That has been contracted, and the amount of that will actually be \$235,000 because the tender process resulted in a cheaper bid than we had budgeted for. Any underspends will be fed back into other programs. Innovation grants of \$14.17 million—these will be open for applications once the hubs are in place, and we expect that to be open for application in May or June. Contracts will be in place most likely in July or August this year—realistically, so we can run a competitive process—

Senator McCARTHY: So that's not open yet?

Ms Crosthwaite: No, that's not open yet. That will be open once the hubs are available, because these are grants to support the work of the hubs. That will be that \$14.17 million.

We have a Science to Practice Forum. Again, that will be run after the hubs have been set up. There's a tender process underway for that right now. It has \$130,000 in funding allocated but it could be that it ends up not costing that full \$130,000. We expect it to be contracted in April as well.

The Farm Business Resilience Program is the program which I mentioned before. That will be run through the states and territories under the Federation Funding Agreements. It has \$20 million allocated and, again, we expected that it will be contracted in April this year. At this stage, we expect that to be for \$15.9 million, as some of the states and territories have said that they don't need the full allocation.

Senator McCARTHY: Is there a breakdown for the states and territories that you can provide as well? As always, I'm curious about the Northern Territory.

Ms Crosthwaite: I don't have it with me, but it's something that we can provide.

Senator McCARTHY: Alright, thank you.

Ms Crosthwaite: The other program which we run through the states and territories is Regional Drought Resilience Planning Program. That one is for \$10 million this year. Again, we're finalising the Federation Funding Agreements with each state and territory now—

Senator McCARTHY: Sorry—how much was that one?

Ms Crosthwaite: It's \$10 million. Having done the negotiations with the states and territories, we expect that one will actually end up being for \$9.9 million. Again, some of the jurisdictions didn't need the full amount of allocation. And that will be under contract in April 2021 as well.

The next two programs are related to one another. We have Climate Services for Agriculture, which will be a product that the CSIRO and BOM are developing to provide information services about climate directly to farmers, to assist them in their business decision-making. It has \$10 million allocated to it and it is currently under contract to the CSIRO and BOM to deliver, so it's being worked on right now. Related to that is a Drought Resilience Self-Assessment Tool, which, once it's developed, will probably look like an app I expect. Again, that's a tool specifically for farmers and \$3 million has been allocated to it. We have a contract with Deloitte for \$2.89 million. They're going out and doing some really important user testing to work out what the final product should be like. That's under contract now.

Natural Resource Management Drought Resilience—Grants program—NRM drought resilience grants—have \$10 million budgeted. The selection of projects should be finalised by the end of this month and we expect \$7.81 million to be contracted in April. The reason that it's 7.81 and not the full \$10 million is that following the competitive grant assessment process it was determined that there were not sufficient merit-worthy applications to put forward at that time.

Senator McCARTHY: Did you get a lot of applications for it?

Ms Crosthwaite: Many applications, yes.

Senator McCARTHY: And that will be announced this month?

Ms Crosthwaite: I expect in April.

Mr Metcalfe: Senator, I was going to make a comment about the hubs because I think they're something which is really significant, but because we're still going I'll let Ms Crosthwaite finish.

Ms Crosthwaite: Thank you, Mr Metcalfe. Another NRM program, which is the NRM Drought Resilient Program—Landscapes, is down for \$5 million. Twelve projects have been selected and announced—they were announced in November 2020. Those service orders with the NRM bodies, because that's how they'll be delivered, and they're already under contract—

Senator McCARTHY: Are those 12 on your website?

Ms Crosthwaite: Yes. And there are an additional two reserve projects that may also be funded. There are two more programs—

Senator McCARTHY: Yes, great!

Ms Crosthwaite: The Drought Resilience Leaders project has \$7.45 million budgeted. The Australian Rural Leadership Foundation has been selected to deliver the program through a competitive grant process—

Senator McCARTHY: Can you just repeat the amount?

Ms Crosthwaite: It was \$7.45 million. It is under contract now and they are delivering.

Mr Metcalfe: The Australian Rural Leadership Foundation does some very important work. It's headed by Matt Linnegar, who I'm sure you know, from the NFF. It really is about building leadership skills, which, during times of drought, are a very significant factor. It's really investing in the capability of farmers and farm leaders so that they can work with their communities and within the sector to ensure they're able to manage the situation as best as they can. It's about the human capital aspect.

Ms Crosthwaite: And the final program is another one of those human capital related programs. Networks to Build Drought Resilience has had \$3.75 million budgeted to it. The Foundation for Rural and Regional Renewal, the FRRR, was selected to deliver the program through a competitive grant process. It is under contract now, and is being rolled out.

Senator McCARTHY: What was the figure on that one?

Ms Crosthwaite: \$3.75 million.

Mr Metcalfe: Senator, we are expecting announcements fairly soon from the minister about the drought hubs. Ms Crosthwaite might be able to provide some more detail about the locations, broadly, that the government is looking at.

Before I came to this role, I did some work for a professional services firm as a senior partner. One issue that I was asked to look at was the future of agricultural innovation in Australia. A very clear lesson from overseas is that the very best farming techniques come about where you effectively get that precinct of scientists and business people and farmers all working together. That's very much the experience in the United States with the land-grant universities; that's what we've seen in the Netherlands and other countries that are really way up above Australia in their ability to convert science into action. We have great science, but we're not all that good in converting the work that's done, the scientific developments, into commercialisation or into adoption of practices.

The drought hubs are really innovation hubs looking at the future of farming, including the fact that farmers will have to manage droughts and climate change and climate issues in the future. They will be consortia largely of regional universities or other universities, together with farmers groups and others across the major agricultural areas of Australia. Together with the development of Agricultural Innovation Australia and the RDCs coming together, this is going to be a game changer. It's going to take the great innovation and science that has helped Australian agriculture do so well over the last century or two and really take it into the 21st century. It's a really significant occasion. I'm quite excited by it because I think it really is one of the keys to ensuring that our farming sector is able to have, take up, adopt, use the great innovations that our scientists and others are able to provide.

Senator McCARTHY: I look forward to looking into that. Thank you, Ms Crosthwaite, for all the details on it. Just on that last one, the Networks to Build Drought Resilience, did you say that has already been put out?

Ms Crosthwaite: That is under contract, yes.

Senator McCARTHY: Can you tell me which states and/or territories are still suffering from the drought?

Ms Crosthwaite: The recent rainfall has certainly meant that drought conditions have eased across most of the eastern seaboard. There are parts of western Queensland and parts of western New South Wales that are still experiencing drought conditions. There are also parts of the south-west of Western Australia that are still experiencing drought conditions. It can take a couple of years of solid rainfall before the recovery from drought can really start to be seen through economic outcomes. We're cautious not to use language around the drought breaking et cetera; however, those are the regions that are still—

Senator McCARTHY: So those parts are in WA, New South Wales, Queensland. What about South Australia?

Ms Crosthwaite: South Australia, I don't believe, is still—the other reason that there's some complication around this is that some states declare drought regions and some do not. We rely on BOM's rainfall data to make the assessment.

Senator McCARTHY: That's how you define it.

Ms Crosthwaite: Yes.

Senator CICCONE: I've got a few questions that relate to the Rural Financial Counselling Service and related matters. Is that you?

Ms Crosthwaite: Yes.

Senator CICCONE: There was an announcement in the 2021-24 tender round for the 12 current rural financial counselling services across Australia. I understand that was set for 19 February of this year. From what I understand, no further announcements have been made yet. Is that correct?

Ms Crosthwaite: That's correct.

Senator CICCONE: Are you able to elaborate a bit further on why that might be the case?

Ms Crosthwaite: The applications for the program opened on 6 November and closed on 11 December 2020. The applications have been assessed by an independent panel, and advice and funding recommendations have been prepared for consideration by the minister.

Senator CICCONE: So that's been sent up to the minister's office?

Ms Crosthwaite: Correct.

Senator CICCONE: When was that provided to the Minister?

Ms Crosthwaite: That was last week.

Ms O'Connell: I think it's fair to suggest that there will be an announcement soon because the providers need to commence from 1 July.

Ms Crosthwaite: Yes.

Senator CICCONE: Of this year?

Ms O'Connell: Of this year, yes.

Senator CICCONE: As you know, quite a few contracts will be finishing up soon—

Ms O'Connell: That's right. It's consistent with the handover.

Senator CICCONE: so that's good news. When I say 'soon', is that over the next weeks, or will we wait till the budget for that period?

Ms O'Connell: It's not a budget-dependent decision.

Senator CICCONE: So, hopefully, before then. I think it's good news that there will, hopefully, be an announcement very soon. I have one unrelated matter, going back to earlier, that I forgot to ask about. With respect to workforce—and I know I touched on agriculture visas and the like—is that issue still under consideration by government, Secretary?

Mr Metcalfe: I will just double-check as to exactly where we are with that issue. Ms Deininger?

Ms Deininger: I recall that an ag visa was one of the recommendations from the Azarias review. We'll look at that in the context around the budget discussion that I mentioned earlier and the budget consideration of the workforce strategy work that John Azarias led.

Senator CICCONE: Thank you very much.

CHAIR: That finishes with outcome 3.

[12:28]

CHAIR: I think we'll have a go at bringing departmental people in for outcome 4, because we still have half an hour before lunch.

Mr Metcalfe: While we're doing a changeover, I actually meant to say in my opening statement this morning, but I neglected to, that I also want to recognise, as I'm sure you would, that *Landline* celebrated its 30th anniversary last week. I don't know if the senators had the chance to see the program. It was a lovely retrospective of some of the stories over the year. That program obviously plays a major role in communicating what's happening in the bush, not only to people in the bush but to people in the city as well. I just want to note the work of numerous presenters and producers over the years to really help explain innovation in rural Australia and the hardships, triumphs and issues faced by country people right around the country.

CHAIR: Those were terrific comments, and they were well made. I'm reflecting on their recent story on female butchers in Longreach and other places. I thought that was an innovative story. I'd like to see more of that.

Mr Metcalfe: Certainly the role of women in agriculture is one of the themes that *Landline* has produced. It has changed things, and it's changed them for the better in many respects. Women farmers are out there in significant numbers, doing jobs and doing all sorts of things—indeed, just celebrating the rural women of the year is, again, another really important thing.

CHAIR: I think it was only from the 1980s on that women could put 'farmer' on their passport and visa forms as an occupation. So, we're making great strides forward.

Mr Metcalfe: We are heading in a better way.

CHAIR: That is terrific. How are we going?

Mr Metcalfe: I think we've got the right people here, depending on where the questions need to go. Mr Tongue is the deputy secretary for biosecurity, and others can join us as need be.

CHAIR: Terrific. Senator Ciccone, do you want to start?

Senator CICCONE: I will, but then I will have to dash. I have a few questions that relate to fruit flies.

Mr Metcalfe: We will get Dr Parker to join us.

Senator CICCONE: I must say, going to your comments, Secretary, that *Landline* had a great program about fruit flies not long ago.

Mr Metcalfe: Fruit flies are one of the world's worst plant pests, and sadly they are native to parts of Australia.

Senator CICCONE: There's one in particular I'll touch on later—the armyworm—which has been described as the 'coronavirus of agriculture'.

Mr Metcalfe: The armyworm literally blew in. We can talk about that, if you wish.

Senator CICCONE: I do. I'll get to that. It's always a great program on a Sunday morning with a cup of tea. Well done to everyone from *Landline* who is watching today. In regard to the occurrence of fruit fly across south-eastern Australia—and I note that many farmers have been reporting a significantly higher occurrence of fruit fly—could you quantify how the current fruit fly numbers compare to previous seasons.

Dr Parker: Where fruit fly is endemic, which is in the area you're talking about, that is not something that we actually track. But suffice to say that certainly this year, as we've come out of the drought and had more rainfall and it's been slightly warmer, we've certainly seen increases in fruit fly. We're certainly seeing that with outbreaks within the PFA, within the Riverland, in South Australia.

Senator CICCONE: Is that something that's tracked by state departments rather than the federal department?

Dr Parker: I'm sure the state departments will have information in regard to that, and I'd be very happy to look into that and provide that to you on notice, if you like.

Senator CICCONE: I'd appreciate that. Thank you, Dr Parker.

Dr Parker: Certainly. No problem at all.

Senator CICCONE: I'd be interested to know if you've seen greater occurrences in some states—for example, in Victoria, my home state. Recently there were issues with some stone fruit that was sent from Victoria, and possibly from Queensland, to South Australia, to Adelaide, where Coles and Woolies and Aldi had problems with fruit fly in their fruit products. Where have you seen the greatest occurrences over the last 12 to 18 months? Is that something you need to take on notice?

Dr Parker: I'm happy to provide a partial answer to that. The department's role with fruit fly is essentially trade related. Our role is to certify that a product has either been treated for fruit fly or has come from a PFA. PFAs are pest-free areas. There are whole range of conditions associated with those pest-free areas, some of which are recognised by trading partners and some of which are not recognised by trading partners. But suffice to say that across south-eastern Australia and certainly into South Australia—and even in Western Australia—I think we're seeing an increased incidence of fruit fly in the current season. I'm very happy to pursue on notice for you the exact quantification of that.

Senator CICCONE: Thank you. So the federal department of agriculture doesn't provide resources to combat fruit fly?

Dr Parker: Yes, we do, but not in the sense of combatting it on the ground. But, certainly, in the case of South Australia, we've offered resources to South Australia to assist them in managing the outbreaks they've had in the Riverland. That is something we stand ready to do, certainly for areas like South Australia where they're trying to maintain a pest-free status. We have a range of other programs. The government committed \$16.9 million to a fruit fly strategy—half from the Commonwealth and half from the states—that's about doing research that's specifically targeted towards fruit fly.

Senator CICCONE: When you say 'resources', is it funding to assist the state governments to implement their programs?

Dr Parker: They are administered funds that go towards a range of mostly research projects to essentially look at things like sterile insect technology, to provide services in managing some of the issues around where fruit fly is, how we might deal with it in the future, what new technologies may be able to be used and how we manage control across a whole range of areas, not just within pest-free areas.

Senator CICCONE: Do you provide any resources or funding to my state of Victoria as well?

Dr Parker: I'm not aware of the specifics. I'm certainly happy to take it on notice and provide you with an answer. In fact, we'll get that answer before we finish today—

Senator CICCONE: If you could.

Dr Parker: if there are figures.

Senator CICCONE: If you could provide us with a breakdown for every state.

Dr Parker: Yes, absolutely.

Senator CICCONE: Alright. I'm intrigued to know if there is funding allocated to the fruit-growing regions for the management of the problem, so whatever information you might be able to provide me would be great.

Mr Metcalfe: As Dr Parker indicated, we'll certainly provide you with the further information we can. As Dr Parker indicated, the Commonwealth's biosecurity responsibilities, obviously, are about issues coming into the country. Fruit fly is an established pest here so we have a responsibility, as he explained, in relation to the certification of exports because it's a key issue of concern to trading partners. Under the National Biosecurity Committee and related agreements, we have a very close relationship—Mr Tongue chairs that committee—with everyone helping each other and, indeed, there are funding formulas. Dr Parker referred to sterile insect technologies: the breeding and release of sterile males into the fruit fly population so that effectively breeding cannot occur. That's one of the major areas of joint focus and effort on this. It's then up to each state and territory. We've had discussions with our colleagues from South Australia recently about what they're doing and about what more we can do to support them, because we believe it's in the national interest for us to try and help where we can.

Senator CICCONE: Thank you. I have another question, I don't know if you can answer it right now. Will the Queensland sterile fruit fly program be used to manage the increasing QFF problem?

Dr Parker: Sorry, could you repeat the question?

Senator CICCONE: The Queensland sterile fruit fly program?

Dr Parker: We see considerable merit in the sterile insect technology. There are a couple of facilities and some of that money from the National Fruit Fly Strategy is going towards some cost-benefit analysis on those particular facilities. I think we would see them as having an important role in managing fruit fly, particularly when we see increased pest pressure like we have this year.

Senator CICCONE: Have you undertaken any economic modelling in terms of the economic impact of the fruit fly, or is that for ABARES?

Dr Parker: Again, I'm sure we have. I don't have it to hand. I'm happy to pursue it on notice for you.

Senator CICCONE: Thank you. I want turn to the armyworm issue we just touched on.

Mr Tongue: The fall armyworm.

Senator CICCONE: Yes, the fall armyworm. I think Landline and the ABC have had a few programs where they dub it the 'coronavirus of agriculture'. I'm assuming you'd agree with that characterisation, Secretary?

Mr Metcalfe: Look, we've got a few of them, I'm afraid, Senator. We are deeply worried about a number of exotic pests and diseases: African swine fever is one that I'm sure we've discussed before the committee; foot-and-mouth disease and khapra beetle. Fall armyworm is certainly a recent phenomenon causing a lot of issues for people. We do have Dr Vivian-Smith available. She was recently appointed as our Chief Plant Protection officer and is able to assist specifically around fall armyworm issues.

Senator CICCONE: Thank you. What I want to know is, what has the department's response been since it was first detected in Australia?

Dr Vivian-Smith: The fall armyworm was first detected in the Torres Strait in January 2020. Prior to that, a number of activities were undertaken by the department in monitoring its movement near neighbouring countries and being ready to detect it. When it was first detected it spread very rapidly, and the shift in focus became looking at research and research gaps. To support that particular activity, the department has funded some of the research gaps. They facilitated a national workshop to identify those research gaps and an executed grant of \$600,000 was provided to Plant Health Australia, in June 2020, to help address some of these gaps. There's also been some additional activity, funding a review of some ecological modelling and some grants to CSIRO and Murdoch University, as part of this, to help develop new novel biopesticides for fall armyworm.

Mr Tongue: Could I dive in there to provide some context with the fall armyworm? It can fly up to 100 or so kilometres a night and it is wind borne. So it's the sort of thing that, try as we might, we can't stand against the wind. A lot of the monitoring activity that we did prior to its arrival and as it arrived was by our staff funded under the Northern Australia Quarantine Strategy. We employ Aboriginal and Torres Strait Islander staff and work with Indigenous ranger groups across Northern Australia to trap and identify a range of pests and diseases that will come in on, what we call, natural pathways.

Sadly, for us, fall armyworm, as much as we didn't want it, came in on a natural pathway. It is fair to say, it arrived more quickly and travelled more quickly than we perhaps anticipated. But we think that's going to be part of our future with these, what I'll call, windborne or natural pathway pests and diseases.

Senator CICCONE: Do we know how it came into Australia? It's amazing how far it can travel.

Dr Vivian-Smith: Fall armyworm is native to the Americas and spent a long time there as a native species but began to spread in 2016, when it first appeared in Africa. It quickly moved through the African continent and was found in India, the subcontinent, and through Asia, northern Asia, initially. But by 2019 it had arrived in Japan and Indonesia, and it was quite clear that this was a pest that no-one could stop.

As Andrew mentioned, the flight capability is of more than 100 kilometres a night. It has a very rapid life cycle. It produces a lot of eggs and younger life stages that can balloon on the wind as well, so it's quite a phenomenal pest, in terms of dispersal. When it first entered the country it island hopped through the Torres Strait. It arrived, within a very short period of time, almost simultaneously in Western Australia and in the Northern Territory. So it was clear that there was this enormous pest pressure all across the north of Australia and it was just a matter of time before it arrived through natural means.

Senator CICCONE: In terms of things coming from overseas, how is old mate Joe the pigeon? Is he kicking around or has he been euthanased?

Mr Metcalfe: Joe turned out to be a little Aussie battler.

Senator CICCONE: A little Aussie battler? That's a good news story. We like that.

Mr Metcalfe: Mr Tongue can talk about the story of Joe.

Mr Tongue: Certainly. Joe appeared to have an American tag. So it appeared at first blush that Joe was in fact an American pigeon that had found its way here—

Mr Metcalfe: Hitchhiked on a ship or—

Mr Tongue: Maybe hitchhiked on a ship and then flew off.

Senator CICCONE: Maybe he's a dual citizen!

Mr Metcalfe: I used to run that part of the government, Senator, and I don't think we'd ever quite managed to give citizenship to a pigeon!

Mr Tongue: But then what emerged were practices in the pigeon fancier community where American pigeons, or pigeons with an American provenance, are worth more. And then it turned out that Joe probably had a fake, or knocked off, American tag.

Senator CICCONE: Like a fake watch.

Mr Tongue: Exactly. And, rather than being an American pigeon with a list of diseases you wouldn't believe, Joe was in fact a local pigeon, so we didn't treat or deal with Joe.

Senator CICCONE: I don't think any one bird has had so much attention on social media in a long time.

Mr Metcalfe: It's a serious issue, Senator. So much of our overall biosecurity effort, which is a partnership between the Commonwealth, the states, industry and the community, relies upon people who travel—when we're allowed to travel overseas—doing the right thing, but also people in the community spotting something unusual. We are really trying to step up our social media presence to highlight how the community can help, and Joe was fantastic in assisting—a bit like Johnny Depp's dogs were as well—in highlighting the seriousness of biosecurity and how ultimately it's everyone's responsibility. That has paid off. I think last estimates we would have talked about the khapra beetle incursions—or, if we didn't, we should've—and that was through vigilant members of the community identifying these unusual beetles, which then allowed us to deal with the pest. It took a lot of effort to deal with the pest rather than it becoming established. So Joe helped us out, because it was a pretty newsworthy story.

Senator CICCONE: Good on Joe. Biosecurity is certainly no laughing matter; it's very serious for our—

Mr Metcalfe: Biosecurity and biodiversity.

Senator CICCONE: Yes. I want to go back to the fall armyworm before I finish my questions. Could the outbreak lead to higher prices in food supply? If this thing does spread more rapidly, have we looked at this issue as we have been in government, not just in your department but more broadly as well?

Dr Vivian-Smith: In terms of the crops likely to be impacted by fall armyworm—it's a *Spodoptera* caterpillar or moth; we have a few native species—

Mr Metcalfe: We'll spell it for *Hansard* later.

Senator CICCONE: Please, could you. I might have questions in the next round of estimates on that.

Dr Vivian-Smith: We have some native relatives that cause us problems from time to time as well. A number of our industries are already reasonably well adapted to those, such as the cotton industry, but maize and corn are the two popular food items of the fall armyworm, even though it has quite a broad diet. We believe that there is quite a strong effort underway looking at biopesticides, natural enemies—there are quite a lot of natural enemies and parasitoids. So, whilst there may be impacts—and I can't comment on the food supply as such—I don't think there will be an issue. There will be a period of adjustment, I think, of a season or two before our growers are able to really get on top of fall armyworm.

Senator CICCONE: It costs a lot of money. An ABC report suggested a farmer spent over \$2,000 a week to kill these little buggers. Is there some other support that might be available to these farmers?

Mr Tongue: We work on a number that Australian producers spend about \$5 billion or so a year on managing established pests and weeds. That's in the cost base of Australian agriculture. But that doesn't include what the states and territories then spend in their efforts or the money that we contribute through science or small grant programs or so on.

Senator CICCONE: What do we say to those farmers who are spending a lot of money trying to deal with this issue?

Mr Tongue: Different industries spend different amounts. If you're in horticulture you've got one pest and disease profile. If you're in beef, you've got another. But it is substantial expenditure, there is no doubt, and likely to go up, we anticipate.

Senator CICCONE: Thank you very much.

Mr Metcalfe: I will just correct my evidence. I referred to Johnny Depp's dogs. In fact, I think they're Amber Heard's dogs. I think their names were Pistol and Boo, from memory. I wanted to make sure there was nothing incorrect on the record about the ownership of the dogs in question.

Senator FARUQI: I have some questions for the live animal exports division.

Mr Metcalfe: While the officials are coming forward, Senator McCarthy, you asked a question about the current size of the Future Drought Fund. As of 30 December, it is \$4.29 billion.

Senator McCARTHY: Thank you.

Senator FARUQI: I want to start with the implementation of the new Australian Standards for the Export of Livestock, the ASEL, which came into effect on 1 November 2020. A significant new standard recommended by the ASEL technical panel, accepted by the department, was the reduction of stocking densities for cattle. This was recommended, as I understand it, in order to give the animals slightly more space to lie down and to enable them to better access food and water troughs through these long journeys. However, only a few days before the changes were due to come into effect, the minister intervened to effectively reinstate the old densities back into the new ASEL. My question is: what science did the minister reference to justify overriding the decision of the expert technical panel?

Dr McEwen: I think it was an on-balance decision, looking at the evidence that was in place and the cost and impact on the live export industry of implementing it immediately. And it has not been removed. What will happen is that there's been a 6-month lead-in period to allow exporters to adjust to the fact that this new stocking density will be in place, and it will be in place—the whole new approach will be in place—from the beginning of May. And there will be an alternative stocking density that can be accessed by high-performing exporters.

Senator FARUQI: I do know that. My question was: what science did the minister use to change this?

Dr McEwen: The minister considered all the science that was looked at as part of the actual review—

Senator FARUQI: But the review actually said that the stocking densities should be reduced?

Dr McEwen: That's correct. He also considered the impact on the industry and made a decision on balance that, for six months, that was going to be a reasonable approach to allow exporters to adjust.

Senator FARUQI: Did the department support this alteration, which gave consideration to the industry, which obviously wanted higher stocking densities for the reasons of profits?

Dr McEwen: The department provided advice, but I don't think I need to answer on the nature of our advice to the minister around this.

Senator FARUQI: You can't tell us whether the department supported this altered decision or not?

Dr McEwen: The department implemented the decision that was made by the minister.

Senator FARUQI: I'm not asking about the implementation. Did the department support the decision of the minister to alter the stocking densities?

Mr Metcalfe: It's not really open for us to indicate whether we agree or disagree on any of those issues. The department works for the minister, and we are implementing what the minister has decided.

Senator FARUQI: I note that the transitional arrangements expire on 30 April this year, I think?

Dr McEwen: That's right.

Senator FARUQI: So we're about three quarters of the way through the so-called audition period. Can you please tell me what percentage of the relevant cattle exporters are currently meeting the performance criteria to be permitted to stock at the alternative higher densities?

Dr McEwen: Fifteen exporters amended their approved arrangements to allow them to access the alternative minimum space allocation. Of those 15, four exporters no longer have access to the alternative minimum pen space allocation.

Senator FARUQI: What percentage of the total number of exporters are the 15? Maybe you could take that on notice?

Dr McEwen: Yes, I would take that on notice, as it's a complicated question, depending on how you—

Senator FARUQI: You said 15 were meeting them, but four are no longer any more?

Dr McEwen: That's right.

Senator FARUQI: The Independent Observer Program was paused in March last year and has not been reinstated yet, as far as I know. That has meant that, for about 12 months now, those ships have been without independent observation on board. When will the independent observers be reintroduced?

Dr McEwen: That will depend on when international travel restrictions are reduced. We paused the program because of the challenges around international travel for Australian citizens.

Senator FARUQI: The vessels are still going?

Dr McEwen: Yes.

Senator FARUQI: The Inspector-General's report on monitoring and reporting during live export voyages, which I think was handed down in March last year, included a recommendation for the department to work with the Australian Maritime Safety Authority to require all vessels used in live export trade to install automated CCTV cameras. As far as I remember, the department supported this recommendation in principle. What work has the department undertaken over the last 12 months to progress this recommendation?

Dr McEwen: We've been doing a number of things in this space. We've had some discussions with AMSA about their requirements. Of course, requiring the installation of cameras in a vessel is in AMSA's regulatory space. But we've also been looking at alternative technologies and approaches. Just this week, we had a trial of using trail cameras. Trail cameras are used for wildlife detection. They take photos about every 20 minutes. We are trialing the use of those cameras on a vessel that's travelling domestically with animals on board to see whether they will provide an effective way of tracking animals. We've also got a broader project looking at other technological approaches we can implement to get the animal welfare outcomes we need.

Senator FARUQI: Do you have a time line to make sure all those vessels have CCTV?

Dr McEwen: Not at the moment. We are still working through that with AMSA.

Senator FARUQI: There's no time line even though you agreed to the recommendation?

Dr McEwen: By agreeing in principle, what we were saying was that we want to look at a range of different technological approaches that can be used.

Senator CANAVAN: I believe there've been some complaints from live exporters about potential increases in fees? Are you increasing fees for the processing of live animal exports? If so, what analysis has been done to justify that?

Mr Hazlehurst: Yes, we have forecast increases in fees. I think it will be of benefit to the committee if I put it in context. Overall, in relation to the entirety of exports cost recovery—across all sectors—there has been under-recovery of the costs of doing that for some years now. For example, in 2019-20, the overall shortfall was nearly \$22 million. In the last budget, as part of a package known as Busting Congestion for Agricultural Exporters, the government put in place some arrangements to provide supplementation to the department to meet that shortfall which would gradually taper out over three years. Over that period, the intention is that all sectors will get back to full cost recovery.

Senator CANAVAN: I am aware of that background.

Mr Hazlehurst: In relation to the live exports side of things, cost recovery had been under-recovered since 2011, leading to an overall deficit of about \$30 million building up over time. As things now stand, the cost recovery is only at about 25 to 30 per cent of the cost of providing that regulation.

Senator CANAVAN: How much is the total cost?

Mr Hazlehurst: The estimate of the total cost for this year is \$22.4 million.

Senator CANAVAN: Hang on, you said you have an under-recovery of \$30 million.

Mr Metcalfe: That was over the 10-year period.

Mr Hazlehurst: And the shortfall for this year will be about \$17 million.

Senator CANAVAN: Are you seeking to recover that full \$17 million with these changes?

Mr Hazlehurst: What's proposed is that there will be no recovery of the previous shortfalls; there'll only be a move back to full cost recovery for each year by 2023-24.

Senator CANAVAN: You'll make up that \$17 million by 2023-24?

Mr Hazlehurst: By the time we get to 2023-24 there will be full cost recovery, yes; but we won't be recovering from previous years.

Senator CANAVAN: Did you say \$21 million for this year?

Mr Hazlehurst: It's \$22.4 million.

Senator CANAVAN: How much of that is departmental overheads?

Mr Hazlehurst: Cost recovery, by definition, is cost recovery of departmental activity.

Senator CANAVAN: Some of it, presumably, would be related to travel for a particular export.

Mr Metcalfe: It's the components of that.

Senator CANAVAN: I suppose what I would really like to know is how much of it is fixed. I don't know how you divide it up—

Mr Hazlehurst: I'd need to take that on notice.

Senator CANAVAN: Okay, you can take on notice the corporate overheads—and there would be different ways of cost accounting for this. What I am after is the fixed costs you are attributing to this \$22 million and the variable costs associated with rolling out the particular—

Mr Metcalfe: You want to know what we include in calculating the cost of the activity?

Senator CANAVAN: Yes—how much of it would be broadly covered in overheads.

Mr Metcalfe: We'll take that on notice.

Senator CANAVAN: Could you outline the travel costs associated with that \$22 million, especially how many flights you have had from Canberra or different locations? I often get complaints that you fly people around the country and those costs end up being sheeted at home to exporters. Could you outline those on notice. Could you also tell us whether you have ever looked at the incentives. My concern about full cost recovery is that the department that has an incentive to shift costs onto an area where it is going to get money back rather than having to go to the ERC. I don't think an industry that is facing a lot of competition should have to bear that particular cost.

Mr Hazlehurst: Certainly. In relation to the incentives in particular—and this is useful context—as part of that package the government announced in the previous budget there is also considerable investment in streamlining and efficiency and bringing costs down.

Senator CANAVAN: Okay. I would be interested in any information you could give.

Mr Hazlehurst: The intention is that, by the time we get to full cost recovery, those costs will be less than they would otherwise have been.

Senator CANAVAN: Okay. If there is any information you could provide on notice, that would be great.

Mr Hazlehurst: We can provide that to you.

CHAIR: Senator Patrick?

Senator PATRICK: After lunch I want to raise the bill that went through the parliament last Thursday.

Mr Metcalfe: On biosecurity issues?

Senator PATRICK: Yes. I just wanted to give you some forewarning that I have some questions on that.

Mr Metcalfe: Sure. We've got the right people here.

Senator CANAVAN: Biosecurity will be back after lunch?

CHAIR: Yes. We're still in outcome 4.

Proceedings suspended from 13:03 to 14:02

Senator PATRICK: I want to ask some questions in relation to the bill that passed through the parliament last week in what was a relatively short period of time. As is the case, any senator can ask that a piece of legislation be treated as controversial. Minister Ruston talked to me last week and arranged a private briefing; I had some concerns about this bill. Thank you for the private briefing, Minister. I'm not going to go into the details of that private briefing but I am going to ask similar questions in this forum to at least get some concerns and information about this bill into the public domain.

It's my understanding the bill that passed last week, the Biosecurity Amendment (Clarifying Conditionally Non-prohibited Goods) Bill 2021, was a remedy for an issue that was related to risk assessments required by section 174(3) of the Biosecurity Act that appear not to have been done in historical cases. Is that what the bill is attempting to remedy?

Ms Linacre: Some vulnerabilities were identified in the course of the original determination. For obvious reasons I won't go into all those vulnerabilities. The one that we identified and spoke to you about was that the Director of Biosecurity, when making that original determination, did not have specific regard to the risk

assessments, rather than the fact that those risk assessments didn't exist. He's required under section 174(4) to have particular regard to the fact of the risk assessments and the fact that those risk assessments adopt the ALOP.

Senator PATRICK: Just for the layman listening in: because those steps were not carried out, there might be some question as to the validity of the determination and therefore any prosecution that might flow from a breach of the determination?

Ms Linacre: Yes; correct. There is no court outcome, decision or finding that the goods determination is not valid. However, proactively, we've looked at whether the failure to do this briefing in a particular way leads to a vulnerability. We think that it possibly does; we don't know. In order to make sure that we shore up that regulatory system and provide certainty to those participants in the system, we've taken the unusual step of retroactively validating that goods determination.

Senator PATRICK: Just so everyone is aware, it's my understanding that there were people convicted of offences in relation to some of these determinations. Can you tell me how many people have been convicted?

Ms Linacre: Certainly. I've just spoken to the CDPP to get the most up-to-date figures for you. There are six prosecutions where convicted people are currently serving sentences. The CDPP has proactively written to those people to alert them to this potential vulnerability, for them to seek further legal advice. There are five prosecutions currently on foot that rely on the goods determination. Two of those prosecutions have been discontinued by the CDPP in light of this potential problem, and three are proceeding on alternative charges.

Senator PATRICK: How did we get into this situation? Who identified the potential—vulnerability, I think you described it? I think Minister Ruston might call it 'legally insufficient'; I think that is the phrase your department used.

Ms Linacre: In the course of the prosecution, it was raised as part of the defence that there was a problem. That was then immediately looked into and considered. That's how the issue arose.

Senator PATRICK: So you've then gone back through AGS or something and sought some advice in relation to the defence and how that might affect other cases?

Ms Linacre: Correct.

Senator PATRICK: When did that occur?

Ms Linacre: Late last year to early this year. There was a series of conversations and advices, and the most recent advice, the one that was finally relied upon, was received in, I think, mid-February.

Senator PATRICK: I presume from that that you would reasonably argue you've acted quickly in response to an identified vulnerability?

Ms Linacre: Yes.

Senator PATRICK: When did the minister first become aware of the vulnerability?

Ms Linacre: A few days after we had decided on a course of action, the minister was briefed.

Mr Metcalfe: I can add to that. I was briefed about the issue; it was within 24 hours of my receiving a briefing about the matter on this issue which dates back to 2015-16. I thought it was essential that we advise the minister of this concern about the legal validity, and the minister said that his expectation—as, of course, was mine—was that we needed to do everything necessary to address the issue. There has been some rapid action taken as a result.

Senator PATRICK: Was there some urgency with the bill last week? What was the urgency? It was communicated to me that the government wanted it to be dealt with last week. What was the rationale for that?

Ms Linacre: The rationale was: we don't want a regulated environment to live with uncertainty. It's very important to the minister and to the department that participants in that environment have certainty and can rely on the determinations and instruments that they're asked to comply with. With participants having complied since 2016, or having been prosecuted for noncompliance, it's important to regularise that environment and ensure that that vulnerability does not cause uncertainty.

Senator PATRICK: I've looked at the explanatory memorandum. Article 15 of the International Covenant on Civil and Political Rights wasn't addressed in the EM, as far as I can tell. Article 15 says:

No one shall be held guilty of any criminal offence on account of any act or omission which did not constitute a criminal offence, under national or international law, at the time when it was committed.

That's a reasonable proposition.

Ms Linacre: Yes.

Senator PATRICK: But I wonder whether your advice sought to at least consider that aspect of our international obligations.

Ms Linacre: I considered that aspect and, because it's a mere retroactivity, it basically reinforces the regular environment that everyone thought they were working under during that period. It wasn't imposing a new penalty or a new crime or something where somebody could have acted in a way and not expected to be subject to a legal regime. It was always the case.

Senator PATRICK: Just to be clear—and I think I mentioned this to you last week, but I had another look at it—in a sad moment on the weekend sometime I read Project Blue Sky's High Court case from a number of years ago. That, in some sense, does offer some legal basis upon which you would rely if those six or so people decided to exercise a legal right. Maybe not to go to their case, but, in principle, that particular High Court case—

Ms Linacre: I won't go to the content of our legal advice, for obvious reasons, but I would say that we've identified it as a vulnerability and not something that we necessarily wouldn't have contrary arguments to, but we're acting in a way that we believe is right and proper in assuming that that vulnerability is a problem.

Senator PATRICK: In relation to the goods determinations that have been made, I just want to be clear about this. You didn't go through a particular legislative step in order for them to be promulgated or given legal effect. For any of the determinations that were made without the risk assessment, I presume you're going back and doing that risk assessment now.

Ms Linacre: Yes.

Senator PATRICK: So you're, in effect, not just using the Senate to fix the problem.

Ms Linacre: No.

Senator PATRICK: You're actually going back and doing your own due diligence on the assessments.

Ms Linacre: Correct. In fact, on 20 March, a new goods determination at 12.01 am came into effect, which is our new goods determination that addresses those vulnerabilities. In moving forward, we say that the new goods determination fixes it, and that means that it can be relied upon in full.

Senator PATRICK: Just to help me with my concern about people who might have been convicted: were any of the contraventions related to a determination that is in some way changed under the new act?

Ms Linacre: No.

Senator PATRICK: So there are no changes to any determination?

Ms Linacre: The new determination picks up one or two very technical, small changes that industry have expected, but they would not affect any of the former prosecutions or current prosecutions.

Senator PATRICK: Current prosecutions—they might have been dropped or not—are not relying on this particular breach.

Ms Linacre: No. That's correct.

Senator PATRICK: Thank you. That was very helpful.

Mr Metcalfe: We thank you for your assistance with that legislation. Just for the record, when the matter was brought to my attention, it was very obvious that we needed to deal with the issue and that the department had a responsibility to ensure that it was fixed. I had a previous experience when I was secretary of the department of immigration in 2007—I recall that Mr Andrews was the minister at the time—in which we received advice that certain provisions relating to the administration of temporary visas to Australia, particularly the fee collection regime, had legal uncertainty. Similarly, the parliament was asked to provide that retroactive legal certainty, and the parliament did that on that occasion as well.

Senator PATRICK: The difference here is that this wasn't necessarily a fee as opposed to someone going to jail.

Mr Metcalfe: Exactly. I'm simply saying that the issue of a parliament providing legal certainty in a retroactive but not retrospective manner is not without precedent, but we do very much appreciate the variation.

Senator PATRICK: Sure. Have you gone back and looked at 2016 and said, 'How did we muck this up?' Maybe it's harsh, but how did the vulnerability make its way—

Mr Metcalfe: How did the then director not have the right material in front of him?

Senator PATRICK: Yes.

Ms Linacre: It was a very busy time when the new act was coming into force, and it's a technical provision. It has a number of elements in it, so we're certainly reviewing our processes to make sure we never fall into this place again.

Mr Metcalfe: Something I insist upon when I'm invited to take any action such as promulgating an order like that is to ensure that it has been cleared by our chief general counsel. Our lawyers have, in fact, not looked at the issue as well as our other officers, and so that's a standard procedure that we now have.

Senator PATRICK: Thank you.

CHAIR: Senator McCarthy, please.

Senator McCARTHY: Thank you, Chair.

Mr Metcalfe: Chair, I can provide some material to Senator McCarthy. I think earlier today you were asking some questions about the government's overall investments in climate science.

Senator McCARTHY: Mm.

Mr Metcalfe: We undertook to provide a detailed response as to the various initiatives, so I'm very happy to provide that to you now so I can table that immediately.

Senator McCARTHY: Thank you very much. My questions are going to focus on biosecurity breaches for now. Mr Metcalfe, does the department believe that Australia's biosecurity system is well funded and well resourced to deal with diverse and evolving biosecurity risks?

Mr Metcalfe: That's a difficult question to ask a public servant. Of course I strongly agree with the level of funding provided to the system, and we are doing our very best with every dollar that we have available. But I think it is fair to say that we are concerned that the whole issue of biosecurity continues to become more difficult. We had a long discussion with Senator Ciccone before about fall armyworm and about the types of pests and diseases. Australia and New Zealand are fairly unique in that we actually are able to take biosecurity seriously. For most of the rest of the world, it's simply too hard, but our natural borders do allow us to take it very seriously. It's well funded. The Commonwealth has certainly continued to supply very significant resourcing into the area. It's a partnership with the states and territories, and there are separate issues as to whether the states and territories have continued their level of investment in the system. And, of course, it's a partnership with industry and with the community as well.

But, in saying that I believe that it has been historically well funded, it would be remiss of me to say that the system is not under pressure, because of the patterns of pests and diseases that are impacting upon us. African swine fever, for example, is now present in six provinces of Papua New Guinea, and it would be a very serious pest if it became established in Australia. Indeed, the government has significantly stepped up efforts to detect importations of pork products as a result. So it's an area of continuing focus for the government.

Senator McCARTHY: I am going to go to an article. I'm not sure if my colleague did this, because I left a little bit earlier, but I want to refer to an article on 4 November. I'm happy for you to have a look at it. It's an ABC News article, 'Biosecurity systems overhaul needed as threats increase, CSIRO warns'.

Mr Metcalfe: That's a CSIRO report it's referring to. Yes, we're certainly conscious of that.

Senator McCARTHY: You have that.

Mr Metcalfe: Not the particular article, but we know about the issues.

Senator McCARTHY: I'm using that at the moment.

Mr Metcalfe: We agree and we're working very hard in relation to it.

Senator McCARTHY: The Australian government is investing \$873 million for biosecurity and export programs in 2020-21. Can you provide a breakdown on how this funding is allocated and to what programs or measures?

Mr Tongue: At the highest level, the allocation in outcome 4, this outcome, rests between my group, the Biosecurity and Compliance Group, which principally deals with imports and compliance across the department, and Mr Hazlehurst's group, which principally deals with exports from Australia. The two issues are connected because for us to allow imported food to Australia, for example, we will typically say to another country, 'Well, we'll take your X if you take our Y.' So we run the outcome together. If I could refer you to page 54 of the PAES document, you'll see there—

Senator McCARTHY: Sorry, just repeat that.

Mr Tongue: The yellow book, the PAES document—

Senator McCARTHY: No, I haven't got that one with me. I think I left that downstairs, actually, so page 54. That's okay. I'll have a look at it.

Mr Tongue: Yes, page 54.

Senator McCARTHY: These are questions I want to be able to follow up—so page 54.

Mr Tongue: Yes. It's headed 'Table 2.5.4 Budgeted expenses for outcome 4'. The total expenses for 2020-21 are \$782,636,000 and, as at the end of February, we've spent \$461,500,000.

Mr Metcalfe: That's one of the questions Senator Sterle asked us.

Mr Tongue: That's one of the questions Senator Sterle had earlier. In terms of the breakdown, around \$50 million of that is administered—what we would call program funding; around \$312 million is departmental expenses, largely funded by appropriation; and then the remainder is money that we cost-recover from industry.

Senator McCARTHY: How many biosecurity breaches have there been in the 2020-21 financial year?

Mr Tongue: When you say 'breaches', do you mean how many pests and diseases might we have intercepted or do you mean—

Senator McCARTHY: That's right.

Mr Tongue: We count nearly 30,000 what we call interceptions. They are instances of where we've seen a pest or disease. The most recent one was a container of rice from overseas where we found one live khapra beetle. But we find one live khapra beetle and we immediately react—

Senator STERLE: Well done!

Mr Tongue: Yes, and then we seal it up and we don't typically go any further because one beetle is enough for us.

Senator McCARTHY: So 30,000 interceptions.

Mr Tongue: Just a shade under 30,000 in 2020-21.

Senator McCARTHY: What about in previous years, from 2014-15 to 2019—what is it on average?

Mr Tongue: I'd have to take that on notice. I recall that I've seen a table like that, but I will take that on notice. I haven't got the numbers in my head.

Senator McCARTHY: If you could.

Mr Metcalfe: What we have seen, of course, in 2021 is a different travel pattern. With the advent of COVID, passenger international arrivals have dropped dramatically. But we've seen a significant increase in mail items—

Senator McCARTHY: Sorry, in what items?

Mr Metcalfe: in mail items—in parcel and post items, as everyone gets on the internet—

Senator McCARTHY: Oh, okay. I thought you meant men!

Mr Metcalfe: and brings in stuff from wherever; and in containers, shipping containers, as well. The four major pathways we focus on, of course, are people travelling in, and 2021 has been a very low year for people; mail and parcels coming through Australia Post centres; imported large items, largely shipping containers, but machinery and equipment and whatever; and then, as Mr Tongue described earlier, natural pathways where the pest is able to, frankly, find its way into the country itself.

Senator McCARTHY: This question is in 2021 but also more broadly: What do you consider to be the biggest biosecurity risk to Australia not only in the last 12 months but also just more broadly? Has there been—

Mr Tongue: I don't think I could resolve it on one kind of pest or disease. The biggest issue we face is what I would call pest and disease pressure. What we're seeing is a build-up of pests and diseases, if you like, poised on pathways that lead to Australia, and those pathways could be natural pathways, often from our surrounding region, or those pathways could be trade pathways. So I wouldn't say it's one thing. What I'm most concerned about is the build-up of the pest pressure and the disease pressure.

Mr Metcalfe: We certainly know that certain diseases or pests, should they become established in Australia, could have catastrophic consequences; that's why we take biosecurity so seriously. So foot and mouth disease, African swine fever, African horse fever are all major animal diseases that we remain very concerned about. That's why we have such strict biosecurity rules in relation to the importation of fresh meat et cetera. And among plant pests, khapra beetle is an issue where we have had detections of arrivals in Australia. There's been a huge effort between ourselves, the state DPIs to find and eradicate those pests so they don't become established. There are other plant pests as well that, I'm sure, we can brief you on. So there is probably a top 10 of things that really worry us and a top 30 but, as Mr Tongue says, they all tend to find their own similar pathways into the country.

So we are very focused on the pathways and how we can put the levels of prevention in place through the system—defence in depth, so to speak.

Senator McCARTHY: This is pretty much related to northern Australia, in particular the NT and WA, but the tick-borne disease, ehrlichia canis, is that one of your 30,000 interceptions?

Mr Tongue: No, because that's a disease that's now established.

Mr Metcalfe: It is already here.

Senator McCARTHY: My understanding is it came into the country in the last—

Dr Schipp: Dr Schipp is the Chief Veterinary Officer for Australia.

Senator McCARTHY: Well, I won't argue with you, Dr Schipp. You tell me when it came into the country. Could you tell me about ehrlichiosis. I understood it to have only come in in the last 18 months through dogs. The concern obviously that we have in our remote regions is that the connectivity between the ticks and the dogs and the transfer to people, especially people with chronic disease. Can you tell me about when that came into the country.

Dr Schipp: Ehrlichiosis is a blood-borne disease of dogs transmitted by ticks. Australia was free of this disease up until about 18 months ago, as you said. We don't know how it was introduced into Australia. It was most likely introduced through an infected dog. It's quite difficult to detect on imported dogs. But it could have also been brought in through an infected tick on another pathway. Since its introduction, at least 400 dogs have become infected in northern Western Australia and the Northern Territory. Infected ticks have been found in South Australia, and infected dogs have been moved from Indigenous communities to other states as part of rehoming programs.

Senator McCARTHY: How many of those dogs have been relocated? Do you know?

Dr Schipp: We don't have accurate figures but it has occurred on at least two occasions where non-government organisations, charities, have sought to rehome dogs and, in doing so, have introduced infected dogs into three states.

Senator McCARTHY: Those 400 infected dogs, what happened to them?

Dr Schipp: The mortality rate is about 10 per cent. Infected dogs are lethargic, have nosebleeds and are anaemic. They respond well to treatment if it is detected early. Because the disease is now established in northern Australia, many veterinarians are not seeking to diagnose it but are simply treating the dogs and seeing how they respond to treatment because the treatment is quite effective and cheap. You get a response more quickly than you do by sending samples away to a laboratory.

Senator McCARTHY: Is there enough treatment?

Dr Schipp: Yes. The difficulty is in prevention. To prevent the transmission, you need to prevent dogs having ticks attached to them. In many parts of the country, it's difficult to get effective tick treatments which would prevent transmission.

Senator McCARTHY: I understand from briefings I've had that it's wiping out older dogs. I have been given figures that thousands of dogs have actually died from this particular tick.

Dr Schipp: I haven't heard those sorts of numbers but, certainly, dogs that have concomitant disease or other challenges would be more susceptible, yes.

Senator McCARTHY: Throughout the Northern Territory, for example, Roper Gulf Shire Council has perhaps the largest proportion of those ticks in that area. Have you any information on that?

Dr Schipp: We're meeting with AMRRIC later in the week to get a briefing from them and we are dealing directly with the chief veterinary officers in the two affected states.

Senator McCARTHY: What about the connectivity to people? Is there a concern around that transfer from the dogs or the ticks to people?

Dr Schipp: On occasions, ehrlichiosis can be transmitted to humans through infected ticks. However, the strain that we have detected in Australia is the Asian strain and the zoonotic strain is from South America. At this stage, we do not believe we have the zoonotic strain in Australia but there is nothing to prevent its introduction in the future.

Senator McCARTHY: What kind of investigation is being done as to how this came into the country if, prior to that, we had gotten rid of it?

Dr Schipp: It was never present in Australia.

Senator McCARTHY: So it wasn't present? Sorry, I thought you said it was present and then we—

Dr Schipp: No, it was never present in Australia until 18 months ago. It was a new disease introduction. I'd have to ask one of my biosecurity animal division colleagues as to investigation on its likely route of introduction.

Senator McCARTHY: Could we find out where the investigation of it is at?

Mr Tongue: There is no investigation at this stage. To the extent that there's 10,000 kilometres of coastline, as Dr Schipp said, the tick may have come in attached to another animal. It may have come in floating on a log. It may have come in on a fishing boat that came in at night and beached onshore. We will never know. We're just confronted with the fact that it's now here.

Senator McKENZIE: How are we going to assess whether it is able to be transferred between humans and animals?

Dr Schipp: We have undertaken strain typing at the Australian Centre for Disease Preparedness at Geelong, at the CSIRO facility there. We'll continue to look at detected strains to see whether they are the known zoonotic strain.

Senator McKENZIE: So there's nothing happening in communities where this tick is prevalent on dog populations?

Dr Schipp: Not as yet. One of the proposals from AMRRIC is that work be done in that regard.

Senator McKENZIE: I think that would be very worthwhile work.

Mr Metcalfe: I thought we might spell out the acronym that Dr Schipp referred to.

Dr Schipp: It was Animal Management in Rural And Remote Indigenous Communities.

Senator McKENZIE: Yes, a study, I believe?

Dr Schipp: They have proposed that work be done on surveillance and on deploying control measures at the local level, within communities.

Senator McKENZIE: Thank you.

CHAIR: Senator McCarthy, back to you.

Senator McCARTHY: I'm just going to go to the Craik review. How many of the 42 recommendations in that review have been implemented?

Mr Tongue: The vast majority of them.

Senator McCARTHY: Okay. Is there a document that can be tabled listing those recommendations that have been implemented?

Mr Tongue: I'll dig one out. I'm sure there is. I'll find one.

Senator McCARTHY: What's the cost to government of implementing all of the 42 recommendations?

Mr Tongue: Post the Craik review, the government allocated approximately \$320 million or so to biosecurity. That was in 2018. There have been some subsequent measures in budgets and MYEFO, and they were in response, significantly, to the Craik review.

Senator McCARTHY: Okay. When you table the list of those recommendations, would we be able to get a break down of each?

Mr Tongue: I can read it out. It's not in a form for me to table it, but I can read it out.

Senator McCARTHY: Okay. Fire away.

Mr Tongue: Okay. There was \$25.2 million to establish a Biosecurity Innovation Program, \$36.5 million to create a secure national biosecurity data platform, \$7.7 million to trial technologies to enhance screening and detection, \$65.6 million to reduce the likelihood of exotic pests or diseases entering Australia, \$33.5 million to continue the Indigenous Ranger Biosecurity Program, \$35 million to support emergency responses, \$7.6 million to establish an environmental biosecurity protection officer and staff, \$34.5 million to improve the department's ability to analyse risk and verify biosecurity controls, \$18.1 million to meet increased demand for biosecurity at international airports and seaports, \$30.3 million for established pest and weed management and a one-off amount of \$20 million to support eradication of fruit fly in Tasmania.

Senator McCARTHY: Is the \$18 million for improving biosecurity at airports for every airport?

Mr Tongue: We operate at all international airports. Of course, what's happened during COVID is that passenger numbers have collapsed, and we typically have 400 or so staff deployed at international airports. Some airports are still operating to receive the flights that are coming in, but we've redeployed the bulk of staff to assist

with workloads that Mr Metcalfe referred to earlier, in mail centres and at ports and in our document management arrangements.

Senator McCARTHY: If I look at northern Australia, Broome, Darwin and Cairns would be strong areas for you to implement that \$18 million into in terms of their airports.

Mr Tongue: For example, we moved a detector dog to Darwin—associated with African swine fever.

Senator McCARTHY: What about places like the Torres Strait and, say, Nhulunbuy in Arnhem Land in terms of interaction, certainly with international fishing boats; do you have a link there as well?

Mr Tongue: Certainly. In the Torres Strait, we have approximately 30 staff, who are Torres Strait Islanders, and we have staff on most of the inhabited islands. Our office is on Thursday Island. We used some of the money we were given in this program to establish an app which helps our staff track—

Senator McCARTHY: What's the app called?

Mr Tongue: It'll come to me. I'm sorry. It was just before Christmas.

Senator McCARTHY: Any chance anyone can let me know, because I'll download it.

Mr Tongue: Yes, sure. What that enables staff to do is monitor vessels moving in the area and also track biosecurity incidents. So that app is evolving.

Mr Metcalfe: Is it an app generally available?

Mr Tongue: No, I think it'd be a secure app, but I'm sure I can find a way to brief you.

Mr Metcalfe: I don't think you'll be able to download it, Senator.

Senator McCARTHY: So that's for the staff.

Mr Tongue: That's for the staff.

Mr Metcalfe: To help them do their jobs efficiently.

Senator McCARTHY: You're talking specifically about the Torres Strait Islands?

Mr Tongue: That Torres Strait Islands region. Nhulunbuy has vessel movements, I think about four a month. I'll check that for you, but that comes to mind. Sometimes we have to service that out of Darwin, vessels inspections.

Senator McCARTHY: What about Christmas Island and Cocos-Keeling Islands?

Mr Tongue: We have special arrangements in place there too. I'll give you the details on notice.

Mr Metcalfe: Obviously we work very closely with Border Force, because we're in the same places at the same time and we work closely with them as well.

Senator McCARTHY: That was the \$18 million. You mentioned \$33.5 million for the Indigenous Ranger Biosecurity Program. Do you want to give us an update on where things are at with that?

Mr Tongue: Subsequently with that funding and the interaction with the discontinued biosecurity levy, a large part of that indigenous ranger program is now funded out of what we now call the National Indigenous Australians Agency. We support 66 or so ranger groups across northern Australia in a range of biosecurity activities. Minister Littleproud has just announced, with Minister Ley, I think it was, and Minister Wyatt, a small equipment grants program to support those ranger groups in some acquisition of basic administrative support. We work to train rangers in what to look for. Indeed, we gave a ranger group a national biosecurity award recently for the great work they've been doing on one of the islands up north. We see the ranger program as being absolutely central, frankly, to our efforts in northern Australia to try and cover that whole area.

Senator McCARTHY: Yes, they do a terrific job.

Mr Tongue: They certainly do.

Senator McCARTHY: Does this area answer a lot more questions around what those Indigenous ranger groups do, or is that for Friday with the cross-portfolio?

Mr Tongue: I can take you through at a high level, but I'm happy to take on notice and maybe give you some examples of some of the things.

Senator McCARTHY: Sure. I'll send you questions through.

Mr Tongue: It can be the collection of samples that they send to us. It could be the identification of weeds or pests. It can be photographs, it can be specimens. There's a whole range of collection and observation activity that helps us build a picture of what we're looking for in northern Australia. Often what we're looking for is the

absence of things, rather than their presence. If they're present we need to move into response mode. We're looking for that they're not there.

Senator McCARTHY: I know you just mentioned before, Mr Metcalfe—or maybe it was you, Mr Tongue—that the biosecurity levy has not proceeded. That was a recommendation in the Craik review. What's your reason for that?

Mr Metcalfe: Certainly the explanation given at the time, I think, was that, seeing particularly the impact of COVID on the costs that industry was facing, it was not a good time to proceed with such a levy. However, the government remains committed to appropriate cost recovery for services provided to industry in that area, and that's an area we'll continue to work on with industry.

Senator McCARTHY: The \$360 million that the government allocated to the 2018-19 budget across the forward estimates for the introduction of the now axed biosecurity levy, what's happened to that funding?

Mr Metcalfe: Effectively the funding has remained. The result of the levy would have been that there would have been more contribution from users of the system and less from the taxpayer. As a result of the decision not to proceed with the levy, the taxpayer has continued to fund activity. So there's been no diminution in our biosecurity effort. It's a question of who ultimately pays. As I've said, that decision was taken when we were deeply worried about the overall economic impact of COVID, and this was seen as a sensible measure to reduce cost on industry. We had a long discussion about cost recovery for export services earlier. The whole issue of cost recovery remains government policy and an area that we'll continue to work on with the users of the system.

Senator McCARTHY: So the programs and all measures that were supposed to fund are continuing?

Mr Tongue: Yes. Because the levy was never hypothecated to us. It was always money going to consolidated revenue.

Senator McCARTHY: Going back to the airports conversation, how many airport biosecurity staff and dogs are currently at each major airport or port? I know you mentioned 30 in the Torres Strait.

Mr Tongue: Yes.

Senator McCARTHY: Would you be able to give us—

Mr Tongue: I'd have to take that on notice because we've redeployed so many staff.

Senator STERLE: [inaudible] to keep JobKeeper?

Mr Tongue: No, sadly. Because we've redeployed so many staff, right now, today, I'd have to take it on notice because it will be highly dependent on the few flights that are coming in. But typically—

Senator McCARTHY: So it's staff and also dogs.

Mr Tongue: And dogs. We have 42 dogs across the biosecurity system. The bulk of those dogs are now deployed in mail cargo environments.

Mr Metcalfe: You may recall some years ago we primarily had, as it's described, a beagle fleet. That's right. We have now moved primarily to a labrador fleet of dogs. That's because partly because labradors are larger, sturdier dogs and are able to be used not only in the airport environment but in the mail centre environment, where they're actually getting up and running across conveyor belts of mail and that sort of thing.

Senator STERLE: We used to have labradors in the 1970s.

Mr Metcalfe: Yes. I think we share the breeding program with Border Force, don't we? At the risk of saying too much, we were delighted the other day to recognise our detector dog of the year, Ulf, who became a minor TV celebrity because he attacked a microphone, which is a bit like the toy they use to reward them. They have a tug-of-war game, and the microphone—

Senator STERLE: It didn't have cocaine stuffed in it?

Mr Metcalfe: The fluffy stuff on the microphone—

Senator McKENZIE: I don't think that MPs want to be talking about cocaine.

Mr Metcalfe: Anyway, Ulf detected over 400 items last year.

Senator STERLE: Good on Ulf.

Mr Tongue: Mr Hunter might be able to give you some of those latest numbers.

Mr Hunter: In relation to your question of the app, I want to clarify Mr Tongue's evidence. It's actually the Torres Strait information system. It's not an app. It's an information system. So we won't need to take that on notice.

Senator McCARTHY: That's for the staff, though?

Mr Hunter: That's right. It's an internal system that the staff use. At the moment we probably have about 110 to 112 people deployed at international airports all around Australia, and about 350 redeployed from those airports to other activities in biosecurity.

Senator McCARTHY: How does that differ to previous years, say for the last two years?

Mr Metcalfe: That's a COVID factor.

Senator McCARTHY: Sorry, does that mean increased or decreased? How do you compare?

Mr Metcalfe: We've got many fewer people at airports because we don't have the flights to service. Our staff are right on the front line, they're right up there checking passengers on behalf of the Department of Health et cetera. Because of the reduction in flights we've been able to redeploy people. The reduction in passengers coincided with this big uplift in items coming through from mail, and we continue to find and seize items of concern through that mail stream, as well as the cargo stream.

Senator McCARTHY: That's 110 or 112?

Mr Hunter: I'll get the precise number in the moment, but it's about 110 or 115 people at international airports, that's right. And 350, as Mr Metcalfe said, deployed away from international airports but into other biosecurity activities, except for about 20 or 30—I'll need to check the number on that—that have been deployed into other areas because of COVID restrictions. Again, we couldn't deploy them into biosecurity activities.

Senator McCARTHY: Mr Hunter, could you also provide—you can take it on notice—the previous two years as well, so I can look at the different numbers?

Mr Hunter: Sure. We have a core staffing number at international airports, but those people, as Mr Metcalfe said, have been redeployed away because of the lack of arriving flights, effectively.

Senator McCARTHY: You're talking about airports. Would you have a different figure for ports?

Mr Hunter: I would have a different figure for ports, but I'd have to take that on notice.

Senator McCARTHY: Could you provide that as well.

Mr Hunter: Certainly.

Senator McCARTHY: And also funding for each of the airports and ports this year.

Mr Hunter: I'd have to take an airport-by-airport funding level on notice, but I can give you a total funding number for travellers, if you could just give me a moment to find that.

Senator McCARTHY: Okay.

Mr Hunter: I will have to take that on notice, unfortunately. I've got it split the other way around.

Senator McCARTHY: No worries. Thank you.

CHAIR: Senator McCarthy, could I break your train of thought for a moment and let Senator McKenzie ask a question or two and then come back to you?

Senator McCARTHY: Yes.

CHAIR: Thank you.

Senator McKENZIE: I know Senator McCarthy will be very keen on these questions because she's a great supporter on the live cattle trade. Can I ask some questions on the live export, please.

Mr Metcalfe: Yes. We'll get the right people to the table.

Senator STERLE: I've got some questions on that as well.

Senator McKENZIE: I have six questions, with a couple of parts to them. Apologies—these may be similar to Senator Canavan's earlier questions. How much did the independent regulator cost four years ago, and how much does it cost this financial year?

Mr Hazlehurst: My colleague might be able to offer the figures for four years ago. We've already answered questions about the costs for this year, but I'm happy to repeat those if that's helpful.

Ms McEwen: I don't think I have the numbers for four years ago.

Senator McKENZIE: You don't have 2017-18?

Ms McEwen: No.

Senator McKENZIE: On notice, then, could I please have that.

Ms McEwen: Sure.

Senator McKENZIE: And I'd like a breakdown. My assumption is these costs have risen significantly. I would like to have an understanding of what has caused the independent regulator's costs to increase so significantly over the last four years.

Mr Metcalfe: Certainly we'll take that on notice.

Senator CANAVAN: Can we get, on notice, all of the last four years?

Mr Metcalfe: So each of the last four years, going back to 2016-17?

Senator McKENZIE: Yes. This financial year we've got. I want four years ago, year on year, and then I want a breakdown of what has caused those increases.

Mr Metcalfe: The reasons for the increases?

Senator McKENZIE: Yes.

Mr Metcalfe: Absolutely, we'll take that on notices.

Senator McKENZIE: Thank you. How much do you anticipate costs will be in financial year 2023-24?

Mr Hazlehurst: I'll pass that to Ms McEwen.

Ms McEwen: For 2020-21 it will be \$22.4 million. I think that rises to around \$24 million in 2023-24. That's on current projections. We have a range of regulatory reform activities happening at the moment that should actually lead to a reduction. Some of those are funded out of the congestion-busting package and relate to IT improvements. Others have arisen as a result of work we've done with industry, and they'll be focused more on reductions in process.

Senator McKENZIE: But, on the current projections you've put forward in the budget, what is the main driver of those?

Ms McEwen: Costs increased significantly following the Moss review, after the *Awassi* incident, in order to cover a number of different things. One was the reintroduction of a legislative decision point—

Senator McKENZIE: Ms McEwen, I'm now talking about the cost increases from this financial year to 2023-24.

Ms McEwen: The increases prior to 2018-19 are around the implementation of the Moss review. The rises over the next couple of years are just CPI—

Senator McKENZIE: Only CPI?

Ms McEwen: Yes. From now till then, I believe.

Mr Metcalfe: But we are working with industry to try and reduce—

Senator McKENZIE: Yes, I understand that. When you answer my question on notice about what's driven the cost increases, I don't want 'implementation of the Moss review'. I want a lot more detail than that. But I'll leave that for the on-notice response.

Mr Metcalfe: I think what the officer has said is that that was the catalyst, but we will give you the detail—

Senator McKENZIE: I want detail.

Mr Metcalfe: of what those recommendations have required.

Senator McKENZIE: Did that include recovering the costs of the Animal Welfare Branch?

Ms McEwen: The costs of the Animal Welfare Branch are projected into the forward costs. They mostly haven't been cost-recovered up to this point, but that will be a decision made at the time that the CRIS—the cost recovery implementation statement—is implemented.

Senator McKENZIE: Does the Animal Welfare Branch make regulatory decisions, and how many staff work in that branch?

Ms McEwen: The Animal Welfare Branch do not make regulatory decisions, but they set the regulatory standards in many cases. They are also doing a large amount of work currently around consistency of decision-making, which is something that the industry has raised as a consistent concern, and they do analysis of voyages and voyage outcomes. There are currently about 18 staff within the Animal Welfare Branch.

Senator McKENZIE: So policy work and the like?

Ms McEwen: Standard-setting work, yes.

Senator McKENZIE: How does that reconcile with the *Australian Government Cost Recovery Guidelines*, which state that it is usually inappropriate to cost-recover some government activities, such as general policy development and the like?

Ms McEwen: It's not considered general policy work; it's about specific standard setting for the area. Some parts of that branch remain appropriation-funded because they are about more general policy.

Senator McKENZIE: You mentioned some of the work that's being done within the department around ICT et cetera to decrease the cost of delivering and regulating for industry.

Ms McEwen: That will be done, yes.

Senator McKENZIE: Can I have an understanding of the quantum of the savings for industry that these initiatives will provide?

Ms McEwen: At the moment we're still in a discovery phase, so we haven't established exactly what those savings will be.

Senator McKENZIE: Do we know what we're going to do?

Ms McEwen: In the ICT space, we haven't specifically quantified all the activities that we'll be doing.

Senator McKENZIE: So we don't know what we're going to do and therefore we don't know how much we're going to save. When will we know that?

Mr Metcalfe: We do know that we want to do something—

Senator McKENZIE: Excellent.

Mr Metcalfe: and we have a clear objective of making it simpler and more streamlined.

Senator McKENZIE: Can I have a timeline on this, because industry is incredibly frustrated at having to pay for things that are very opaque. I'm trying to unpack and understand what benefit it is to them, and I'm not given any confidence today.

Mr Metcalfe: I'm sorry to hear that, Senator, because something we have been working very hard on over the last year, notwithstanding COVID, has been trying to far better work with industry and to understand what's going on. Indeed, Mr Hazlehurst has spent a lot of time with the meat industry—the live exports industry, in particular—with this focus.

Mr Hazlehurst: We'd be happy to provide on notice the details of the reform program that has been agreed with industry, which they're very aware of because we've worked on it collaboratively.

Senator McKENZIE: No, I appreciate that. I'm talking about the ICT savings that were mentioned, which we're still unable to quantify.

Mr Metcalfe: The reform program incorporates things to do with IT. Most of the IT developments that will occur will be about removing the very significant amounts of documentation that flow between not just live animal exporters but the export sector in general.

Senator McKENZIE: Yes, I remember the submission.

Mr Metcalfe: There's a very extensive program being put into place around that. We'd expect some of the first examples of concrete improvements to be flowing within the next few months, but not necessarily immediately to the live export sector. We'll have a full program of how those things are going to roll out in the coming months.

Senator McKENZIE: Okay. I'd appreciate being kept up to date on that. My understanding is that the deployment of independent observers has ceased as a result of the COVID pandemic. Is that correct?

Dr McEwen: It has paused.

Mr Metcalfe: It has paused with one exception. You'll remember the *Al Kuwait* vessel. We did have an independent observer on that ship.

Senator McKENZIE: So has the export of livestock ceased?

Dr McEwen: No.

Senator McKENZIE: What are the animal welfare outcomes as a result of not having those independent observers on these ships? Have we seen more negative impacts?

Dr McEwen: Not specifically, but we also don't have as much of an understanding of what's been happening on the voyages.

Senator McKENZIE: What do the mortality rates tell you?

Dr McEwen: They've been fairly consistent with those at other times.

Senator McKENZIE: How many staff does the department employ here in Canberra to regulate the livestock industry? I will put these questions on notice. They're all about who lives where, why and how it compares internationally.

Mr Metcalfe: The livestock industry as a whole or live export industry?

Senator McKENZIE: I'll put them on notice.

Senator STERLE: I was listening to Senator McKenzie's line of questioning. Mine might go down a pretty similar track, so I'll probably put those questions on notice. They go to how many people are employed and in what areas. It could go on for hours, and I think I'll probably get a far more effective response if I put them on notice.

Senator CANAVAN: I have some questions about pineapple imports. I'm sure you've seen the news reporting around the importation of pineapples from Taiwan. Could you outline what the situation is for the regulation of pineapple importation—fresh pineapples, obviously—into Australia?

Dr Parker: I will give you a quick potted history; it might be the simplest way through this one. In August 2019 we completed a risk assessment on fresh pineapples from Taiwan. In March 2020 we put conditions on BICON, our website that manages conditions. Those conditions are essentially that pineapples must be decrowned, which means the top has to be cut off them. That's essentially to manage pests and weed seeds that may be in there.

The second thing that needs to occur is that the pineapples must be fumigated with methyl bromide. That's basically to control pests of the surface, like thrips and mealy bugs. Also, the pineapples must be grown and sourced from registered commercial export farms in Taiwan using standard commercial production practices and packing procedures.

They're the three main conditions. Then, on arrival, the consignments are inspected to verify they meet those conditions and to ensure they're free from any pests and diseases.

That's the situation with Taiwan. Currently, there are three approved import permits and four applications for the importation of fresh pineapple from Taiwan.

Senator CANAVAN: Can you say that again, sorry?

Dr Parker: In our system there are three approved import permits and four applications for the importation of fresh pineapple from Taiwan, and we haven't had any imports. During the period January 2019 to March 2021, there have been no imports of fresh, whole, decrowned pineapple into Australia from anywhere.

Senator CANAVAN: There's some news reporting that some are on their way or about to be exported.

Dr Parker: I have seen those news reports—clearly. There are current import permits, so they can legally be imported into the country if they meet the stringent requirements that I outlined earlier.

Senator CANAVAN: Will you be notified if something is on its way or going through Customs? How do you find out that—

Dr Parker: They're under biosecurity control, and we would know, through my operations colleagues, when pineapples come into the country—they hit our system, and we'd be able to find that very quickly.

Senator CANAVAN: So when do you know—after they come in, or before?

Dr Parker: It would be unusual that I knew before, but you can assume, if someone has applied for an import permit, that they have an intent to bring a product in to Australia. They've paid to get an import permit, so I assume they want to bring a product in. But, currently, we haven't had any product come in.

Senator CANAVAN: The risks identified in the import risk assessment—the mealy bugs and the two thrips species—are they present in Taiwan?

Dr Parker: Yes, they are. Possibly where you're going—and please forgive me if I've made an assumption—is: that's part of the process of ensuring that the pineapples are grown in Taiwan, because countries that may be exporting product to Taiwan, particularly pineapples, might have quite a different disease and pest profile, so that's why we have the condition in there that they must be grown in Taiwan and they must be grown under commercial practices, and, very similarly to the way we export product out of this country, they will form on a list and that list can be provided to us and checked by us whenever we please.

Senator CANAVAN: Are all of the mealy bugs and the two thrips species present in Australia?

Dr Parker: If they were present in Australia, it would be very unusual that we would have biosecurity measures to address them. They are pests that are not present in Australia; therefore, they require the treatment—

Senator CANAVAN: So the answer is: they're not present?

Dr Parker: To the best of my knowledge, they're not present.

Senator CANAVAN: Of the measures you put in place, I'll particularly go to the methyl bromide fumigation: will that process get rid of all the bugs and the thrips with a 100 per cent guarantee?

Dr Parker: Methyl bromide is a long-established quarantine treatment. We use a lot of it in Australia for the export of our own products to other countries. Nothing is 100 per cent, and that's why we inspect them when they come in: to ensure that, if there have been any issues, we pick those up there and then.

Senator CANAVAN: Won't it be too late if the bugs come in?

Dr Parker: No, it won't be too late because it's under quarantine control; it hasn't been released from quarantine and it hasn't been released out into the marketplace and the environment.

Senator CANAVAN: The next step, then, is that quarantine control: are you confident that that is going to get 100 per cent of the bugs?

Dr Parker: The biosecurity officers who would be inspecting these pineapples are highly trained individuals.

Senator CANAVAN: Does it give you 100 per cent confidence?

Dr Parker: We don't run a zero risk system. We never have.

Senator CANAVAN: So we've introduced a risk that we will hurt our domestic pineapple industry now?

Mr Metcalfe: The requirement is that any risk is as low as possible, and I don't think anyone is going to give you a 100 per cent guarantee on anything in this life. But the system is defence in depth, as Dr Parker has explained: a requirement about the treatment using methyl bromide and inspection in Australia, and our officers are very committed to doing their jobs in a very professional way.

Senator CANAVAN: We've spoken mostly about the probability of the risk. What's the consequence if the bugs or the thrips got out here? What sort of damage could they do to the domestic pineapple industry?

Dr Parker: I would have to take that on notice, depending on which one we were talking about.

Senator CANAVAN: Okay—

Dr Parker: I don't have the in-depth knowledge to be able to—

Senator CANAVAN: I've only just got this—I struggled to find it, actually, until you gave me a bit of a lead, on your website. What was the conclusion of the import risk assessment? What conclusion did you come to around the consequence of any of these bugs getting out?

Dr Parker: Again, I'll have to take it on notice.

Mr Metcalfe: That would have been dealt with—and we've previously spoken about our funding of the Centre of Excellence for Biosecurity Risk Analysis at the University of Melbourne, which assists us greatly in understanding the risks and consequences. It's science and actuarial issues brought together in one place. If we were after an absolute, ironclad, 100 per cent guarantee, nothing would be imported into this country—no farm machinery, no food, nothing—because there is always a risk. Similarly, I'm sure that we would probably be prevented from exporting anything from this country because other countries would take a similar action. The Biosecurity Act requires that we go as low as possible, but not zero, and our system is designed to give every possible assurance, by this defence in depth and multiple barriers, to keep pests and diseases out of Australia.

Senator CANAVAN: You have these risk matrices, usually, where you combine both the likelihood and the consequences we've been discussing. Did you end up in a particular square of this risk matrix with all the measures you've put in place?

Dr Parker: Again, the responsibility is to meet the appropriate level of protection, which is very low but not zero. And, again, without looking at each of the individual pests and diseases, I don't think I can answer that. But I'm happy to answer it on notice for each of the pests and diseases.

Senator CANAVAN: Please take that on notice, then. When you have a look at these risks, do you take into account the potential impact on the domestic industry or the size of our domestic industry?

Dr Parker: There's obviously a consequence. If you're talking about a commercial consequence, that is not routinely taken into account in a risk assessment. It's a scientific risk assessment based on risk and consequence.

Senator CANAVAN: Do you investigate if there are any subsidies or government assistance provided to the domestic Taiwanese pineapple industry?

Dr Parker: That's not something that we've looked into. The idea of the trading rules around the SPS measures across the world is that they're based on science. Matters of domestic policy are matters for those individual countries to manage in their own right.

Senator CANAVAN: But there are trade rules that do prevent or limit countries subsidising their own industries, but that's not something you look at?

Dr Parker: There are all sorts of rules. I certainly don't, running a scientific division, but there would be parts of the government associated with particularly DFAT and the trade areas of DFAT that would look at these sorts of things, as we've recently done with barley, as I understand it. So there are trading rules which we abide by, and, where we feel aggrieved in any matter and the basis is under fact, that's taken forward in the usual processes.

Senator CANAVAN: Mr Metcalfe, does anyone in your department look at agricultural subsidies and assistance being provided overseas?

Mr Metcalfe: We do, Senator. As I'm sure you know, Australia is probably one of the least subsidised countries on earth. Some countries extensively subsidise their agriculture, so that fairness in the international trading system distorted by subsidies is certainly an issue of concern to us. But, ultimately, 70 per cent of our agricultural produce is exported and it's exported into those types of markets that we're talking about, and our exporters are pretty successful at being able to produce competitive and high-quality goods.

Senator CANAVAN: You're not aware of anyone looking in your department for anything about pineapples from Taiwan?

Mr Metcalfe: I'll take on notice whether there's anyone specifically looking at that issue. I imagine my colleagues in ABARES would look at it as a 'what's going on in the world' issue. But, on that issue about the fairness of the international trading system, that's ultimately around WTO issues, and that primarily sits with the Department of Foreign Affairs and Trade.

Dr Parker: Secretary, if I might add, in a different role in the department, I was a minister-counsellor in Washington, and certainly part of my reporting through cables was around subsidies that were provided by the US government. That's fed back into the system—within both the DFAT system and our own system. We do have officers in a range of countries and, certainly, when I was doing it, part of that role is to ensure that you keep an eye on what's happening domestically in those countries as far as agricultural subsidies go.

Senator CANAVAN: Thank you, Chair.

CHAIR: Thank you, Senator Canavan. Senator Sterle.

Senator STERLE: I know we're a few hours behind, so I just want to skip through. If I can get answers that are as short as possible, that would be great. I want to go to the biosecurity legislation. Was the Inspector-General of Biosecurity consulted in relation to the biosecurity legislation that has recently been introduced into the parliament? I will give you the names of the bills. The first one is the Agriculture Legislation Amendment (Streamlining Administration) Bill 2019.

Mr Metcalfe: The 2019 bill? I'll just need to check on that, because it pre-dates both Mr Tongue and myself. Can we take that on notice?

Senator STERLE: Yes, of course, you can. What about the Biosecurity Amendment (Strengthening Penalties) Bill 2021?

Mr Metcalfe: I'll take that on notice as well.

Senator STERLE: And the Biosecurity Amendment (Clarifying Conditionally Non-prohibited Goods) Bill 2021?

Mr Metcalfe: I think the answer in relation to the latter one is almost certainly not, but I'll take that on notice and update you if the inspector-general was consulted. I think the inspector-general is due to appear before the committee, so he can probably answer from his perspective.

Senator STERLE: Is he around?

Mr Tongue: Yes, he is.

Senator STERLE: I will wait until he comes in.

Mr Metcalfe: When the department's finished, I think he's on after us.

Senator STERLE: I just want to go to the inspector-general. What about APVMA?

CHAIR: No, they're not coming today.

Senator STERLE: Good. I will ask the department.

Mr Metcalfe: You can put questions on notice to the APVMA, if you wish.

Senator STERLE: The website went down. I just want to know what happened. If no-one knows, I'll put it on notice.

Mr Metcalfe: I'll answer. The reason the website was down is that the APVMA was one of a large number of organisations impacted by a significant cybersecurity attack. It had to do with a particular issue associated with Microsoft products. It was a worldwide problem. The APVMA was impacted by it, and they are now ensuring that their systems have not been infected, before the system is restored.

Senator STERLE: So it was a worldwide problem.

Mr Metcalfe: Yes. It was associated with a particular issue with Microsoft, I understand.

Senator STERLE: Thanks for that. If I can get to the inspector-general, that would be good.

CHAIR: Do you have any other questions for the department for this section or shall we move on?

Senator STERLE: We'll move; we'll just skip to that.

CHAIR: Senator Davey, you're alright?

Senator DAVEY: I have no questions.

CHAIR: That brings us to the end of outcome 4.

Inspector-General of Biosecurity

[15:17]

Mr Metcalfe: Chair, normally, I remain at the table while portfolio agencies are examined by the committee, to assist in any way. Because the inspector-general is an accountability body, I wouldn't want my presence at the table to, in any way, impact on the examination of the inspector-general. I'm sure it wouldn't, but I want to be quite proper about this. I'm more than happy to go away and come back or I'm more than happy to sit here. I'm in your hands as to what you think might be appropriate.

CHAIR: If you wanted to withdraw to next door and watch proceedings, I'm sure that would be a happy compromise.

Mr Metcalfe: I'll be back when you finish with the inspector-general; I think AWI is on after that.

CHAIR: That's right.

Mr Metcalfe: Thanks very much, Chair. I'm not sure what's been done in the past. This is the first time we've had one of our inspectors-general physically with us, so I just wanted to make sure I was being proper.

CHAIR: Thank you, Mr Metcalfe. Senator Sterle.

Senator STERLE: I've got a couple of questions. Were you consulted in relation to the three biosecurity legislation bills that I read out earlier? One was the Agriculture Legislation Amendment (Streamlining Administration) Bill 2019?

Mr Delane: No. I wasn't consulted on any of those bills and I wouldn't expect to be.

Senator STERLE: Why not?

Mr Delane: The role of Inspector-General for Biosecurity is really to operate via review to provide independent testing and assurance as to whether a biosecurity system works. There is a specific request mechanism for risk assessments, and it's open to the secretary or the minister to request me to do certain work, which the minister did in the most recent review. But I would not normally—and my predecessors did not normally—get involved in or be asked to get involved in an independent review of a legislative proposal of any kind.

Senator STERLE: Can you tell us when the new AI computerised decision-making program will be introduced as part of the biosecurity system included in the Agriculture Legislation Amendment (Streamlining Administration) Bill?

Mr Delane: I think this is a question for the department rather than the inspector-general. Perhaps I could give a brief introduction?

CHAIR: I'm sorry, I didn't ask you if you had an opening statement.

Mr Delane: That's okay, I'm fine. I was appointed in July 2019 for a three-year term, as the independent Inspector-General for Biosecurity. I'm the fourth in this role—there were two formerly under the Biosecurity Act 2015. It's a part-time role, supported by a small team in Canberra, led by Dr Naveen Bhatia, who is observing behind me. The modus operandi is to do independent reviews to look at particular subjects or, as I've done more broadly, into whether the department's role, the Director of Biosecurity's role—Mr Metcalfe is also the secretary, of course—in those areas are working, specifically or generally. That's what I've done. Between all the inspectors-general we're now up to report No. 49 over the last 10 years, with I think something over 350 recommendations. I

have completed three reviews since the start of my term and we have another review in train. I'm very happy to talk about any of those reviews or any other questions that senators have.

Senator STERLE: Mr Metcalfe, I just want to ask when the new computerised decision-making program will be introduced as part of the Agriculture Legislation Amendment (Streamlining Administration) Bill 2019. When will it be up and running, the new AI?

Mr Metcalfe: I don't know that AI is how I'd describe it as such, but more the ability for the decisions to be taken based upon the machine having certain information and then matching that information. I'll need to take it on notice. I'll see whether we still have the right people with us who can give you advice as to when and how it will be operating.

Indeed, this is quite a fascinating area. I've been working on these issues for some years, as to how we can ensure that administrative decisions that rely upon information based in a computer are able to be made properly. Obviously, the algorithm and the information have to be very well tested to ensure you get the right results. That's something we've been doing for years in visas and various other things, but for us it's a bit new.

Senator STERLE: We'll have more time to talk about it in the next round.

Mr Metcalfe: Yes, but, if you want to put anything on notice, we'll obviously answer on notice as well. Was that it, Senator?

Senator STERLE: Yes, that's it. I just wanted to get through that.

Mr Metcalfe: I'll go away again.

Senator STERLE: Thanks, Mr Metcalfe. I'll come back to you, Mr Delane. I want to talk about your review. I think it's at attachment 10.

Mr Delane: Which review? I've completed reviews looking at African swine fever, published in March 2020; looking at international express airfreight, published in July 2020; and looking more broadly at the operational model of the department's biosecurity areas, published in February 2021. I'm currently completing a confidence testing review that looks at the department's role in the *Ruby Princess* processing and also at a number of high-risk pathways—exotic fish, prawns, cut flowers and exotic mosquitoes. The *Ruby Princess* part of that is currently near final draft. I hope to be able to publish that in the next three or four weeks. I'm not really in a position to talk about that. The most recent report is the operational model report, which is what we shorten it to, that was published in February this year.

Senator STERLE: I'd probably go that one. You'll pull me up if I'm wrong, because I'm sorry I've misplaced the attachment. But let's have a go. If it is that one, that's great. If it isn't, it will go on notice. You said in whatever review report that, in conducting the review, comprehensive and valuable input was received from industry representatives and departmental staff. You state in your review report:

My broad assessment is that the biosecurity system is not in a strong position to address the diverse and evolving biosecurity risks and business environment expected to prevail in 2021 and through to 2025.

Is this the one we're talking about?

Mr Delane: That's the one. That's the first sentence of paragraph 3 of the executive summary.

Senator STERLE: Good, thank you. How long has that one been around for?

Mr Delane: That was published on the web on 19 February 2021.

Senator STERLE: It's that one. Thanks, Mr Delane. Can you tell us how you came to that conclusion? What brought you to that conclusion?

Mr Delane: When I was appointed in July 2019 I went around Australia and listened a lot to what people in the department and industry had to say about the biosecurity system. I did a lot of research, supported by my team. It became pretty clear to me that there were not just very complex technical issues—and you've dealt with a few today—that the department deals with but underlying issues that go to the department's overall effectiveness and the efficiency and agility in which it operates. It's hardly a business for the fainthearted, for a light touch or, frankly, for slow-moving decision-making. It became pretty clear that I needed to go deeper and consult deeply with industry and with the department. We completed a very detailed consultation process—25 video meetings with industry and all the senior people in the department, and had lots of other input.

The conclusion from that was that there are a lot of problems, and that's my overall assessment. I think that report you referred to has other assessments. I make a number of quite candid observations about the foundations of the department, its funding model—this is not a one-budget issue; this is something that's arrived at over a long period of time—it's regulatory maturity, its ability to implement with a high degree of competence and confidence

the Biosecurity Act and all of its elements, its ability and willingness I guess to step forward in a very confident co-regulatory manner in strong partnership with increasingly sophisticated import companies, and the level with which it pushes to the front line, engages and supports its frontline staff and at the same time engages closely with the people who actually have direct responsibility for minimising most biosecurity risks, which is the people who work in companies that are part of the import sector. I've made 19 recommendations in that area. It's not pretty, but the department has responded to those recommendations very positively. You've seen people here this morning. It's now their challenge to be guided by my recommendations and make what are some, I think, very challenging changes that will equip the biosecurity system to deliver what Australia needs.

Senator STERLE: Mr Delane, congratulations. I think the department should be over the moon given that frank and fierce assessment of what we need to do. That is tremendous news. Can you outline the imminent risks to Australia's agriculture sector? How do we sit today?

Mr Delane: It's probably for the department to answer, but you've heard a number of them today. I looked at what risks or, if you like, weaknesses were in the biosecurity system. In my role I chose to focus only on what I call the preventive biosecurity system—that which is done at the border and can be mitigated by actions prior to the border. I haven't gone post border. Mr Metcalfe's role, as directed by biosecurity, extends beyond the border. His role in a policy sense, as secretary, extends way beyond the border. I focus only on the part that basically is the staff who work under the secretary that I deal directly with and weaknesses in that. This report, which is not very long—you don't need to read too many pages to see that I've made a candid assessment of some serious weaknesses in the way the department goes about its business, which goes to its ability to deal with issues including African swine fever; issues in Papua New Guinea; the khapra beetle, which was mentioned today, and how to prevent that.

It also goes to the ability to provide regulatory delivery, what industry call service, and I'm sure some senators here have heard industry say, 'We just want service.' When they say 'service' they want regulatory delivery. They want a biosecurity officer to turn up in a timely way and not have their business impeded. An important part of the department's role in delivering biosecurity regulation—services if you like—is to not impede business any more than is necessary to effect the risk mitigation. In a COVID-impacted world, senators will also know from other areas I'm sure that businesses cannot stand significant disruption to their business that leads to loss of market windows, increased costs, spoilage of product et cetera.

I had some very candid input from industry, who reported to me their general view—it was quite consistent—that they didn't think the partnership, which has been talked about for over 20 years in biosecurity, was actually working anywhere near as well as it needed to in practice. Effectively, they wanted to get on and mitigate biosecurity risks to Australia, because that also meant it was a risk to their business. They wanted to work more actively and closely with the department to achieve that.

Senator STERLE: This committee has seen firsthand, for many, many years, what happens when we do have a slip-up and the subsequent knock-on effect and the damage. It has closed down a couple of industries, particularly in prawns and citrus—I vividly remember those, as they caused a lot of pain. You talked about 19 recommendations. Have any of the recommendations been implemented yet?

Mr Delane: I'm not privy to policy advice, including budget advice, the department and the minister for agriculture have put forward, so I don't know what is in train there. This is not an easy situation. Most of the weaknesses, if you like, that I've identified have not been arrived at overnight, and they're not going to be solved overnight. They will require very substantial resources in the short term and in the longer term. I do recommend a very serious review and reconfiguration of the funding model, which, again, has got nothing to do with what the funding is today or might be in the next budget. There are fundamentals in the cost recovery model where, without putting words in their mouths, pretty much what industry said to me was: 'Rob, we don't mind paying more. We just want our business to work, which means we need service.' So I clearly recommended a co-design or co-creation approach, a partnership between the department and the industry sectors so that we get an optimal biosecurity result for Australia which is funded appropriately, largely under cost recovery arrangements, and we get, to the extent that the regulator's able to achieve it, an optimal business result for those many, many businesses that are a critical part of Australia's import sector.

Senator STERLE: As part of your report, did you recommend set times to review costings?

Mr Delane: I recommended urgent addressing of the financial model, which is multifaceted, and my report makes some pretty clear statements that the department can't solve this on its own. But I don't need to be constrained, if you like, in the way the secretary is in comments in that regard. I do think it's very urgent. Why do I say that? Because we don't know when the next threat will express itself in Australia. It's fine that there are some

areas in our community where you can actually have a five-year improvement program. There are some 'stand up overnight if you could' issues that have to be addressed there.

Senator STERLE: Equine influenza was a classic example, wasn't it?

Mr Delane: Yes.

Senator STERLE: Are you suggesting it should be reviewed six-monthly or yearly, in terms of the costings?

Mr Delane: One of the weaknesses—it is in several reports which are available to senators—is that in the airfreight review and in this review I wasn't able to be provided, or wasn't provided, with what I could regard as a concerted, planned improvement program with regular reporting of progress and risks internally and therefore the ability for an inspector-general to review and verify that those programs are in place. So I have made some recommendations about the need for an annual reporting process of changes. An inspector-general would be able to play some role in monitoring that. This is not available on my website yet, but I have proposed that we, working closely with the department, have a review of all of the outstanding recommendations.

Senator STERLE: From the Craik review?

Mr Delane: No, from the review by the inspector-generals, my predecessors. When the *Ruby Princess* review is published, et cetera, there'll be 49 inspector-general review reports published. There'll be over 350 recommendations, pushing towards 400, quite a few of which have been implemented. A significant number will be obsolete because of the effluxion of time and other changes. So I really want to review that and work out where the outstanding weaknesses are and perhaps also where there are outstanding impediments to, frankly, a continuous improvement program that may enable my successors to conduct more of a verification role. My predecessors and I have had to go and dig quite deeply into the department for what, in other forums, you might expect an internal auditor to be doing. Frankly, for the Inspector-General to provide the assurance the parliament has established the role for, we need to dig pretty deeply into a lot of areas of the department.

Senator STERLE: You mentioned the 19 recommendations in this report, and I'm sure each of the 19 is as important as each of the others. But are there some that the government—or the department, I should say—should be addressing as of yesterday?

Mr Delane: I think they should be and they are. The one which I call regulatory maturity relates to the competence of the department to implement legislation that was passed by the parliament in 2015, with royal assent in 2016—a dramatic change to the Quarantine Act, which had been around for 100 years. That involves the training of all relevant staff in that and the development and availability of work instructions and associated material so that the biosecurity agency, around Australia, can consistently, uniformly and legally implement that new act. That's a real challenge. There are a lot of weaknesses. I think you dealt with a couple of them here today. But the consistency, efficiency and confidence with which biosecurity officers are able to do their job, in every corner of Australia where they operate, and interact very efficiently with businesses is a major issue, and I know the department's senior people well recognise it as a major issue.

I've also made some pretty clear recommendations, which I know senior people here today have also begun action on, around co-regulation and partnership with industry. It's my observation that some of the resourcing challenges of the department are effectively created by slow progress in co-regulation arrangements with companies that are very capable of implementing good co-reg arrangements, and I know work has already started on that. As to the frontline focus there, I don't know what they're doing on that. But there's a whole range of things there. As far as I know there are no specific actions being taken on the cost recovery, and I think that's proposed at this stage for a little way off. But I can only guess as to what might be in the budget papers.

Senator STERLE: That brings me to the Craik review, and that was a good segue. We know that the review found that the biosecurity system was underfunded, and it recommended a new biosecurity imports levy. Is that what you were just talking about there, in terms of cost recovery?

Mr Delane: No, somewhat different. The Craik review looked at the full regulatory and also full policy reach of the secretary of the department, and a lot of that is post-border. Quite a lot of the Craik review was focused post-border, and in my lay assessment the biosecurity import levy was largely designed to raise funds which would be used at the border but also potentially post-border. As I understand it, that's a policy decision that is now finished, done and dusted. I'm focusing on the existing cost recovery mechanisms—fees and charges et cetera—which is the everyday business of biosecurity officers and businesses. It may be that there is a levy, or more than one levy—specific-purpose levies—that could be part of a future funding package. I'm not into design; I'm into assessment of need. I think that's a very urgent issue, but it's in the hands of the department and the minister and the government as to when and how that's progressed.

Senator STERLE: Do you support the biosecurity levy? I might get pinged; it might be a matter of opinion. But I think you're fair and frank, so I can ask you that.

Mr Delane: Firstly, it's not my judgement to comment on that, except the strong feedback that I had from industry, which was that the curtailment of progressing it was welcomed. I think while ever an Australian government has a cost recovery agenda—and I think that's pretty well in concrete—it needs to be a good and efficient cost recovery agenda. The biosecurity needs to be funded. It's going to be funded by direct appropriation, by hypothecation of general levies, or it's going to be funded by specific levies and charges. As to exactly what the make-up of it is, I have no particular view, except that my experience indicates that it needs to be worked up with a purpose in mind in close partnership with the industry. There are sectors that really want to get on with business, and getting on with business in a much better way will save them a lot more money than they're ever going to be charged by the department for better delivery of biosecurity services.

Senator STERLE: I want to move on to apples from the US. Do you believe that the importation of apples from the US poses an imminent risk to apple growers here in Australia, from a biosecurity point of view? I've got to say that, because this committee had a lot of bubble around apples from New Zealand, and pears, which everyone's grinning about. My dear old friend and former senator and chair of this committee Senator Heffernan couldn't even go to New Zealand, in case he created an international storm!

Mr Delane: I do remember apples. No, I don't have any view. It's not an issue that I've examined or, at the moment, intend to examine in what's left of less than 18 months of my term.

Senator STERLE: That's fair enough. As for the three bills I've talked about that have been moved, there's no doubt that farmers and other stakeholders across the agricultural sector are looking to government for a strong response around the management of pest and disease given the significant risk that they may pose to Australian produce. With the bills before the Australian parliament, do we need to go further in terms of biosecurity risk or have we got them covered with those three bills that went through?

Mr Delane: I don't think I could answer that in an informed way. I haven't seen those bills. Perhaps the only related comment I'd make is that I think my next report will certainly make a number of recommendations about regulatory reform that is needed. I do hear regularly from the department about the reticence to put forward a regulatory reform in terms of biosecurity. My very long experience now in biosecurity is that, very rarely are the matters partisan issues. They may be complex and they may require detail consideration by senators and the like but, really, they need to be progressed rapidly. The biosecurity frontline needs the tools to do the job the nation needs at any particular time. As you've heard elsewhere and today, the biosecurity circumstances can change rapidly. The nation is not well served if there are gaps in the powers available to frontline officers.

Senator STERLE: Yes. We have seen examples where the good working folk within the department have worked their backsides off and, through no fault of theirs, through some devious measure, the damage to that is created to the agricultural sector. It's just unforgiving, but they seem to always get away with it. I'm with you all the way, but it's nice not having—touch wood—a biosecurity inquiry for a while. Let's hope it stays that way. Well done to everyone.

Mr Delane: I've said many times, there is enormous goodwill and commitment amongst biosecurity staff of Australia, but goodwill is not good governance, and you need both.

Senator STERLE: Yes. Thank you, Mr Delane. I really enjoyed that session with you.

CHAIR: We have no more questions for you. Please go, with our thanks.

Mr Delane: Thank you.

Australian Wool Innovation Limited

[15:48]

CHAIR: Good afternoon. Senator Sterle would like to kick off.

Senator STERLE: I'd like to put my questions to Mr Story. Is Mr Story here?

Mr McCullough: No, he's not. He's on annual leave.

Senator STERLE: This could be interesting. I'll put it to you guys. Let's come to some arrangement. If it's going to be, 'We'll take it on notice', 'We'll take it on notice', 'We'll take it on notice,' because you definitely don't know the answer, I'll reserve the right to come back again and have a private briefing here without a spillover, if I could, please, Chair.

Mr McCullough: Happy to do that.

Senator STERLE: This goes to issues around Mr Chick Olsson and when he was trying to run for the board.

Mr McCullough: Yes. Was this in 2019?

Senator STERLE: Yes, this is 2019. I had been informed that in 2019 Mr Olsson applied to have multiple director candidates on one signature collection form; is that correct?

Mr McCullough: Yes.

Senator STERLE: And I'm told that was allowed before in 2008-09 AWI board elections. Is that correct, Mr McCullough?

Mr McCullough: As I understand it, that's not correct. It makes no good sense that you can just go and get 100 signatures and put up as many names of candidates on those 100 signatures and potentially get all those nominations up with just 100. Every person that wishes to nominate for the board of AWI must go out and get 100 signatures of their own.

Senator STERLE: Yes, 100 people to sign.

Mr McCullough: Yes.

Senator STERLE: That's what I'm told Mr Olsson did go and get.

Mr McCullough: What he wanted to do is put up 100 signatures and put three nomination candidates on the top.

Senator STERLE: Help me out: would you need 300 signatures if you had three nominations?

Mr McCullough: You would.

Senator STERLE: Okay.

Senator McKENZIE: Is that clear in your constitution?

Mr McCullough: It is.

Senator STERLE: Walk me through it. Mr Olsson asked permission to use such a form. I'm informed that he was given written advice that this was allowable under the AWI election rules. You're saying, no, it wasn't. There was nothing written?

Mr McCullough: I'll have to check what was written to Mr Olsson, but certainly the advice back from our legal counsel was no.

Senator STERLE: Alright. You'll take that on notice?

Mr McCullough: Yes.

Senator STERLE: If that information is available you'll come back to us. Then I'm told Mr Olsson began the process of collecting the signatures for himself and two other potential board candidates. You've said that's what he was trying to do. But I'm told also that a week or so after this process had begun Mr Olsson received another letter from Mr Story saying this was no longer allowable. Of course, a letter will prove otherwise. I don't have that. Did you want to add anything there, Mr McCullough?

Mr McCullough: No, that sounds right. After we sought legal counsel, we wrote back to him.

Senator STERLE: Now, at this point, Mr Olsson had to start the entire process over again. This time only for himself, which is what you said. He's saying the two other potential directors felt the process was a 'bit arduous'. I would ask if someone could explain the rules and how they relate to the experience of Mr Olsson which I've just detailed. I'll leave it to you, Mr McCullough, but what I've got so far is that it was never the case that you could get multiple signatures for three nominations.

Mr McCullough: No.

Senator STERLE: You had to have one—

Mr McCullough: If you think about the process, that's very logical—you can't just put as many nominating candidates as you want on the top of a page and just get 100 signatures. This is there to get the support of 100 shareholders for that candidate. For them to not go out and be soliciting those and just get their name put on someone else's is really—

Senator STERLE: So you don't run tickets?

Mr McCullough: No.

Senator STERLE: That's what you're saying. You've never run tickets?

Mr McCullough: No.

Senator STERLE: I don't have the proof of the letter that went to Mr Olsson, but you're saying that you will go and check your documentation and I'll go back and check with Mr Olsson if he's got those letters and if I can

have them too. Who, can you tell me, was responsible for the decision that said, 'You can't do it'? Was it Mr Story or is it just a written golden rule?

Mr McCullough: The company secretary.

Senator STERLE: Were there any AWI board members influencing this decision, as well, to the best of your recollection, Mr McCullough? Are any other board members around that were there before?

Mr McCullough: No. The only influence on this decision was from our legal counsel.

Senator McKENZIE: Could you table that advice on notice, please.

Mr McCullough: Sure.

Senator STERLE: Mr McCullough, you obviously are aware, but help me out with the current 2020 to 2030 stat funding agreement.

Mr McCullough: It's industry strategic—

Senator STERLE: Statutory—

Mr McCullough: Oh, statutory funding agreement. I thought you were talking about an industry plan.

Senator STERLE: You know the one I mean: the statutory funding agreement between the fed government and the AWI regarding the strict requirements of 'no agripolitical activity' and that any such activity would allow the minister to technically shut down AWI if any such case was proven by a Senate inquiry. Can you help me out there?

Mr McCullough: I'm aware of that clause.

Senator STERLE: So is it the case that there are very strict requirements of no agripolitical activity?

Mr McCullough: Absolutely.

Senator STERLE: If there is agripolitical activity, tells me what happens. I've said the minister can technically shut it down; is that correct?

Mr McCullough: Technically, that's correct.

Senator STERLE: Okay. Is there anything else you wish to add about any agripolitical activity and any other rules around that?

Mr McCullough: No.

Senator STERLE: What about the other board members. Is everyone aware of that?

Mr McCullough: They are.

Senator STERLE: Can we fast-forward to the new task of Mr Olsson starting all over again. He couldn't scrub out the two names. Did he have to get rid of the 100 signatures and then go out and sign them up again.

Mr McCullough: No, he could continue his collection of names and he didn't reach the required 100.

Senator STERLE: That's where I want to go now. Mr Olsson clearly said to me he collected a fresh tally of signatures for being able to stand for director elections. He said he collected 134 or so wool-grower signatures, allowing him for stand for election again. It didn't mean he was elected to the AWI board but rather that he was simply eligible to stand and participate in the democratic process.

Mr McCullough: That's not actually correct. He didn't stand at the 2019 board election, because he didn't get enough signatures. Even though you might collect 130, they've got to be verified and proper shareholder names, not necessarily eligible levy payers.

Senator STERLE: Walk me through that. What does that mean?

Mr McCullough: We have 35,000 eligible levy payers in the company, but only 19,000 of them have chosen to be shareholders.

Senator STERLE: I see. So you have to be a shareholder.

Mr McCullough: With this process, the company secretary works very closely with all those seeking nominations for the board. As their signatures come in, they're verified by Link Market Services.

Senator STERLE: So it is only shareholders. How do you become a shareholder of AWI?

Mr McCullough: You simply choose to nominate to be a shareholder.

Senator STERLE: I see. So the levy is collected and everyone pays the levy, but, if someone doesn't dominate, they don't get the ability to vote or—

Mr McCullough: Vote at an election.

Senator STERLE: Okay. Has it always been that way?

Mr McCullough: Yes, it has.

Senator STERLE: We all of Mr Olsson's past successes at being overwhelmingly elected to the AWI board. He was there in the early part—we know that—because of his strong stance, which will upset a few senators in this place, though not me, on surgical muesling. I'm one of those who'd rather see that than see the poor—

Senator Ruston: Can I correct you and say it is mulesing.

Senator STERLE: I said that, didn't I? Muesling.

Mr McCullough: Mulesing.

Senator STERLE: Sorry.

Senator Ruston: One of the previous senators used to call it muesling, and we laughed at them. We don't want to laugh at you.

Senator STERLE: I have one of those funny tongues! There you go. Muesling. You know what I mean: cutting out all around their bum. I have no doubt everyone is aware of his family's success with national brands in agriculture and also being easily elected to the board before. Is there something that I have missed here? Do you think that there is people that don't think Mr Olsson—and it may be an opinion—is not suitable for the board?

Mr McCullough: No, not at all. If Mr Olsson reached 100 signatures, he would have been a nomination for the board of AWI. Then you've got to get the votes on the day. The nomination is just first base.

Senator STERLE: Of those 130-odd signatures, how many did he actually have that were from shareholders? Do you know that figure?

Mr McCullough: I'll take that on notice, but I think it was in the order of 97. He wasn't too far off.

Senator STERLE: Ninety-seven rings a bell.

Mr McCullough: But he kept putting them in, and there's a closing date on this, naturally. There has to be a shut-off point. He expected the signatures he got after that date to be put in.

Senator STERLE: Of the signatures he kept coming back with, were they eligible shareholders to vote?

Mr McCullough: I don't know that they would have even been looked at after that date.

Senator STERLE: I think this is where half the problem is. The story that I take on this is that Mr Olsson had gone and got 100 signatures, and there were three nominations. Obviously, time has ticked along. So let me ask this question: from the time he got, for want of another word, rubbed out because he couldn't put the other two on there and then had to start again, do you have a timetable?

Mr McCullough: I don't think there was any delay to that. We just told Mr Olsson that he couldn't add two other names to his sheet.

Senator STERLE: I understand.

Mr McCullough: It's not as if those first signatures he got were—

Senator STERLE: Oh, he didn't have to go back and re-sign.

Mr McCullough: No. I don't think we even saw any signatures. He was simply questioning whether he could go out, get 100 signatures and put three people's name on the top, which is not how it's done.

CHAIR: We'll now suspend for a break.

Proceedings suspended from 16:01 to 16:16

CHAIR: Welcome back.

Senator STERLE: Mr McCullough, this committee has worked very closely with Mr Olsson over the years and we're very mindful of the work he and his family have done in this space. And I know that Senator Heffernan and myself—there was a fair bit of argy-bargy 2008, 2009 and 2010 working with Mr Olsson as he was pushing back against bad practices and some very poor work and research. The one that comes to mind was the injecting of lambs with superglue rather than using—

Mr McCullough: Yes, I remember that.

Senator STERLE: So that's why I am a supporter of Mr Olsson's efforts in this area. You said, Mr McCullough, that Mr Olsson did get 134 signatures. He only needed 100. But you said because of the three names rather than the one he had to start again.

Mr McCullough: I'm not sure he had to start again.

Senator STERLE: Okay. This is what I want to clear up. How did we get to only 97 if there were 100? There's a timeline, isn't there?

Mr McCullough: There is. You're allowed to seek your 100 signatures over I think it's a couple of months. We encourage and we brief all interested candidates to get them in as soon as they can. If they get five signatures, send them in, we'll verify them all. We'll say if they're all valid or, if out of the five, three are valid and two are actually not. At the point he requested of the company whether he could put three names on the top of 100 signatures, I'm not sure that he had any signatures with us at all.

Senator STERLE: You probably don't but I'll ask you anyway—do you have the timeline of when this all happened? I don't.

Mr McCullough: Absolutely. We kept a good record of this and the legal advice we took all the way through. Mr Olsson was obviously on the phone towards the end a lot with the company secretary. There was a lot of effort put into trying to get Mr Olsson to that point of 100 signatures. But the bottom line is, he didn't get the signatures by the required closing date.

Senator STERLE: But he had signatures that weren't verified. So he did have the number but not the number of verified ones.

Mr McCullough: Correct.

Senator STERLE: Right. I just struggle with this, but why isn't anyone who pays a levy a shareholder?

Mr McCullough: You're got to nominate to be a shareholder.

Senator STERLE: Sorry, I'm going off topic here; I'll come back to it. I don't get it, but you'll be able to clear my mind for me. I'm told clearly that at the time he could only verify 97 signatures the company secretary—which I apologise, Mr?—

Mr McCullough: Story.

Senator STERLE: Mr Story, had said, 'That's the cut-off time,' and, 'No more,'—which you did say. You collect the levy from the producers. Are they given an opportunity, 'Do you want to be a board member or not?' when they sign up or pay the levy? Does a reminder come, or a bill or a receipt come out, saying: 'If you want to be a shareholder, let us know?'

Mr McCullough: Every year. Every year we write to them and ask whether they want to be a shareholder.

Senator STERLE: And when you tell them the reasons why—if they are a shareholder, they can vote—

Mr McCullough: Yes.

Senator STERLE: You tell them all that?

Mr McCullough: Yes.

Senator STERLE: Alright.

Mr McCullough: Senator, some don't want to be shareholders. Some of these levy payers are very small levy payers—hobby farms and those sort of things.

Senator STERLE: I don't even know why they wouldn't or why they would, but why wouldn't they? Can you give me an example of why they wouldn't?

Mr McCullough: Maybe they're so small, maybe they've got 20 sheep and don't want to get the mail. I'm not sure.

Senator STERLE: So, if you pay your levy, you don't get the mail?

Mr McCullough: You don't get the shareholder mail.

Senator STERLE: How often does shareholder mail come through? When there's an election?

Mr McCullough: Typically when there's an election or a WoolPoll. The difference for WoolPoll, for example, is every eligible levy payer that's paid over \$100 in wool tax over a three-year period get to vote at WoolPoll.

Senator STERLE: The WoolPoll comes up once every—

Mr McCullough: It's coming up this year.

Senator STERLE: It's around again, is it? Is it once every three years?

Mr McCullough: Yes.

Senator STERLE: And the board is once every three years?

Mr McCullough: The board is once every two years. A third of the board are put up for rotation every two years.

Senator STERLE: What other mail would they get as a shareholder?

Mr McCullough: They can dial this up, so they can get as much or as little as they want. They can opt out of magazines and all the other things that we provide.

Senator STERLE: The magazine goes out once a month?

Mr McCullough: The magazine goes out three times a year to 60,000 wool growers.

CHAIR: Just following on from that, can I ask how many levy payers are not shareholders?

Mr McCullough: In the order of 15,000. I'll get you the exact number.

CHAIR: As a number and a percentage—that'd be very interesting. Thank you.

Mr McCullough: We work very hard to try and have them become shareholders.

Senator STERLE: When Mr Olsson found out that he didn't have the 100 verified by the close off date—he had 97—he said he rang all the extra growers to find out that another two signatories were indeed registered wool growers, taking his tally to 99. Are you aware of that?

Mr McCullough: I'm not aware of the exact number and how close it got. But Link Market Services handle all this for us. They're the ones that do the verification of the signatures, and they will have a very detailed record of the timing and as to how the signatures arrived.

Senator STERLE: I suppose where I'm leading to on this—not having the full information in front of me like copies of letters of what's gone on—I think to myself: if there's a set of rules that says you have to be in by this time, we all get that. If you miss out by one or two and there's still 34 that he hadn't had the opportunity to verify, because he obviously came in on-lump with them—was it like that?

Mr McCullough: As I said, I'd have to check the timing with Link Market Services of when and how these signatures arrived and when they were verified, but they turn them around very quickly, literally within hours.

Senator STERLE: We'll chase that up. If you could supply that, that would be good. But was there a football team running for minimal number of positions on the board to the best of your knowledge?

Mr McCullough: No, at that election there were five nominations.

Senator STERLE: For how many vacancies?

Mr McCullough: Three.

Senator STERLE: I'm just saying, because it gets down to 97, 99—as I said, I know there are set rules. Anyway, the letters will do that. I'm asking: why wasn't he given the benefit of the doubt to have those extra signatures above the 97 validated?

Mr McCullough: As I said, I have to get the timing, but he did not get the required number of signatures by the close-off time. For the other nominated candidates that did get them, it would be rather unfair to accept 97, 96, or 90. They go out and work hard and get their 100 signatures. It really comes down to this: he didn't get the verified signatures by the time that was required—the cut-off time.

Senator STERLE: I don't want to know any names, but did everyone else have the 100?

Mr McCullough: Yes—or more.

Senator STERLE: And everyone else had them in prior to the close-off time. Does it clearly say in your rules that the close-off time is 5 pm on Friday, or whatever it is, but that you've got to get it all verified beforehand? It clearly says that?

Mr McCullough: It does. The company secretary, Mr Story, works really hard with the potential nomination. And it's happened before—that people haven't been able to get the required amount of signatures.

Senator STERLE: It has happened before?

Mr McCullough: Yes.

Senator STERLE: On how many occasions?

Mr McCullough: One that I can remember. But, again, I will look into that.

Senator STERLE: That had the number but not the verified number?

Mr McCullough: They're just signatures. They've got to be the right signatures. You can't put in a levy payer that's not a shareholder—

Senator STERLE: You made that clear. Who informed Mr Olsson that he was ineligible? Do you know?

Mr McCullough: I would presume it was Mr Story.

Senator STERLE: Were all the board members aware of what was going on? Did the board members—the ones who are in or out, staying or running again, or not running again but still there—have a conversation around who was nominating?

Mr McCullough: Who's in the process of nominating?

Senator STERLE: Yes, who's in the process.

Mr McCullough: No. I'm aware of the people that are chasing the 100 signatures and I'm aware that Jim's actively working with Link Market Services to get them verified, but I don't think that information is provided to the board. If they ask, they could probably get it.

Senator STERLE: Has anyone been denied being able to run? We had a bit of an argy-bargy on another inquiry in this committee around the MLA and the way they used to do things—they used to; they don't anymore. Over its history, do you know if anyone has been knocked back?

Mr McCullough: No.

Senator STERLE: It's an open process? Anyone can run as long as they—

Mr McCullough: If you get the 100 signatures by the required date, you are a nomination for a board seat.

Senator STERLE: Of the 99 signatures—Mr Olsson said the other two had come through, taking it from 97 to 99—do his current 99 signatures still stand for this year's AWI elections, allowing him to collect one more signature to stand again, or will he have to go through the whole process again?

Mr McCullough: I'd have to check. But that sounds illogical to me. They could have dropped off as a shareholder, for example. To simply dust off something—people nominate or put their signature down because they support that candidate, and he could have lost their support over that period of time. I think the rules will probably say that you must seek another 100 signatures.

Senator STERLE: Okay.

Mr McCullough: He could go to the same people, obviously. If they all sign up by the required date and time, he would get on.

Senator STERLE: Yes. You have answered my question. For my last one, in terms of the agripolitical issues that go straight to the heart of the ongoing serious corporate governance issues, is there any issue that any board member or yourself would want to alert us to? Is everything in hand?

Mr McCullough: I have nothing to declare there.

Senator STERLE: I'll tell you why. I have been informed that, in 2018-19, AWI had an independent review of performance—

Senator McKENZIE: That's right.

Senator STERLE: where I'm told that there were 82 direct recommendations from Ernst & Young to drastically improve performance. Could you walk me down that path where I might have been misled or—

Mr Metcalfe: Sorry, Chair, could I just again put on the record—I think I have done it previously—that the review that Senator Sterle is referring to was undertaken by Ernst & Young, EY. I was a partner at EY at the time and I led that review. I don't see any inherent conflict at all between having that done review and being in the role of secretary, but I just wanted to make the committee aware of that.

Senator STERLE: I'll come back to you, Mr McCullough. Of the 82 direct recommendations, how many have been implemented?

Mr McCullough: Eighty.

Senator STERLE: What are the two outstanding?

Mr McCullough: One pertains to culture, improving the culture, which is really an ongoing thing. We probably didn't expect to extinguish it but we've gone to great efforts to demonstrate that we have changed culture—over board culture, corporate culture, industry culture and woolgrower culture. That's how we define it. We've worked really hard on that. The other one pertained to a director tenure limit of 10 years. That particular item has been under discussion with the Woolgrower Industry Consultation Panel, the wool industry bodies, for the last 2½ years. The last board meeting resolved to put that up as a recommendation to the 2021 AGM, that a 10-year tenure of directors—

Senator STERLE: And no two-way mirrors.

Senator McKENZIE: The good old days!

Senator STERLE: The good old days, yes. Sorry, I cut you off.

Mr McCullough: They're the two outstanding ones. The one on tenure will extinguish itself by way of the vote at the AGM this year. That requires 75 per cent or more voting for it, so it's not a fait accompli yet. I can't think of any precedence, in the past, where a board-recommended constitutional change wasn't agreed to by the shareholders, so we expect that to go through. The other culture piece is we expect the next review of performance, that's coming up this year again, will provide some counsel on that to assist—

Senator STERLE: Sorry, Mr McCullough, I did mislead the chair so I'd better correct it. You say 'culture' and you talk of governance and all sorts of other things. When you talk of culture in this building it probably puts a whole different light on things, but what do you mean by culture?

Mr McCullough: We assess culture across those four areas that I spoke about. It is a very difficult thing. In saying, 'The company's got good culture,' who's the arbiter of good culture? We aim to be transparent. We aim to be clear with our shareholders, our levy payers. We aim to do the very best by them to make sure that they're profitable and sustainable and so forth. So it's a very big area that requires a lot of energy and effort for any company or institution.

Senator STERLE: There are two we're still not there with yet, and you're hoping to have that sorted by this year. Could that, from the outside, look like a potential breach of the statutory funding guidelines?

Mr McCullough: No. The review of performance, like any review of performance, which is a normal part of our life, makes recommendations to the company. In this particular instance, we're at 80 of 82. By November we'll be at 81 of 82. So this is just an ongoing process. Like that culture and governance and transparency, those words that come up all the time, they're under constant improvement by the business, and reviews of performance make recommendations that are valuable to a company.

Senator STERLE: I look forward to the answers to the questions you've taken on notice. I think we've got about three or four weeks, or whatever we have, but thank you for your time.

CHAIR: Just to clarify, when the committee asks agencies to come to give evidence, it is our expectation that we would have the CEO and the chair of the board. At the last estimates we didn't have the chair of the board. I'd ask that you take a note of that, and for the next budget estimates we would expect both the CEO and the chair to come.

Mr McCullough: I'll make the board aware.

CHAIR: Thank you very much.

Senator McKENZIE: Great to see you, AWI. I wanted to follow-up on one of my questions on notice, No. 18, going to a question that Senator Sterle just asked about the recommendation around chairman's tenure—

Mr McCullough: Chairman or director tenure?

Senator McKENZIE: I'm reading right from your answer to my question on notice: 'Changes were implemented in July 2020 to the board charter regarding chairman's tenure. They're as follows: the chairman will have a maximum term of office of eight years or the next AGM after a period of eight years, whichever is the latter. This additional period is to the next AGM' et cetera. When I say 'chairman's tenure' I'm reading your words.

Mr McCullough: Yes, that's correct. There are two things that've happened in the last year. The one that I spoke about before was a board decision at the last board meeting and that pertained to director tenure. Earlier on in the year the board resolved that they would put a limit on themselves and the chair of the company. We could adjust that in the charter, but the director—

Senator McKENZIE: But you haven't?

Mr McCullough: Yes, we have.

Senator McKENZIE: You have, okay.

Mr McCullough: But the director tenure must be something that's changed in the constitution, which requires a 75 per cent vote at a general meeting of some description, an EGM or AGM.

Senator McKENZIE: If I went to the board charter now that would actually have a chairman's maximum tenure in it?

Mr McCullough: Yes, it should have. It should be there.

Senator McKENZIE: Could you check on that for me?

Mr McCullough: I will.

Senator McKENZIE: Thank you. I really appreciate that. If it was removed, please let me know how, when and why.

Mr McCullough: It wouldn't have been removed. It would just be a function of not getting to update that on the website or something. We'll check that immediately.

Senator McKENZIE: I appreciate that. The other recommendation that I questioned was recommendation 1.4.5. It was listed as 'closed' on the review of performance. In the same question on notice response you've outlined several measures undertaken to implement it. One of those was that you reached an agreement with the department. I struggle to see how you've measured closed and completed with the recommendation?

Mr McCullough: Well, 'completed' is the work's done. For example, the culture piece is actually closed off now until the next review. We got notice the other day. It's one of those things that will go into the next review. Is that the piece you're referring to, culture?

Senator McKENZIE: Recommendation 1.4.5 says, 'AWI, has undertaken a wide range of measures in addressing that particular recommendation. Changes in the constitution of AWI that were passed in 2019', ethics committee being set up, changing consultation mechanisms et cetera.

Mr McCullough: I think that's the culture piece.

Senator McKENZIE: The culture of levy payers. But you're saying that's closed now until the next review?

Mr McCullough: Yes, it's closed off. It hasn't been viewed as completed. The improvement to culture is one of those ongoing things that doesn't stop.

Senator McKENZIE: That is so true. I want to take you to a couple of pieces of work that you've done recently. One is your emerging market strategy 2019-20 to 2021-22. How much did that cost?

Mr McCullough: Nothing. We do that internally.

Senator McKENZIE: That was done in-house?

Mr McCullough: Yes.

Senator McKENZIE: We know that we're very, very reliant on China with the wool industry. How are you working to diversify our markets?

Mr McCullough: That's a very difficult question. For a long period of time now we've had an emerging market strategy in place that's constantly updated. If you go back 10 years ago Vietnam was an early target for us. We've done a huge amount of work there because they had lots of circular knitting machines that were knitting with polyester and we felt that there was a real opportunity to get those machines converted to a wool product. That's been very successful. As a market that has good amounts of circular knitting, some spinning and some flat-bed knitting, there's lots of investment coming from China and Hong Kong into that market, into flat-bed knitting—sweater knitting. That's something that's ongoing. The document you speak to references Cambodia, Bangladesh, Myanmar—

Senator McKENZIE: Laos, Bangladesh, Bhutan.

Mr McCullough: Yes.

Senator McKENZIE: The one that really struck me, though, was North Korea. There's quite a lot of commentary on North Korea in this emerging market piece, such as, 'North Korea has seen some real highs and lows and overall has a very inconsistent record.' I think that would have to be the understatement of the century.

Mr McCullough: Probably aspirational.

Senator McKENZIE: Given that we've got a full sanction regime against trading things like wool and textiles with North Korea, I'm just wondering which government departments you actually consulted with in putting North Korea in AWI's emerging market strategy analysis?

Mr McCullough: I don't think the department was contacted on that.

Senator McKENZIE: How did you select North Korea?

Mr McCullough: There is textile processing going on there right now. We don't ship greasy wool there, obviously, but lots of greasy wool goes to China, and they don't have the same sanction arrangements. There's certainly processing capacity in North Korea that's interesting. It's not big—it's very primitive—but it's one of those places. And lots go to South Korea as well; there's lots of wool processing in South Korea.

Senator McKENZIE: But South Korea wasn't identified as an emerging market in this paper?

Mr McCullough: No, but there are many ways of—I'm not aware of much wool that's going in there at all from Australian origin, but it's possible that it could get there by way of China.

Senator McKENZIE: Just to be clear, it's not lawful to be trading in anything other than medicines or food with North Korea.

Mr McCullough: From here.

Senator McKENZIE: From Australia.

Mr McCullough: Yes. But what you've got to remember is that wool has 16 steps of processing: in a yarn form, or in a wool-top form, or in fabric form for cut-and-sew. It goes off in all sorts of different directions.

Senator McKENZIE: So we could potentially go and do some of that preliminary clean-up work of the fibre in China. And I'm assuming your intention with this was then—

Mr McCullough: That could be possible.

Senator McKENZIE: To do some work in North Korea and then it heads home?

Mr McCullough: It's fair to say that if you had to rank those countries out of optimistic versus realistic, I think North Korea is at the bottom of the list.

Senator McKENZIE: Does this strategy make that clear?

Mr McCullough: I'll go back to that and make it clear.

Mr Metcalfe: I would probably encourage AWI to consult closely with the Department of Foreign Affairs and Trade on the point that you're raising.

Senator McKENZIE: When we're looking at a diversification of market strategy, I would have thought, as a publicly-funded organisation and one that has levy payers at its very heart, that you would be consulting with the Department of Trade and Foreign Affairs very, very closely in identifying potential markets. I'm pretty sure North Korea would not have been one of the potential countries you should be looking at. That was a comment. I'm very disappointed the chair isn't here, because the first day I met her she told me of a marketing strategy of AWI's logo on the Prada yacht in a race in the Mediterranean.

Senator STERLE: Really?

Senator McKENZIE: Yes, Senator Sterle, this is the truth.

Mr McCullough: No, the race was held in—

Senator McKENZIE: No, I met her a little while ago. We've also got the Australian Wool Innovation logo in the America's cup, on the Prada boat. I'm sure levy payers will be really happy to see that as well. Although, it is hard to see the actual logo. Pirelli is easy to identify, Prada is very easy identify, but the AWI logo is very, very small on these sails. I have a few questions about this. Can you update the committee on what the media value is? In your 2019-20 annual report, the Prada marketing project cost a little over \$1.6 million, nearly \$1.7 million, but on page 48 it says the project in its preliminary phase has earned a media value of a million dollars. Can you give us an update, please?

Mr McCullough: That's a project that's been going for four years. It started with product development. We built product for the sailors to their specifications out of wool. That product was also merchandised by Prada and still is being merchandised by Prada around the world. The project went on, but the big gain here was to get it to the America's Cup and profile it there.

Senator McKENZIE: Achieved.

Mr McCullough: Yes. I got a figure the other day. That project's costs us \$4.2 million in total over four years. In terms of marketing return, the marketing team are constantly monitoring this and they measure over about 10 different matrix, both digital, print and TV. That investment right now is in the order of 10X—say, \$40 million.

Senator McKENZIE: So, you're going to say \$42 million.

Mr McCullough: Something like that.

Senator McKENZIE: So, \$4.2 million you've been able to leverage to, as the marketing team reckons, \$42 million. What specific metrics are used to calculate that return?

Mr McCullough: I'll get you the full list of them, but there are many. There are click-throughs, dwell time, media inches, column inches. There's a whole range of things that they measure. I can give you a full list over all the things that they measure and how that value is created or assessed.

Senator McKENZIE: I look at that sail, and it doesn't matter which one—even this one. Emirates—that I know is New Zealand. Omega has a big logo. There is no way in the world that I could even see the AWI logo, the Woolmark, let alone understand what it's about. I'd like to table these actually, Chair, if I could.

Mr McCullough: Senator, I don't think you ended up watching this on television.

Senator McKENZIE: The America's Cup?

Mr McCullough: Yes.

Senator McKENZIE: No.

CHAIR: It's funny you mention that. I've received a text message while we've been doing this, and somebody says, 'I watched three races every day. I was at Dad's for the America's Cup and pre-cup races. I had no idea there was an Aussie logo on the boat.'

Senator McKENZIE: Thank you to the texter. We welcome that live feed straight to the chair. I won't hand her mobile number out, but we do have email addresses. I find it incredible, given that's direct feedback from somebody who did watch all the races. Where are we actually calculating this return for growers?

Mr McCullough: We've got professionals that calculate both brand profiling and fibre profiling on a per-jurisdiction basis all around the world. This telecast went all around the world.

Senator McKENZIE: The point, Mr McCullough, that the chair's direct live feed just proved is that it was telecast all around the world and nobody saw it.

Mr McCullough: No, that's not true.

CHAIR: I think they don't show the sails. They show the—

Mr McCullough: No, that's not true.

Senator McKENZIE: And they don't zoom in. Anyway, on notice, I want full metrics. I want to understand how you get to \$42 million and I want to see some science and rigour behind this rather than, 'We're in 10 yachting magazines and all the yachting around the world might have seen the Woolmark and then might have thought about Australian wool while they did that. Who approved the expenditure on the marketing for this project?'

Mr McCullough: The board.

Senator McKENZIE: Is that an ongoing approval?

Mr McCullough: No, it's over my delegation, which is \$350,000. Anything over that goes to the board.

Senator McKENZIE: Is that done on an annual basis or is it a five-year project?

Mr McCullough: No; it was a four-year project.

Senator McKENZIE: So, it's coming to an end?

Mr McCullough: Yes; it is.

Senator STERLE: No review?

Mr McCullough: Well, there's no other race for another four years.

Senator McKENZIE: I want to understand what meetings have been had—obviously you'd have to meet with Prada because, hopefully, they're using a lot of Australian wool—

Mr McCullough: They are.

Senator McKENZIE: in making some decent gear. I want to know board members that attended any regattas where this boat raced—

Mr McCullough: I can answer that now: zero.

Senator McKENZIE: And staff?

Mr McCullough: Zero.

Senator McKENZIE: No corporate hospitality?

Mr McCullough: Zero.

Senator McKENZIE: Zero?

Mr McCullough: It was held in New Zealand, and no-one went.

Senator McKENZIE: Yes, I understand that, but this is a four-year project. I want to understand: over the four years, is it still zero?

Mr McCullough: Certainly for board, but there was a launch function in Italy in 2018.

Senator McKENZIE: Is that the only event attended by AWI?

Mr McCullough: That's the only event. It was just a dinner.

Senator McKENZIE: I understand that, but it was in Italy. Can I understand who went and how much it cost. You mentioned that part of the project involved development of, I'm assuming, high-performance sportswear.

Mr McCullough: Correct.

Senator McKENZIE: What percentage of the gear of the team that race on the Prada boats is wool?

Mr McCullough: All of it.

Senator McKENZIE: Australian wool?

Mr McCullough: All of it.

Senator McKENZIE: All of it? A hundred per cent?

Mr McCullough: A hundred per cent.

Senator McKENZIE: Are they wearing Woolmark on their jerseys?

Mr McCullough: They had it on the arms of every shirt.

Senator McKENZIE: I like that the secretary of agriculture is checking he is wearing Australian wool!

Mr Metcalfe: I've got it right here, Senator.

Senator McKENZIE: That's very good. We walk the walk here.

Mr Metcalfe: I was a bit edgy there; I was just making sure!

Senator McKENZIE: We were going to make everyone declare! I did just have a WoolQ follow-up, if I may. I want some more detail on the response to the second question on QON 20 of mine. In addition to providing an update on the number of bales traded on WoolQ since October 2020, I want to put the original question to you again. Someone else might need to answer it, but maybe you can. The 2019-20 annual operating plan states there is an operating target of two per cent of all Australian wool to be traded via the WoolQ Market tool. Can you explain why only 939 bales were traded on WoolQ Market auction in the financial year, which is less than one per cent of total bales sold, particularly given 32,437 bales were created on the platform.

Mr McCullough: John, I might hand that over to you. Would you like to answer that?

Mr Roberts: When WoolQ was formed, that was post the Wool Exchange Portal Working Group, which was a group empanelled to, firstly, determine whether the WoolQ platform was feasible and something they wanted to proceed with. Within that group, there was representation from wool brokers, who sold in excess of 50 per cent of the Australian wool clip. There was also a strong representation of exporters, growers, the testing authority and the Australian Wool Exchange. Following that review and that feasibility study, there was unanimous support for the development and the go-ahead of WoolQ—

Senator McKENZIE: Sorry, we're under time pressure. I do appreciate the history of WoolQ being set up. My question remains: why were 900-odd bales sold on it out of 32,000?

Mr Roberts: Sure. Following that, there was a degree of optimism, and that's where we got to that two per cent.

Senator McKENZIE: So we based the two per cent on, to quote you, 'a degree of optimism'. What sort of data was under it other than your optimism?

Mr Roberts: Within the working group, as I mentioned, there were a significant number of brokers who were represented, and we made some assessments about how we would get to that—

Senator McKENZIE: When you say 'made some assessment', did Jack, Bill and Pete reckon we could get about two per cent, or did we have some data?

Mr Roberts: We would have had some data. I could take that question on notice for you.

Senator McKENZIE: Yes, because what you have given me in answer to my question on notice isn't enough. How much has been spent on WoolQ to date?

Mr Roberts: In total, \$6.3 million over five years. That includes the reviews that took place prior to the building of that platform.

Senator McKENZIE: What is the return on investment for WoolQ to date, in dollar terms?

Mr Roberts: We haven't derived a revenue stream from the platform at this point. We are yet to start charging for the walk-in market service because we haven't had the volumes to make that worthwhile.

Senator McKENZIE: Because people don't see it as valuable?

Mr Roberts: Our experience is that people do see it as available. We've had very positive feedback from the brokers, exporters and growers we've worked with. The challenge is getting people to look at it in terms of not only the value proposition that's delivered by the selling proposition but also the entire platform and what it can deliver in terms of the suite of tools, including the Ready Reckoner price-assessment tool and the industry

network, as we start to attract overseas brands and consumers to that site. We believe that, once the volume comes, we need to sell the entire value proposition. That has been difficult, particularly last year, when we weren't able to do face-to-face meetings, which is where we get the real traction.

Senator McKENZIE: That's when you'd travel overseas to talk to buyers?

Mr Roberts: No, I'm more specifically referring to getting traction within Australia in terms of getting growers—

Senator McKENZIE: Getting the bales?

Mr Roberts: Getting the bales, yes.

Senator McKENZIE: So you don't have a problem with people purchasing at the other end? I thought that was what you just said.

Mr Roberts: The issue we have is that we don't have enough volume. We've had 13 online wool auctions to this point, but the volumes have been limited.

Senator McKENZIE: So \$6.3 million over five years—at what point do you pull up stumps on this?

Mr Roberts: Now that we're free to actually work with woolgrowers more closely and get volume there, we still think that two per cent of the traded volume, in fact, higher than that—

Senator McKENZIE: But when?

Mr Roberts: The original target was to get two per cent by the end of July 2022. I still think we can work towards that.

Senator McKENZIE: What is it at right now? Just under one?

Mr Roberts: Yes.

Senator McKENZIE: So you're going to double it in a year. It's very ambitious.

Mr Roberts: It is.

Senator McKENZIE: Your track record would suggest that it ain't going to happen. Was that a nod?

Mr Roberts: No, it was not a nod. It was just an acknowledgment of your point. It is a challenge, and it is optimistic, but we are now in a situation where we can get out and get volume on that platform.

Senator McKENZIE: What's changed?

Mr Roberts: We can actually get out to shearing sheds and get growers to start using—

Senator McKENZIE: That's only COVID 2020. We've had this for five years.

Mr Roberts: We had our first selling platform in April. I think we started trialling it last year in April. The selling mechanism had really only been at a pilot stage until now. We now have the functionality well and truly working well, and the feedback we've had from the exporters who have been using it has been positive.

Senator McKENZIE: If you're having trouble getting Australians to use the platform, is WoolQ what Australian buyers and sellers actually want?

Mr McCullough: If I can butt in and say something—

Senator McKENZIE: I was just asking a question. I'm very happy for you to follow on.

Mr Roberts: Again, I don't want to give you a history lesson—

Senator McKENZIE: No, don't give me a history lesson. I know there was a lot of optimism from brokers about this platform, which has proved to be unfounded. Now we've got a lot of optimism that we're going to double the percentage in a year.

Mr Roberts: WoolQ presents an opportunity for the Australian wool industry to showcase itself and tell its story. The narrative has changed. We've always had a good story to tell, and we've tried to push that up the supply chain to overseas brands and consumers. Previously, we were in a world which was dominated by synthetic fibres and pricepoints. We're now in a situation where the world is interested in the woolgrower's story. WoolQ provides an opportunity for growers to profile themselves and for brands and consumers to see their stories.

Senator McKENZIE: So are we selling bales of wool or are we telling stories?

Mr Roberts: We're doing both.

Senator McKENZIE: Which has been unable to be done thus far. I just think it's incredible that you can throw so much money at something that isn't actually delivering for you. I'll be asking for updates at every single

estimates. I hope that in 12 months time you're sitting here telling me that you were right and I was wrong, but I wouldn't put a bottle of wine on it. Did you have anything to add?

Mr McCullough: I'll leave it there.

Senator McKENZIE: Thanks, Chair.

CHAIR: I don't believe we have any more questions for AWI so please go with our thanks. We have no questions for the Rural Industries Research and Development Corporation, and I'm sorry—AgriFutures Australia has waited patiently today—but we do look forward to seeing you on another occasion.

Australian Livestock Export Corporation Limited

[17:00]

CHAIR: We'll now hear from the Australian Livestock Export Corporation Ltd.

Mr Metcalfe: Chair, just while we're waiting for the next people to join us, I have an update on the issue about the APVMA's portal. We've received advice from the APVMA and so this is the definitive answer, and it updates what I said before. The APVMA's external services portal and related services have experienced some outage. The APVMA has no evidence to suggest that the outage was a direct result of the 2021 Microsoft Exchange Server data breach, so that's not confirmed. The APVMA website was not affected by the outage and the APVMA's preliminary investigation has indicated that there has been no loss of APVMA data and that there's no ongoing compromise of the APVMA's ICT environment. That's good news, Senator, and that provides you with an accurate update on that information.

Senator STERLE: Thanks, Mr Metcalfe, I appreciate that.

CHAIR: Terrific. We'll now have the representatives from LiveCorp come forward please. Do you have an opening statement?

Mr Setter: I do. Thank you, Madam Chair and committee, for the opportunity to attend today and to make an opening statement. The live export industry is currently facing a number of challenges. Cattle and sheep are certainly in short supply, which has pushed the sale prices of Australian livestock to record highs. While that's great for Australian producers, we've seen many price-sensitive markets being impacted by these higher prices and that has challenged the demand for Australian livestock and volumes through Australian ports and handling facilities. LiveCorp has recently revised down our forecasted volumes for the 2020-21 financial year to 800,000 head of cattle, just over a million sheep and only around 9,000 goats. Volumes are expected to recover in the 2021-22 financial year, but it's a tough time both for the Australian industry and our trading partners offshore. Margins are very low along the supply chain and, in some cases, are in negative territory as exporters seek to keep customers' supply chains, vessels and planes turning over.

Given the situation, we've been hearing plenty from exporters about the potential impact of increased fees, charges and costs along the supply chain, including following the release of the department's cost-recovery statement. It outlines an increase in revenue for the industry from \$5.5 million this financial year to almost \$24 million by 2023-24. It won't reach that high if efficiencies can be found, but to keep costs at the same level they are at now would require a fourfold increase in efficiency on both sides—the regulator and the regulated. This is an enormous task but something that our industry is keen to participate in.

We expect that there'll be some level of rationalisation in the industry due to increases in cost, and that does worry us. LiveCorp's role is not to negotiate with the department over this. That's a policy matter for ALEC, the Australian Livestock Exporters' Council. As an RDC, LiveCorp does not engage in these activities related to the setting of fees between the department and the industry, but we're always here to help. However, we do want to be part of regulatory reform round tables set up by the minister, which has already identified some opportunities to increase efficiency, including adjustments to approved arrangements and the notice of intent for export processors. LiveCorp will continue to support and in some cases drive the initiatives coming out of the round table.

Finally, I'd like to update you on the Animal Welfare Indicators Project. It's been a long journey, because of the complexity involved in identifying valid measures of physiological animal behaviour in the shipboard environment. But I'm pleased to update you that this project is finished. We've fast-tracked implementation of the findings from the Murdoch University work through the development of shipboard animal welfare surveillance protocols, and data is now being collected on every voyage as part of the ASEL 3 requirements. Over time, this will provide that information to both the department and industry to guide further regulatory reform and continued improvements in animal welfare. Thank you again, and we're happy to take questions from the committee.

CHAIR: Thank you very much. Senator Sterle has some questions.

Senator STERLE: I want to go to your strategic plan that you released late last year. It says your broad aim is for LiveCorp to be leading the world in health and welfare of livestock exports by 2025, and to achieve this you've got three key areas: the greater positive animal health and welfare outcomes along the length of the livestock export supply chain, which we all agree with; introducing those solutions and technical improvements to the performance of the livestock export supply chain, which is great; and then contributing to the opening and development of livestock export market access, and I want to go to that third dot point. In particular, I want to go to the strategy to put the Indonesian market on a sustainable footing.

As we know, the prices have hit record highs in Indonesia, and the prices are putting pressure on the Indonesian feedlots and meat traders leading up to Ramadan and Eid. I'm told that the Indonesian government has issued permits for 100,000 tonnes of meat from India and Brazil to keep prices affordable. Is that right?

Mr Setter: Yes, they have.

Senator STERLE: I'm also told that feeder steers exported via Darwin port have been fetching about \$4.30 a kilogram this month. Is that correct?

Mr Setter: Yes.

Senator STERLE: And that's up by 65 per cent on where the price was in April last year?

Mr Setter: Yes.

Senator STERLE: That's great news for our northern Australian cattle producers, obviously, in the short term. What are the long-term implications for our key live markets?

Mr Setter: Thank you for your question, and I'm sure Sam will add to my comments. I think longer term we are seeing that our key customer markets, like Indonesia and Vietnam, are looking for alternative supply from South America, particularly Brazil. Also Indonesia has been looking at Mexico. Out of India there's quite a bit of cheap Indian buffalo meat that competes head-on against Australian live and boxed product. Certainly we've got to be careful about biosecurity. Australia's got an enviable record with biosecurity. We don't have foot-and-mouth disease. Indonesia doesn't have foot-and-mouth disease. But parts of South America do. Australia worked with Indonesia several years ago to eradicate foot-and-mouth disease. I think if our close Asian customers and neighbours got foot-and-mouth disease then the risk—due to post-COVID recovery of increased travel—is real, particularly for northern Australia, with biosecurity.

And I think it is at times like this, when Australian livestock are very high and we do have very good quality, that we need to ensure that we're doing everything we can to market the Australian cattle and sheep and meat and sell the value proposition of brand Australia and why Australia has a good value proposition. We are seeing in markets like the Middle East very cheap sheep coming out of North Africa—lower-quality product. It's very difficult for Australian companies and the Australian government to be marketing brand Australia. We know that our competitors are in country at the moment marketing their product, and we need to ensure that we step that up.

Senator STERLE: Not only are they in country marketing, but I believe the Indonesian government's issued permits for 100,000 tonnes of beef and buffalo meat, and the volume of imports includes 80,000 tonnes of buffalo from India and 20,000 tonnes of beef from Brazil.

Mr Setter: Yes.

Senator STERLE: As you said, there is the biosecurity risk with foot-and-mouth, so what is our plan to mitigate the risk?

Mr Setter: From a live ships point of view, we have very stringent protocols for ship cleaning. We haven't brought disease back into Australia, and we want to maintain those strict protocols. I think it's important, as people start to move back and forth between countries, that we have the right border security at our ports and airports and also that we continue to work in country—with our Indonesian customers and government to government and industry to government—on the importance of biosecurity, of quality food and of safe food. It's also important that we're selling the values of brand Australia. If it's okay with you, Senator Sterle, I'll ask Sam to add to that.

Senator STERLE: Yes, please.

Mr Brown: I will just add to Troy's comments. He mentioned in the opening statement that we are, particularly in the cattle space, working with price-sensitive markets. So, as far as the strategic plan and looking for market expansion are concerned, what we're looking for in our key cattle markets is market maintenance. That's going to be a primary focus for us. To maintain those markets, we're going to look at making sure we really work hard at our relationships. That's B to B as well as G to G, supporting government discussions. We operate in a free and open market. That's a very big point. We've been working with our trading partners to explain to them

that we operate in a free and open market and we expect them to do the same in their price-sensitive nature. So we're very respectful of that. But I think it's important for us to make sure that we look at preferencing and that we are communicating and have a good two-way flow of information. A key part of what we're trying to do is keeping information going about our droughts, floods and fires and the impacts on livestock. It's been really important to talk to our Indonesian counterparts about that. These things and how our production systems are impacted by these aren't really well understood by them. So we've been engaging heavily, talking about the situation in Australia and hearing from them as well about where their price pressures are coming from. We're taking a keen interest in the Indian buffalo meat. We're really making sure we're talking to them about the preference towards fresh beef from Australian cattle, which is ultimately produced from local production and is locally processed in Indonesia.

Senator STERLE: Great, thanks. Is it too early to talk about price pressures at this stage, or can we hope that our Indonesian friends realise that our product is far superior and we can keep up a regular supply? Is it just too early to talk about that yet?

Mr Brown: I think part of our focus has been being able to continue to have open dialogue with our Indonesian counterparts, to talk to them about how the business pressures that exporters are under are the exact same pressure the imports are under as well—exporters are doing it tough under these high prices—and to make sure that Indonesian importers understand we're in this together and we've got to work on resilience and try to maintain that and forecast when we think we'll be through this herd-rebuilding cycle. So we're making sure that we bring producers to the conversation and that producers are talking to our Indonesian counterparts. That's been very good, so we'll continue those conversations as well.

Senator STERLE: That's great. Thanks very much. Chair, Senator McCarthy has one, but I'm finished now. Thank you. That's informative.

Senator McCARTHY: This is just a clarification, really. In your introduction, Mr Setter, you said that the industry is going through some major challenges. I just want to understand that a bit more, because in questioning this morning I was able to receive from Mr Metcalfe some of the products that are doing well, and beef and veal are one of them. I'm trying to understand just what the reference is in relation to the challenges. Is it around the export? Is it the price itself? What in particular are you focused on there when you measure that?

Mr Setter: Good question, thank you, Senator. Whether it's meat processors that export or live exporters that export red meat from Australia, we compete in global markets. Those global markets are priced lower than Australian livestock at the moment. I wouldn't say we have the highest cattle prices in the world.

Senator McCARTHY: You're focusing largely on the livestock, the live trade?

Mr Setter: Live, yes. Australia does have higher prices than a lot of countries. Thankfully, some of our customer countries have higher cattle prices, and we can keep shipping there to compete against their local production. But we are struggling to compete against countries like Brazil, India, Argentina, Mexico, who have substantially cheaper cattle prices and substantially cheaper meat prices, and they also have substantially cheaper costs to deliver, costs to serve. Their shipping costs are lower, their regulatory cost are lower, and their power, water and labour costs are substantially lower. So we've got to continue to look for efficiencies and continue to look for where we can make savings, but also where we can market and promote, with real, tangible outcomes, brand Australia. It's not just saying, 'We're clean and we're green,' we actually need to have a strong value proposition.

Senator McCARTHY: Can I ask you specifically about the Northern Territory? Can you provide an update where things are at in terms of the Northern Territory?

Mr Setter: In the Northern Territory cattle today are priced at around \$4.30 to \$4.40 a kilogram onto the ships, for Australian Northern Territory steer. That's up about 65 per cent on April last year. The Indonesian meat prices come up 20 per cent year on year, from recollection. So there's a real price squeeze there.

Senator McCARTHY: That's for the steers. What about the buffaloes?

Mr Setter: Buffaloes have been relatively flat in price. Buffalo today are about \$2.30 into export yards in Darwin, and last year we were buying them for \$1.90 to \$2. So buffalo haven't come up to the same level, but we are seeing increased demand for buffalo starting to come out of Northern Australia. As we head into the dry season, there's good opportunity there.

Senator McCARTHY: Thank you.

CHAIR: That concludes your session this afternoon. Thank you very much for the time you have given and possibly how far you have travelled. We look forward to seeing you on another occasion soon.

Mr Setter: Thank you, Chair, and senators.

Mr Metcalfe: Chair, I understand that Horticulture Innovation Australia is not required for these hearings tonight?

CHAIR: Horticulture Innovation Australia is not required, and we'll let them vacate the building.

Mr Metcalfe: The Australian Fisheries Management Authority?

CHAIR: No, we don't require Australian Fisheries Management Authority.

Wine Australia

[17:19]

CHAIR: Senator Whish-Wilson has questions for Wine Australia, but he is just reconnecting.

Mr Metcalfe: Chair, Michele Allan has only recently become the chair of Wine Australia, but, as you know, is very well known in the industry, as a former chair of MLA.

CHAIR: That's right, and it's a natural progression.

Mr Metcalfe: She has been on many other boards and had other functions, so we're delighted that she's with Wine.

Dr Allan: Yes, I've moved up in the world—from beef to wine!

CHAIR: I don't know that that's 'up'—'across' would be okay.

Dr Allan: Complementary assets.

CHAIR: Indeed.

Senator McCARTHY: I'd be interested to know how Wine Australia is going. I've just been hearing this morning about our different produce and exports. I'd like to know how Wine Australia is going, especially given the media articles we've read over recent months. Where are things at with Wine Australia at the moment in terms of exports?

Dr Allan: I will give you a high level and then hand over to Andreas, as CEO. I joined at an interesting time. The Chinese have put 200-plus per cent tariffs on our red wines going into the country. It's about 1.8 billion litres of red wine. That's affected not only our levypayers but our organisation as well. As you know, we regulate exports of wine, and therefore there's no income coming from those exports. Generally, it's affected not only the industry but also Wine Australia. We've had to very quickly reduce the number of staff we have in the organisation, which will also reduce our ability to deliver for our levypayers. I will hand over to Andreas for some more detail.

Senator McCARTHY: Thank you for that. If you could, Mr Clark, give us some indication of that reduction of the staffing cap as well, in detail, in your answer.

Mr Clark: Just to round out the commentary that Michele provided, overall exports held up pretty strongly during the course of last year. In fact, we reached a record year-on-year value towards the end of last year of \$3.1 billion. But, obviously, since then, there have been significant headwinds, principally given the tariff announcement in China. China was a \$1.2 billion market. Given the extent of the tariffs put in place, that's pulled up exports pretty significantly. To put it in stark terms, by way of example in December 2019 we exported over \$170 million worth of exports.

Senator McCARTHY: That's 170?

Mr Clark: Yes, over \$170 million in that month. Fast forward to December 2020, just after the tariffs were introduced, that dropped to just over \$3 million. That's a 98 per cent reduction we've seen there in terms of exports into China. Thankfully other markets are holding up. We've got strong numbers into the UK in the last 12 months which is growth. The US is moving to concrete growth as well, and Canada. But all those markets cannot soak up what we had been sending to China. It's a time of significant challenge for the sector. It depends on individual exporters in terms of their overall exposure to China; some are more exposed than others. So it's a time of change. Thankfully during the pandemic people still wanted to drink—we obviously want them to do so responsibly, of course. Our exports did hold up generally quite well, but the current tariff is a significant impact on the sector.

Senator McCARTHY: We've seen reports of increases in domestic drinking. Did you find that as well in terms of domestic wine sales? Did your figures differ significantly as opposed to December 2019, for example?

Mr Clark: I think overall what we've seen is consumption has evened out. People's ability to purchase wine has changed to other channels. Retail sales were strong both here in Australia and also globally because that was

really the only channel through which people could purchase alcohol and wine. On-premises has obviously been shut down in various forms across the globe, so that avenue has closed down. Overall I think these things have balanced each other out, and the overall consumption has been rebalanced as a result of that. That was our observation.

Senator McCARTHY: The tariffs had a dramatic impact with a 98 per cent reduction in exports to China. In terms of the impact that's had on the health and wellbeing of those in the sector, what have you had to do, or what do you see has to be implemented to support producers in the wine industry just so they can cope from that perspective?

Mr Clark: It's still early days. The impact on individual businesses will vary. A lot of the sector is going through the annual vintage at the moment and harvesting the grapes. We're moving out of some short vintages over the last few years, so people are desperate to refill their tanks and get more product in the winery so they can supply the market. We've been working with Austrade and with a whole number of state and regional associations who help provide data and insights as to where the other market opportunities will sit. The export community is pretty sophisticated. They know what's out there, but obviously the inability to travel has impacted their capacity to make connections. By way of example, we're about to launch a new platform called Australian Wine Connect, a global virtual platform to enable our exporters to connect with buyers in a number of markets around the world to help drive commercial opportunities. It will be launched over the next month or so. It's got over 200 wineries who have signed up to it so we're really looking forward to having that in place.

Senator McCARTHY: Finally, a question around employment more broadly: are you able to give some details as to the kind of impact that has been felt in terms of employment?

Mr Clark: Yes, certainly. Overall we'll see a reduction of about a third of our staff coming out of our operations during the course of this year. In headline terms: from around 75 FTE to approximately 50 FTE during the course of this year as we adjust to our new funding base, as Michele mentioned, in terms of levy reductions and also our regulatory fees. We've had to adjust our cost base to deal with that overall change in revenue that we're receiving during the course of this year.

Senator McCARTHY: Thank you.

Senator WHISH-WILSON: I'd like to raise a couple of issue about Tasmania, my home state. No doubt you deal with Sheralee and the group at Wine Industry Tasmania. I suppose they've been vocal for some time about national issues and policy settings that impact Tasmania disproportionately. As a bit of background, you may be aware that I was on the Senate inquiry that looked at the wine industry and wine tax settings. Have there been any more discussions around the overarching wine equalisation tax changes?

Mr Clark: That's a question I will defer to the department. They may wish to make a comment on that. As the [inaudible] the policy settings seem to be around tax [inaudible]

Senator WHISH-WILSON: To be honest, I was interested in whether you had been having any discussions with the department or the government on behalf of some of your members, like the wine industry in Tasmania.

Mr Clark: From an industry perspective, those discussions are led by our peak representative body, which is Australian Grape and Wine. They're the ones who formulate the big policy, and they will take that up with the government as appropriate.

Senator WHISH-WILSON: Some of my other questions might also be better directed at them. Were you involved with lobbying to get the cellar door rebates in place—the \$100,000 per cellar door wine business rebates that were announced in 2018-19?

Mr Clark: Wine Australia administers that scheme—the cellar door and tourism rebate scheme. But all the advocacy for that rests with Australian Grape and Wine. That's their remit, not ours.

Senator WHISH-WILSON: So you don't have any input into suggesting potential changes to benefit different wine regions?

Mr Clark: Not from a policy perspective. Obviously, as the administrator of the scheme, if we identify any issues on a technical basis in terms of how it's administered, we will then have discussions with the department. But the overarching policy settings—that's a discussion with the department, with the minister and, obviously, with Australian Grape and Wine.

Senator WHISH-WILSON: On that particular point, have you had any discussions on or have you been asked to provide any advice in relation to changing the definition of a cellar door sale rebate under wine tourism grants to include online and direct consumer sales from a business's website, rather than just direct cellar door rebates?

Mr Clark: There was an amendment made for this year. This is the second year for the scheme, that's just recently [inaudible] Given COVID and given the fact that people weren't travelling into regions, a landing was reached through the department with the minister for the eligibility to be changed for that second round and relax the 50 per cent requirement down to 30 per cent, I think. That was an acknowledgment of the challenges of COVID. That change was made for the second round of grants.

Senator WHISH-WILSON: In relation to those second rounds, the initial allocation in the budget was \$10 million, but it's been put to me by wine producers that that's too low and was heavily oversubscribed quickly. Were there discussions around the second round being increased to \$20 million?

Mr Clark: I'll defer to the department on that particular point, but I can affirm your assumption in terms of the oversubscription, in both years. I don't have the precise numbers right in front of me, but in both years the effective payout of the grant has been in the order of 60-odd cents in the dollar. So the overall subscription has sat at the \$15 million to \$16 million dollar mark, for a \$10 million scheme.

Senator WHISH-WILSON: In relation to freight for Tasmania, have you had any discussions or role in providing advice on the cost differentiation for Tasmanian wine producers because of the Freight Equalisation Scheme?

Mr Clark: No, that's not a matter that we get involved in.

Senator WHISH-WILSON: You wouldn't get involved in any advocacy on that at all?

Mr Clark: No.

Regional Investment Corporation

[17:36]

Senator STERLE: The latest RIC annual report provided data on the number of loans approved in 2019-20. The annual report states, 'We have approved more than 635 total loans valued at \$715 million.' Is that correct?

Mr King: That's correct.

Senator STERLE: You approved more than 580 Drought Loans valued at over \$600 million?

Mr King: I'll just have to check, but if those are the numbers that are coming from the annual report, then, yes, they are correct.

Senator STERLE: You can pull me up if I've got it wrong. You've also approved 14 AgBiz Drought Loans valued at over \$3.6 million and you've approved more than 30 AgriBuild Loans valued at over \$110 million. Also, you've approved four Farm Investment Loans valued at \$597,000. Your current approval rate is running at approximately 81 per cent of total loan decisions. That's all looking quite busy.

Mr King: That's as at the close of the annual report.

Senator STERLE: When did the annual report close?

Mr King: That was for the last financial year.

Senator STERLE: 30 June last year—yes. Did you want to add anything else for this year?

Mr King: Certainly. What I would like to share is that we have sped up our approval process and are making more decisions. As at the close of February—28 February this year—for AgBiz we had approved \$19.2 million. For our AgriBuild Loans, we'd approved \$16.9 million. For our AgriStarter loans, which were only launched on 1 January, we'd approved \$325,000.

Senator STERLE: I was looking for AgriStarter but couldn't see it. So it just started this January?

Mr King: That only went live on 1 January. For our Drought Loans, our approvals to date are at \$1.13 billion for this financial year.

Senator STERLE: \$1.3 billion to date?

Mr King: It's \$1.13 billion for this financial year.

Senator STERLE: So we can better understand how these loan programs are operating, can you provide a breakdown of these types of loans by type of farming operation—like dairy or broadacre cropping or wool? Are you able to do that for us?

Mr King: We can. Perhaps it would be easier to table that information and provide it based on the ANZSIC codes. There are a number of different combinations, as you would imagine: grain and sheep farming, grain and beef farming, sheep and beef cattle farming—there are a number of different breakdowns. Perhaps it's easiest for us to provide that on notice.

Senator STERLE: If that's easier for you, that's fine, no worries about that. Is it also possible to give us some data on the geographical spread of the loans, if it's easier, by local government area or something like that?

Mr King: We can take that on notice and provide that to you, absolutely.

Senator STERLE: That would be great, thank you. This is one thing that interests me—it all interests me but this interests me a little more at certain times. Can you confirm that the definition of a 'primary producer' for the purpose of eligibility for RIC loans is a business that: '(1), operates as a sole trader, trust, partnership or private company'?

Mr King: Yes, I can confirm that.

Senator STERLE: And 'is involved within the agricultural, horticultural, pastoral, apiculture or aquaculture industries'?

Mr King: Yes, I can confirm that.

Senator STERLE: And 'undertakes all primary production aspects of the business wholly within Australia'?

Mr King: Yes, that's correct.

Senator STERLE: And is registered for tax purposes in Australia with an Australian Business Number, being an ABN, and is registered for goods and services tax, the GST?

Mr King: I believe that's the case. I'll have to double-check on the GST, but I believe that that is the case.

Senator STERLE: Can you confirm that businesses involved in the thoroughbred breeding industry are not considered to be primary producers by RIC and therefore cannot access loans?

Mr King: I'd have to check that, but I don't believe that they are able to access the loans.

Senator STERLE: I'll get you to check that. Will it take you long to check that, Mr King?

Mr King: I may not have that one with me.

Senator STERLE: You don't need to because I'm pretty well on the money.

Mr King: Thank you.

Senator STERLE: But just in case I might have got it wrong; it wouldn't be the first time I've got something wrong, can you tell us, Mr King or Ms Smith-Pomeroy?

Mr Metcalfe: Ms Smith-Pomeroy is the chair.

Senator STERLE: Please jump in too, if you want to add anything.

Ms Smith-Pomeroy: Sure.

Mr Metcalfe: I suspect this is her first appearance before the committee.

Ms Smith-Pomeroy: Officially, I was on a video last time.

Senator STERLE: What I'd really love to know is: what is the principle behind that decision that the thoroughbred industry cannot be considered?

Mr King: It might be best to take that one on notice, and I'll come back with a written response.

Senator STERLE: We'll keep talking, and just say if you find it. It saves you having to go away and do it all, but I understand. If you can tell me whose decision it was, I'd really, really love to know that too, please. I am informed that, for the purposes of the Income Tax Assessment Act, commercial thoroughbred breeders fall within the definition of a primary producer, so they're taxed as a primary producer. The good, the bad and the ugly, they get and they give under that and they also enjoy the concessions that flow from that. To get a RIC loan you have to be a registered taxpayer. If you meet that test but happen to be a thoroughbred breeder, you're denied access to RIC loans. Were you aware of that, Chair?

Ms Smith-Pomeroy: No, I was not.

Senator STERLE: Mr King, were you aware of that?

Mr King: I know that there have been some discussions around the racehorse breeding side.

Senator STERLE: So you've had presentations from the thoroughbred breeding industry?

Mr King: We have not had any presentations that I'm aware of from the thoroughbred breeding industry.

Senator STERLE: What discussions have you had and with whom?

Mr King: Internally, within the RIC, we have had some discussions around that.

Senator STERLE: So someone's been approached and they've raised it with you?

Mr King: I believe we may have looked at a loan, so I will have to check that.

Senator STERLE: Can I ask you then: why would you not adopt the ATO definition of a 'primary producer'?

Mr King: I'm sorry, Senator, I don't have a response specifically for that particular industry as to why that hasn't been. I can check and I'll check with our policy team.

Senator STERLE: I would like it if you could get back to me with that, because you have to scratch your head. There seems to be rules for some and not for others.

Mr King: We do strive to have a consistent process and consistently consider the applications that are before us.

Senator STERLE: I do want to paint this picture too, Mr Metcalfe and Minister. Just for some background, this industry has around 6,770 active participants. It is a major employer in regional Australia. I've got out there and had a look around at a lot of them and spoken to them. It directly generates about \$1 billion annually. The racing industry, which is underpinned by breeders—that goes without saying—generates no less than \$9 billion a year. That is a very sizable part of our GDP. Also, and importantly for senators as well, this is a big part of regional economies to be denied access to support. I think that's as far as I can go on that. If you could get that back to me, that would be really interesting. If we're going to be fair about it, this industry is not just a little pimple on the elephant's bottom; it's a sizeable part of it.

Mr King: Thanks.

CHAIR: Thanks, Senator Sterle. So you'll come back on notice with that information?

Mr King: Yes.

CHAIR: Terrific. Thank you. Senator Davey?

Senator DAVEY: Thank you, Senator Sterle. I also look forward to seeing the farm type breakdown and geographical spread. I appreciate you raising that. The RIC was set up in July 2018; is that correct?

Mr King: That's correct.

Senator DAVEY: Initially you anticipated servicing about 300 to 500 loan applications per annum?

Mr King: That's correct.

Senator DAVEY: Since then, in the two years to 30 June 2020, my understanding is you awarded 800 loans at a value of \$880 million. It's in your corporate plan.

Mr King: Yes. I have it broken down slightly differently in front of me, but that sounds correct.

Senator DAVEY: Given the evidence we've just heard that in 2019-20 you awarded 635 loans for \$715 million, it would indicate that 79 per cent of the loans you've approved were approved in the second year of operation.

Mr King: You'll have to forgive me on the maths there, but certainly since that time we have made decisions on a larger number of loans. If you include the most recent cohort—so those loans we've approved to date this financial year—we have approved 1,125 loans to \$1.7 billion for this financial year.

Senator DAVEY: These figures that I'm quoting from don't include this financial year, so let me put it another way. In the first year of operations, so 2018-19, my calculation is that you approved about 165 loans for about \$165 million. In the second year you did 635 loans for \$715 million.

Mr King: Yes.

Senator DAVEY: So in your first year you fell way short of your 300-to-500 target but in your second year you clearly exceeded it. Can you tell us what processes you put in place that saw that increase in turnover?

Mr King: Certainly. There are a couple of key factors that we can attribute that increase to. The first was an increase in demand for our loans following the announcement for a period of zero interest on our loans. That was announced in November 2019. That increased the level of demand we had for our loan products. Following from that we had been able to bring additional resources to bear to our team. That has allowed us to speed up the decision-making process and approve more loans faster.

Senator DAVEY: I see also that in your corporate plan you now have a target for 80 per cent of loans to be finalised within 65 days.

Mr King: That's correct.

Senator DAVEY: What was the target prior to that?

Mr King: We didn't have any specific targets included in our performance measures prior to that period. Following the process over the first two years of our operation, we introduced a target to address the timeliness of the RIC-making decisions.

Senator DAVEY: Do you have data to say what the average time frame was in your first year of operations and, then, the same in your second year of operations?

Mr King: I don't have that data, specifically, in front of me but we can provide that to you on notice.

Senator DAVEY: I would appreciate that. But it's fair to say that you're putting in place processes to reduce the time frames and, I read, to manage expectations.

Mr King: That's right.

Senator DAVEY: I have been made aware of several loan applications, in your first year of operations, that were rejected for various reasons. I've received feedback that your feedback to loan applicants is lacking in clarity. That's something that you can take on notice and have a look at. But since July 2019, with the changes in policy, have you had some of those formally rejected applicants re-apply and since been approved, that you're aware of?

Mr King: We have a review process. For applications that are declined there is an opportunity for those applicants to reapply or request a review of the application. We have, certainly, overturned earlier declined decisions and subsequently approved those loans, usually with the provision of further information to assist us in making that decision.

Senator DAVEY: My understanding is that the review process has a set time frame and some of those people might have fallen outside that time frame so might have had to start the whole process again, believing that they now would be approved under the new policy directions.

Mr King: There is a time frame for us where we request that they get back to us to request a review. If they are willing to work with us, we will work with them through that process and come to understand any particular mitigating circumstances or changed circumstances that would allow us to review the decision. If, subsequent to that, they've made a decision to reapply for a new loan or apply again for a loan because of some other changed circumstances, that may well have been the case. I don't have any particular details in front of me today.

Senator DAVEY: Your corporate plan also says that you are seeking to see a reduction in cost per farm per loan—that's paraphrasing it—but can you explain to us what the current costs are and what your target is?

Mr King: I don't have the current cost data in front of me. I think the intention here is to show that we are being more efficient over time, in the delivery of our loans, to provide effective use of our operational funding.

Senator DAVEY: So you'll be collecting that data?

Mr King: As it was indicated in our corporate plan, we have collected that data and we'll be looking to report on it at the closure of this annual reporting cycle.

Senator DAVEY: You mentioned that the AgriStarter loan commenced on 1 January this year. Can you explain to us what that is and the types of people we're seeing apply for it? Obviously you can't go into individual cases, but give us an overview of what the AgriStarter loan is.

Mr King: The AgriStarter loan is a loan for first farmers to purchase, establish or develop a farm business. There are two components. There's the component looking after the first-farmer loans. There is also a second component, which is to assist with succession arrangements for farm businesses and assets. That's the succession loan component. The AgriStarter loan is available for amounts of up to \$2 million for a term of up to 10 years. It has interest-only repayments for the first five years and, then, principal and interest repayments for the remaining five years.

Senator DAVEY: Sorry, you did say it, but how many?

Mr King: The loan was launched on 1 January. We've approved one loan. We've received a number of other applications, and a number of those are going through the assessment process currently. That's up to 28 February, so in the first two months.

Senator DAVEY: You can't give us what that number is.

Mr King: We've received 24 applications to 28 February, 11 of which were declined because they didn't meet the eligibility criteria.

Senator DAVEY: But you've approved one. That's a very quick turnaround given your target is 65 days.

Mr King: That's right. Through the latter part of last year we've implemented a number of initiatives to speed up our process. I think that is a clear demonstration the improvements we're putting in place are beginning to work, and we expect to be able to meet those performance criteria by the end of this financial year.

Senator DAVEY: So, come next estimates, I can ask you what your turnaround is and you'll have it right there in front of you and you'll be able to go, 'We have actually overachieved our 80 per cent target of 65 days.'

Mr King: I'm looking forward to that day.

Senator DAVEY: So am I.

Senator McCARTHY: Mr King, please take these questions on notice if you don't have the answers. I'm just having a look at your annual report from last year. I think you've approved more than 635 total loans, valued at \$715 million. I know you spoke about 800 with Senator Davey, I think. Could you let me know just how many of those loans were in northern Australia and in the Northern Territory in particular? Could you also could take on notice if any loans from northern Australia and Northern Territory in particular were rejected?

Mr King: Absolutely. I'll take those on notice and provide those through to you.

Senator PATRICK: I just want to try and understand what your role is as opposed to the National Water Grid Authority in relation to the Wyangala dam project. Has it been traversed by someone else or not?

Mr Metcalfe: No, it hasn't been covered today. It was discussed in the last estimates but not today.

Mr King: It was announced as part of the budget last year that the Regional Investment Corporation would not be playing a role in distributing any loans. The National Water Infrastructure Loan Facility, which I believe is what you're referring to, no longer exists.

Senator PATRICK: So it's hands off for you.

Mr King: That's correct.

Senator PATRICK: That ends that line of questioning.

CHAIR: Mr Metcalfe, you wanted to correct the record.

Mr Metcalfe: Yes. Earlier today we were talking about barley exports and I think I made a comment that we were delighted that a large amount of Australian barley has been exported to Mexico. I recall I made the comment that, if I wasn't drinking Australian beer, I would drink a particular brand of Mexican beer that we probably all know. I am advised that in fact the Australian barley has gone to Heineken, Mexico, not the company that I mentioned that. Not that I expect to be drinking Heineken, Mexican beer, but, if I were to drink Mexican beer, I would certainly drink that version.

CHAIR: Australian made.

Mr King: Corona is owned by InBev. Heineken manufactures beer in Mexico and has a number of brands. Indeed, both the agricultural minister and the trade minister welcomed this in a media release on 5 February, headed 'Australian barley headed to Mexico no small beer.' And the agricultural minister indicated we should all be having a Mexican wave to celebrate! I just wanted to put that on the record in case you were ever tempted by Mexican beer.

Senator PATRICK: I'm just wondering if you'd look to the camera and say the words, 'I drink Heineken!'

Mr Metcalfe: When I'm drinking, I drink Australian beer.

CHAIR: Thank you for your accuracy, Mr Metcalfe. That is terrific. That concludes today's proceedings. The committee is due to recommence its examination of the additional budget estimates on Friday 26 March. I thank Ministers Ruston and Duniam, officers of the Department of Agriculture, Water and the Environment and all witnesses who've given evidence to the committee today. Thank you also to Hansard, broadcasting and the secretariat.

Committee adjourned 18:00